GROWING CONCERNS ABOUT SPATIAL INEQUALITY RELATED TO THE COVID-19 ECONOMY: REFLECTIONS ON PLACE BASED POLICIES

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I. INTRODUCTION

Poverty and spatial inequality in America are largely invisible. Those not experiencing this form of inequality can easily escape it for it is isolated in the most undesirable places. New transportation patterns and suburban growth investments in the 20th century allowed an escape from the reality of intense, concentrated poverty. Highway infrastructure led large swaths of society to bypass cities and poor communities. Consequently, persistent spatial inequality reflects extreme neglect of places and indifference to the people who exist in those places. Altogether, the COVID-19 pandemic has exposed the interconnections between persistent spatially organized deprivation in the United States and life chance outcomes. The people who have been hit the hardest reside in these persistently under resourced

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1. For an extensive discussion about the problem of poverty in the United States, see JOANNE SAMUEL GOLDBLUM & COLLEEN SHADDIX, BROKE IN AMERICA: SEEING, UNDERSTANDING, AND ENDING U.S. POVERTY 1-2 (2021) (explaining the practice of spatial escape from poverty that is prevalent in metropolitan areas—generally, the development of the built environment, transportation infrastructure, and suburbs promote the invisibility of concentrated poverty). See generally KENNETH T. JACKSON, CRABGRASS FRONTIER: THE SUBURBANIZATION OF THE UNITED STATES (1985).

2. GOLDBLUM & SHADDIX, supra note 1, at 2.

3. See JACKSON, supra note 1, at 163-68 (providing a historical overview about the transportation infrastructure in the United States, the politics, and the negative effect on the viability of cities); see also ROBERT A. CARO, THE POWER BROKER (Vintage Books 1975) (1974).
Society cannot solve this national crisis without considering the spatial dimensions of the pandemic. There are over 77 million cases of COVID-19 in the United States and nearly 920 thousand deaths at the beginning of 2022 with cases and death counts growing every minute. In comparison to the global community, the United States has more than fifteen percent of the world’s COVID-19 cases and nearly twenty percent of the world’s deaths. The pandemic is twofold. It is both widespread—affecting everyone in society in mundane ways through social distancing measures, some of which included stay-at-home orders, online school, and work from home arrangements—and targeted, most perniciously affecting vulnerable communities. “Inequities in the social determinants of health—income and wealth, health-care access and utilization, education,” industry and occupation, housing quality and structural racism—“are interrelated and put [particular] groups at increased risk of contracting and dying from COVID-19.” Government policies that have systematically discriminated against Black, Hispanic, and indigenous communities produced inequities in infectious disease outcomes that are apparent today. The case and death counts do not fully describe the instability that households and communities will continue to face after the pandemic passes. Prolonged health deterioration and death to spouses, parents, children, extended family, and friends leave gaping emotional holes as well as consequential loss of financial support and aggregate community-wide human capital, which is likely to swell spatial inequality.

The goal of this paper is to illuminate the pernicious effect that the COVID-19 crisis is having on especially vulnerable communities and its relationship to spatial inequality. The scale and spatial dimensions of concentrated disadvantage contributing to the COVID-19 case and death counts underscore the need to address the spatial concentration of inequality more broadly. Alleviating the harsh consequences of the economic shocks


will require more than direct payments to households and businesses. Place-based housing, small business rebuilding, school reopening, capacity building of social and health institutions, and job growth policies are essential to soften the blow of both the previous recession and the COVID-19 Economy to our most vulnerable communities. Reflecting on place-based policies and embracing complimentary people-based policies in legislative proposals are key to effectively address spatial inequality in the aftermath of the COVID-19 pandemic.

II. AN OVERVIEW OF COVID-19 DEVASTATION

Almost two years later, the COVID-19 Economy is still having widespread effects. Most obvious is the extensive unemployment that households have experienced. In the first five months of the pandemic, more than 44 million Americans filed for unemployment benefits.\(^8\) Comparing the current crisis with the Great Recession, more than twice as many jobs were lost at the beginning of the COVID-19 pandemic (between March and April 2020) as were shed during the entire period of the Great Recession.\(^9\) There is no clear understanding of when these jobs will fully return. Unfortunately, evidence from the Great Recession suggests that it may take more than five years for the labor market to recover.\(^10\) Even more troubling, by the end of 2020, long-term unemployment—those jobless for twenty-seven weeks or more—accounted for approximately thirty-seven percent of the total unemployed.\(^11\)

These economic shocks have hit vulnerable families the hardest. In 2020, “COVID-19–related job losses wiped out 113 straight months of job growth [in the U.S economy], with total nonfarm employment falling by 20.5 million jobs in April.”\(^12\) The forced economic shutdown employed by states to stem COVID-19 spread hurt all workers, but the impact was greatest for women, non-white workers, lower-wage earners, and those with less

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10. Id. at fig.1.


12. BAUER ET AL., supra note 7, at 4 (citation omitted).
education.\textsuperscript{13} Wage losses can cause large welfare costs of income fluctuations. Generally, Black households, after an economic shock, cut consumption by fifty percent or higher, while Hispanic/Latinx households cut it by twenty percent or higher as compared to white households.\textsuperscript{14} Ultimately, low-income families with children were most likely to experience an income shock. More than three out of five low-income households with children reported a job or wage loss related to COVID-19.\textsuperscript{15} The income losses generate serious hardships, including food insecurity and falling behind in bills.\textsuperscript{16}

\textit{Compounded Economic Shocks}

On the tail of the Great Recession, the recent economic slowdown represents a compounded blow to families most likely to feel the effects of the crises. Together, previous foreclosures and wealth losses under the Great Recession\textsuperscript{17} along with sustained unemployment in both periods\textsuperscript{18}—and now mass evictions\textsuperscript{19} and increased risk for COVID sickness and death—position the COVID-19 Economy as one of the most disastrous setbacks in a century. These colossal economic shocks generate long-lasting instability in vulnerable households and for at risk communities overall. Ultimately, these forces work to inflate inequality in America.

The COVID-19 Economy presents a clear and eminent risk to housing stability in the United States if more is not done to stem the economic and health hardships. Today, over 19 million households are at risk for eviction with homelessness setting the stage, once again, for long-lasting financial

\begin{flushleft}
\textsuperscript{14} BAUER ET AL., supra note 7, at 14.
\textsuperscript{15} Id.
\textsuperscript{16} Id. (“Families with children are also vulnerable to falling behind on obligations: each additional child in a household increases the likelihood of a serious delinquency (being at least two months behind on a current loan obligation by 17 percent.” (citation omitted)).
\textsuperscript{18} See Handwerker et al., supra note 9.
\textsuperscript{19} Katherine Lucas McKay et al., 20 Million Renters Are at Risk of Eviction; Policymakers Must Act Now to Mitigate Widespread Hardship, ASPEN INST. (June 19, 2020), https://www.aspeninstitute.org/blog-posts/20-million-renters-are-at-risk-of-eviction/.
\end{flushleft}
harm to our most fragile households.\textsuperscript{20} For the second time in less than two decades, American families face Great Depression-like economic contractions; between 2007 and 2010, the Great Recession caused approximately 3.8 million households into foreclosure, causing deep wealth losses coupled with long spells of unprecedented unemployment.\textsuperscript{21}

Recovery following the Great Recession was slow for many households, irrespective of a prime or subprime foreclosure. For subprime mortgage foreclosures, recovery was slower in the first five-year period and prime mortgage borrowers took nearly ten years on average.\textsuperscript{22} The substantially slower pace to credit recovery threatened housing stability: future home purchases or rental unit acquisition. After seven years, the share foreclosed on during the recession with a new mortgage is unsurprisingly low at approximately twenty-five percent and seventeen percent for prime and subprime borrowers, respectively.\textsuperscript{23}

Household assets help families to absorb economic shocks; savings and housing equity are important resources for weathering economic hardships.\textsuperscript{24} Job loss, divorce, or a health emergency can wipe away savings and set households back decades. Generally, ability to save is unequal. Savings and assets differ by household characteristics. Homeowners, married couples, and those more highly educated typically accrue more assets over their lifetime.\textsuperscript{25} The last recession eroded savings tremendously for American

\begin{itemize}
\item \textsuperscript{22} See Dharmasankar & Mazumder, supra note 21.
\item \textsuperscript{23} Id.
\item \textsuperscript{25} Jonathan Eggleston et al., U.S. CENSUS BUREAU, \textit{THE WEALTH OF HOUSEHOLDS: 2017, at 3-5 (2020), https://www.census.gov/content/dam/Census/library/publications/2020/demo/p70br-170.pdf (providing an extensive report on the distribution of household assets and median wealth based on

households. And today, in the midst of a devastating economic collapse, only twenty-three percent of families report that they have enough emergency funds to last them three months.\textsuperscript{26} The following paragraph provides an overview of assets by household characteristics.

Table 1 displays median wealth by select characteristics for 2005, 2010, 2015, and 2017. The year 2005 represents the pre-Great Recession period. The economy in 2005 was robust, and most economist would agree that the economy remained in a phase of economic expansion within the business cycle.\textsuperscript{27} The year 2010 reflects the economic shocks to household wealth, and 2015 into 2017 align with a timeframe for recovery some five to nearly ten years after the onset of the Great Recession. The trend is clear. Generally, households irrespective of their characteristics barely recovered by 2017. Total net worth including home equity was $104,000, only $10,800 more than net worth in 2005. Renters, single males, Asians, Hispanics/Latinx, and those with a bachelor’s degree experienced weak recoveries, barely seeing any significant increases compared to the 2005 period. While some barely experienced a recovery, on average, single female households, Black households, and those with less than a bachelor’s degree had not recovered from the Great Recession economic shocks.\textsuperscript{28} For these households especially, absorbing another crisis is likely to unsettle and destabilize households in debilitating ways.

\begin{table}[h]
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\begin{tabular}{|l|c|c|c|c|c|}
\hline
\textbf{Descriptive Category} & \textbf{2005} & \textbf{2010} & \textbf{2015} & \textbf{2017} & \textbf{Recovery to 2005 Wealth} \\
\hline
\end{tabular}
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Figure 1. Median Wealth by Select Characteristics


\textsuperscript{27} There was an economic expansion from 2001 to 2007, albeit reportedly one of the weakest periods of expansion post-World War II. Analysis of the expansion suggests that the performance in 2001 to 2007 was weaker on average than other recent expansion periods in the 1990s. AVIVA ARON-DINE ET AL., \textit{CTR. ON BUDGET AND POL’Y PRIORITIES, HOW ROBUST WAS THE 2001-2007 ECONOMIC EXPANSION?} 1 (Aug. 2008), https://www.cbpp.org/research/how-robust-was-the-2001-2007-economic-expansion.

\textsuperscript{28} \textit{Infra} Figure 1.
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<th>Total Net Worth</th>
<th>93200</th>
<th>66740</th>
<th>88050</th>
<th>104000</th>
<th>Barely</th>
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<td><strong>Home Ownership</strong></td>
<td>Owner, including home equity</td>
<td>193117</td>
<td>163856</td>
<td>221100</td>
<td>269100</td>
</tr>
<tr>
<td></td>
<td>Owner, excluding home equity</td>
<td>49780</td>
<td>44260</td>
<td>87150</td>
<td>109000</td>
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<tr>
<td></td>
<td>Renter</td>
<td>1200</td>
<td>1693</td>
<td>2759</td>
<td>3036</td>
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<tr>
<td><strong>Health Insurance</strong></td>
<td>Health insurance coverage for all household members all year</td>
<td>114000</td>
<td>140500</td>
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<tr>
<td></td>
<td>No health insurance coverage for some or all household members during the year</td>
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<td>18750</td>
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<td>32300</td>
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<td>21320</td>
<td>26580</td>
<td>28290</td>
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<td>Race and Hispanic Origin of Householder</td>
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<td>Asian alone</td>
<td>Hispanic origin (any race)</td>
<td>Black alone</td>
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<td>157400</td>
<td>25000</td>
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<td>No</td>
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Source: Difference computed by author using the U.S. Census Bureau, Survey of Income and Program Participation, 2010 and 2017. Median Value of Wealth Tables
Vulnerable Communities Shoulder the Burden of COVID-19

Vulnerable households in vulnerable communities experience more death, more economic hardships, and more social isolation. Reports of death rates from the CDC highlight the disparity in impact to vulnerable communities. The CDC reports cumulative death rates by county characteristics. Related to widespread discrimination, “demographic groups came into the crisis with a higher incidence of preexisting comorbidities including hypertension, diabetes, and heart disease, which also increase one’s risk of contracting and dying from COVID-19.”\(^{29}\) On average, socially vulnerable communities are more likely to experience higher death rates.\(^{30}\) High socially vulnerable counties are defined as counties with high concentrations of elevated poverty, unemployment, or low income and low education attainment, households with seniors and a greater number of minors or minors with disabilities parented by single parent households, racial or ethnic minorities or those with English speaking barriers, and those in high density housing or mobile homes experiencing crowding and lacking access to a vehicle.\(^{31}\) On average, the cumulative death rates for residents of high socially vulnerable counties outpaced the least socially vulnerable; there were at least forty-five more deaths per 100,000 people. Death rate disparities are even worse for high poverty (\(>17.3\)%\) counties, as well as high Black (\(>37\)%\) and Hispanic/Latinx (45.5\%) populated counties, highlighting the dire need for relief for these neighborhoods. Overall, “Black and Hispanic people are dying at much higher rates relative to their share of the U.S. population.”\(^ {32}\)

\(^{29}\) BAUER ET AL., supra note 7 (citing Clyde W. Yancy, COVID-19 and African Americans, 323 JAMA 1891 (2020)).  
\(^{30}\) Infra Figure 2.  
\(^{32}\) BAUER ET AL., supra note 7 (citation omitted).
Layers of Inequality

Spatial inequality is concerned with the spatial dimensions of uneven distribution of key resources and opportunities, such as income, accessibility to healthcare, food, housing, or other goods and services by race, gender, or class. The pernicious effect of COVID-19 on racial and ethnic minorities is related to “decades of government policies that have systematically disadvantaged Black, Hispanic, and Native American communities.”

Historically, housing discrimination effectively limited residential neighborhoods, and workplace discrimination created income and wealth disparities that rendered minorities more at risk. As a result, racially restrictive covenants and redlining practices among other policies “helped to determine the location, quality, and residential density for people of color.”

Black and Hispanic people are more concentrated in the same high density, urban locations that were “most affected in the first months of the pandemic.” “In addition, Black people and Native American people disproportionately use public transit, which has been associated with higher COVID-19 contraction rates.” The spatial inequalities that contributed to higher rates of COVID-19 incidence and death for black and brown communities are working to expand spatial inequalities.

There are spatial dimensions to the COVID-19 health, work, and housing crisis. Collectively, inequalities brought us to this moment and spatial inequality will keep the most susceptible communities from rebounding without targeted aid. Undoubtedly, the legacy of the COVID-19 Economy will be an expansion of spatial inequality. The battle to contain COVID-19 began a year ago, but neighborhoods are undergoing profound change. Severe loss of businesses and decimation to the local economic base, and concentrated death and weakened health conditions of community members marked a severe loss of key social and human capital for local communities.


34. Id.

35. Id. (citing Cowger et al., supra note 33; HARDY & LOGAN, supra note 24).


37. See id. at 1-2.
are likely to force a type of displacement that has typically ushered in cultural and social instability within local communities. In some cases, the push and pull factors spurned gentrification and subsequent increases to housing costs often driving further inequality and housing instability. What approaches are necessary to address the effects of COVID-19 in ways that support mediating growing inequalities on vulnerable communities? Generally, people-based approaches or economic stimulus directed at businesses have been offered. Nevertheless, as a result of the COVID-19 related spatial inequality, policy strategies that focus on place ought to be more central to the set of responses during this health, work, and economic crises.

III. THE HOPE FOR EFFECTIVE LEGISLATION: PEOPLE-BASED AND PLACED-BASED POLICY ALTERNATIVES

Thus far, the legislative responses have not been sensitive to the spatial dimensions of the COVID-19 health, work, and housing crisis. The acts that Congress has passed to address the COVID-19 crisis were primarily people-based, which include policies that seek to help people most in need irrespective of their location or how concentrated the disadvantage. For example, the Coronavirus Aid, Relief, and Economic Security Act (CARES), the first major response to the COVID-19 pandemic in the United States, was signed into law on March 27, 2020, and set out a series of fiscal and monetary policies used by the federal government to stimulate the economy. This reportedly was the largest economic bill in U.S. history—a $2 trillion bailout with new programs to assist small businesses and direct payments to the American people through stimulus checks and extensions of unemployment benefits to stimulate the economy. The array of strategies used were predominantly people-based, direct and indirect aid to individuals and businesses through payments, tax credits, and loans. While perhaps helpful,

they do not alleviate the stressors put onto people within particular places as they confront the concentrated effects of the pandemic.

While aid is necessary, the people-focused, individualized response had perverse effects. It instigated three types of responses.

1) It instigated a “survival of the fittest” mentality. People were left to fend for themselves as local businesses attempted to keep their own businesses afloat. The first pot of Paycheck Protection Program money ran out in thirteen days, and small businesses were only able to apply one week after the program opened, placing them well behind other businesses in the first-come, first-served program queue. Well-resourced and bank-linked big businesses were able to secure aid for the paycheck program before small businesses Reports suggest that particularly minority-owned businesses were denied loans for even a few thousand dollars, while larger enterprises like the Los Angeles Lakers and Shake Shack were awarded millions in loans. Some of these loans were given despite the businesses’ lack of eligibility, even though several of these larger businesses eventually returned the money. Ultimately, this rush to secure aid for some businesses at the expense of other businesses hurt small operators and their employees.

2) It discounted the collective, neighborhood level harm done to families resulting from failure to direct resources to local governments. Local areas are where the rubber meets the road. Local services and the operation and maintenance of infrastructure are the responsibility of local governments. Local tax revenues fell and presented a threat to the disruption of local services and to members of households employed by local government.

3) Lastly, the individual household orientation to assistance has corrupted self-efficacy and thwarted more communal humanistic responses from institutions and government: state and local. Families, from the middle-class to the more vulnerable low-income, less educated households resigned themselves to just “make do.” Help like stimulus checks, unemployment


43. Id.

44. Emily Stewart, The PPP Worked How It Was Supposed To. That’s the Problem. Vox (July 13, 2020, 8:00 AM), https://www.vox.com/recode/2020/7/13/21320179/ppp-loans-sba-paycheck-protection-program-polling-kanye-west.

45. Kurtzleben et al., supra note 42.

checks, food stamps, housing assistance and the like do not always arrive.  

Similar to the rest of workplaces around the country, government office work hours have altogether closed, or have shortened hours and limited available personnel.  

For those seeking help, finding assistance is more difficult.  

More effort and more time are necessary to secure the aid that families are eligible for. Many families are going without food and without paying bills; generally, community level help from social institutions is not a viable option. Moreover, as households make decisions about buying food or paying rent, eviction protections under the local, state, and federal government present significant holes.  

Many renters are not being protected and are being evicted and mistreated. Coverage of these vulnerable households requires more local and state level involvement—in this environment, landlord deals with renters are likely to be unfair and disadvantageous to renters. Landlords will use their power and position to generate the outcomes that are most favorable to them. Vulnerable households must be made whole and not forced to wait at the back of the line, especially those experiencing extreme hardships.

The evidence is clear. The COVID-19 Economy has had a concentrated effect on vulnerable communities, including communities with higher-than-average poverty rates, minorities, female-headed households, and those less educated, lacking any post-secondary education. Direct and indirect aid to individuals do not help address the geographical dimensions of the COVID-19 Economy. Actions to alleviate the harsh health and economic effects of COVID-19 will not have the intended effect if place is not an important dimension of COVID-19 legislative proposals.

47. A report by Ben Zipperer and Elise Gould on unemployment benefits filing failures estimates that “8.9-13.9 million people could have filed for benefits had the process been easier.” Ben Zipperer & Elise Gould, Unemployment Filing Failures, ECON. POL’Y INST.: WORKING ECON. BLOG (Apr. 28, 2020, 7:00 AM), https://www.epi.org/blog/unemployment-filing-failures-new-survey-confirms-millionsof-jobless-were-unable-to-file-an-unemployment-insurance-claim. Generally, “[f]or every 10 people who said they successfully filed for unemployment benefits . . . three to four additional people tried to apply but could not get through the system to make a claim” and “[t]wo additional people did not try to apply because it was too difficult to do so.” Id.


49. Ivanova, supra note 20.

50. Id.

51. Bauer et al., supra note 7.
IV. FOSTERING ADVANCEMENT OF SOCIAL WELFARE THROUGH PLACE-BASED RESPONSES

Evidence of growing disparities, including stark regional economic gaps, divergence in living standards for predominantly racial and economic minorities, and those at the bottom of the income distribution over the past few decades, coupled with declining geographic mobility urge a reconsideration of effective policies that could generate a sharing of economic growth and raise living standards in struggling places. If executed with precision, place-based policies are capable of directing attention to address the shared experiences of vulnerable communities. Place-based policies refer to actions taken by government bodies to boost the economic performance of a particular area or region. These actions typically focus on local economic growth, increased job opportunity, and higher wages for the disadvantaged. Within these areas, there are place-based policies, both direct and indirect. Direct forms of place-based policies seek to increase economic activity and strengthen labor markets where disadvantaged people currently live; while indirect policies look to increase their access to locations where labor markets are stronger. They also look to alleviate disadvantages by increasing mobility of the disadvantaged through transportation or residential mobility focused policies.

Critiques

Despite the promise, place-based policies have not always lived up to their potential for targeting help to society’s most disadvantaged communities. There are important critiques of place-based policies of both direct and indirect programs. The overall critique is that place-based policies are not as efficient as people-based programs, and they often fail to address the needs of the targets. Critics of place-based policies, particularly on the

52. See generally HAMILTON PROJECT, BROOKINGS INST., PLACE-BASED POLICIES FOR SHARED ECONOMIC GROWTH (Jay Shambaugh & Ryan Nunn eds., 2018) (discussing the stark disparities in the United States, mobility across the regions, and the need for more effective place-based policies to help Americans in struggling regions).


56. Id.
market-oriented enterprise/empowerment programs, argue that the programs do not target narrowly enough.\textsuperscript{57} Typically, the selection criteria lacks the precision needed to meaningfully focus policy and programs on targets within communities. Moreover, various economic development strategies designed to address the deterioration of place-based policies, such as big transportation projects or stadium construction, ultimately have been viewed as wasteful or counterproductive—not actually addressing the needs of the most disadvantaged.\textsuperscript{58} These shortcomings limit the effectiveness of place-based efforts to alter outcomes, especially when program action is diluted. Ideally, effective programs are narrowly designed, leveraging a staggering set of resources to the target. The great potential for place-based approaches to remedy society’s spatial inequality resides in how precisely one defines the focus and the target. It is possible to focus government sponsored activity on geographic pockets, places where there is, for example, significant unemployment, poverty, small business decline, massive rental housing eviction risk, or concentrated foreclosure risk. At a smaller unit, at a community level or a block group level, policy impact can be focused in an extremely impactful way.

Other popular criticism is that place-based approaches are wasteful and counterproductive.\textsuperscript{59} As a redistribution program, some wonder why not aid people directly instead, since direct payments more efficiently address resource deprivation. For example, if the goal is to alleviate poverty, a direct payment of the sort described in Universal Basic Income proposals would fundamentally change the income situation of poor households in a more efficient way than perhaps place-based programs have the capacity to do.\textsuperscript{60} If the goal is to shrink poverty, critics ask why not assist people directly by providing more resources instead of place-oriented programs geared at increasing economic or social opportunities in hopes that these efforts make an impact on people experiencing resource deprivation.\textsuperscript{61} A weaker

\textsuperscript{57} E.g., Neumark & Simpson, supra note 39, at 11-12.

\textsuperscript{58} David Neumark, Rebuilding Communities Job Subsidies, in Place-Based Policies for Shared Economic Growth, supra note 52, at 71, 79-88.


\textsuperscript{61} Crane & Manville, supra note 59, at 3-4.
counterargument is focused on the capacity of low-income disadvantaged neighborhoods. Critics offer that disadvantaged neighborhoods are so under-resourced in material goods, and both human and social capital that transfers to places are less likely to help these neighborhoods. Purportedly, complimentary to these inadequacies is that places experience underinvestment and inadequate provision of spatial public goods, including safety, education, transit, community identity, political networks, and the spatial externalities of geographically linked housing and labor markets. This argument suggests that transfers alone will not work to treat the spatial disadvantage. This critique is naïve and shortsighted; it would justify inaction under a pretense that a lack of prerequisite human and social capital impairs sustained improvement. An alternative view is that the aforementioned reasons are exactly why precise, surgical design of place-based programs are justified and perhaps necessary to alleviate the severe disadvantage faced by communities hardest hit by recessions and the devastating weight of layers of inequality.

Place-Based Program Examples

The most popular indirect place-based programs are enterprise or empowerment zone style programs first created under the Reagan Administration. The Enterprise Zone Tax Act of 1982 legislated the establishment of an enterprise zone program, which was initially “an experimental, free market-oriented program for dealing with the severe problems of our Nation’s economically-depressed areas.” As outlined, the enterprise zones were to utilize the market to solve urban problems and strongly encourage the use of private sector institutions to produce a productive free-market environment by reducing taxes, regulations, and other governmental burdens on economic activity. It was expected that “[t]he removal of those burdens will create and expand economic opportunity within the zone areas, allowing private sector firms and entrepreneurs to create jobs—particularly for disadvantaged workers.”

62. See id. at 3.
63. See id.
64. See id.
65. See Ryan Nunn et al., The Geography of Prosperity, in PLACE-BASED POLICIES FOR SHARED ECONOMIC GROWTH, supra note 52, at 11, 36-38.
67. Id.
68. Id.
Administration doubled down on place-based policies and in 1993 established a much larger federal program: Empowerment zones with grants of $100 million for urban and $40 million for rural communities. Many of these programs still remain at the state level. California, the largest populated state in the union, has been consistently evaluated, and the most significant benefit reported is a hiring credit to businesses located in zones, but the credit is given regardless of the employees’ characteristics. However, the welfare effects of place-based policies, such as enterprise and empowerment zones have been questioned. One key question is whether a policy can take advantage of agglomeration economies or correct other market failures to generate long-term gains for disadvantaged areas. Another is whether the policy affects mobility by discouraging or encouraging the type of mobility that might lower efficiency of firms or individuals to move to other more productive locations.

Generally, direct place-based programs may be more instructive for addressing the spatial inequalities likely to result from the current crisis. In contrast to the market-based approaches discussed above, community development programs have been employed. Community development traditionally cover a wide range of goals and activities, including the facilitation of economic growth, attempts to increase the quality and stock of housing, attempts to sustain or improve commercial functions of the city, improvement of physical aspects of the community, such as parks and recreational facilities, beautification, and a variety of service provisions to invest and improve upon human capital or encourage self-sufficiency within the population. Both the post-World War II program of Urban Renewal and the Neighborhood Stabilization Program, both of which are federal-local government partnerships, incorporated community development features. In both cases, the focus was to address housing inadequacies: housing shortages, vacancies, and concentrated foreclosure in places of economic disadvantage.

The Urban Renewal program, as a place-based approach, authorized by the Housing Act of 1949 provides more of a cautionary tale. As a World War II community redevelopment federal program, Urban Renewal (1949 – 1974) was authorized to address the ubiquitous housing supply inadequacies and social distress of urban centers; it targeted blighted communities and set out

69. U.S. Gov’t Accountability Off., GAO-06-727, Empowerment Zone and Enterprise Community Program: Improvements Occurred in Communities, but the Effect of the Program Is Unclear 1, 6, 8 (2006).
70. See Neumark & Simpson, supra note 39, at 29-30.
71. See Crane & Manville, supra note 59, at 3.
to systematically remove “slums.” The program is mainly remembered for displacing thousands of families, a great share of which were minority and low income. While it is important to respond to extreme market failures, such as widespread housing supply inadequacies wherein plumbing and structural deficiencies present health risks, critiques of the Urban Renewal program illuminated the lack of deep understanding of the innerworkings of local neighborhoods and of the community development designs that were sterile and unconducive to high quality social interaction. Finally, the development that ensued excluded the very community members that were displaced from the bulldozing of those previous community structures. By all accounts this type of program exacerbated economic and social inequalities and rendered fragile households even more unstable than they were preceding the program. Addressing concentrated housing instability resulting from the COVID-19 Economy must be responsive to fragile households’ immediate housing needs. Wide rental evictions and housing foreclosure undoubtedly will lead to increased homelessness and household instability, which is certain to set back fragile households and the pandemic recovery. At times of economic crisis, when families are more fragile, public policy must work to expand social welfare of these communities without the consequences experienced by families during Urban Renewal.

Despite the opportunity to learn from the recent Great Recession program, it is important to note that the differences between the two recessions are significant. First and foremost, the 2007 Great Recession was brought on by a housing market collapse whereas, the 2020 COVID-19 Economy was brought on by a public health crisis. According to economic analysis, the current crisis has caused more volatility in economic markets, and job loss outpaces the job loss associated with the Great Recession. What is it about the NSP effort that might be helpful for addressing spatial inequality in neighborhoods hit hard by COVID? In the remainder of this section, a description of the NSP program is provided along with a discussion about the effectiveness of NSP.

[72] Handwerker et al., supra note 9. For a full discussion, refer to BETSEY STEVENSON, supra note 13, at 6-7.

Lessons Learned from Direct Place-Based Programs

The Neighborhood Stabilization Program primarily sought to address unprecedented foreclosure and abandonment. After the financial collapse of 2007, Congress authorized three consecutive rounds of annual funding to be funneled to local communities to encourage community redevelopment by acquiring foreclosed or abandoned properties and rehabilitating those properties. The program also encouraged the securitization and down payment assistance and affordable loans for low- and moderate-income households. The first round of funding for the NSP was legislated by passage of the Housing and Economic Recovery Act (HERA) of 2008. That funding was disseminated based on a formula to cities. In the first round of NSP, $3.92 billion was awarded to roughly 307 state and local governments based on a foreclosure risk score for census tracts. NSP2 was implemented under the American Recovery and Reinvestment Act of 2009 and made available $1.93 billion on a competitive basis to a total of fifty-six states, local governments, and a consortium of nonprofits in 2010. The final year of NSP3 funding was based on a formula grant to entitlement cities. They were provided $1 billion additional dollars, authorized by the Dodd-Frank Act, and roughly 270 state and local governments were awarded programs. The array of activities undertaken under NSP included the acquisition, construction, buyer’s assistance, demolition, land banking, and a smattering of other activities such as pocket park development.

NSP sought to address the externalities related to mass foreclosure and vacancy by using economic development strategies focused primarily on the acquisition and physical improvement of previously foreclosed structures. The idea was to quickly put the properties back in service so that local communities could return to normalcy and to set back into motion a strong tax base with robust public services. In California, the largest NSP recipient state, construction was the dominant activity with buyer’s assistance,

75. Id.
77. Id.
78. CONG. RSCH. SERV., RS22919, COMMUNITY DEVELOPMENT BLOCK GRANTS: NEIGHBORHOOD STABILIZATION PROGRAM; ASSISTANCE TO COMMUNITIES AFFECTED BY FORECLOSURES 8 (2011).
79. See id. at 13.
80. Id.
81. Id., supra note 76, at 138.
82. CONGRESSIONAL RESEARCH SERVICE, supra note 78, at 5.
acquisition of property, land banking, and demolition to follow. What happened to neighborhoods that received NSP activity? What were their medium to long-term effects? How do NSP neighborhoods compare to other neighbors? A preliminary evaluation of NSP on important economic and housing characteristics indicates that local place-based NSP programs in California, on average, were important to stabilization efforts of vulnerable populations when compared to similar neighborhoods not receiving NSP.

As the Great Recession loomed, reports suggested that largely, the wave of foreclosures that hit households could have been avoided by loan modifications.\(^{83}\) Despite these serious critiques that the government response to the Great Recession failed to address the economic hardships felt by American families, key indicators from preliminary research show modest community development impacts. Most notable, owner occupied housing increased and the share of high rental housing options decreased in NSP neighborhoods as compared to other like neighborhoods.\(^{84}\) Comparatively, these results suggest that NSP created durable low and moderate income household housing opportunities for renters and homeowners.

During the Great Recession housing instability was a major concern. The loss of housing value and overall median household income in these neighborhoods were expected to stay depressed because of the slow economic recovery.\(^{85}\) Results show that median house value in NSP neighborhoods were on average about $50,000 lower than comparison neighborhoods.

NSP sought to address the externalities related to mass foreclosure and vacancy by using economic development strategies focused primarily on the acquisition and physical improvement of structures. At some level, it did what it was designed to do: assist low to moderate income households.


Demographic results suggested as much, showing some stability with minority groups and the poor within NSP neighborhoods. Applying key lessons of precise targeting designed to address the spatial dimensions of the COVID-19 crisis are essential to whether local vulnerable communities will recover or build back.

Policy Implications

Analysis of this sort is salient for several reasons. First, it illuminates the role of federal spending and Community Reinvestment as a place-based response to widespread economic distress, as opposed to a people-based response to individual hardship during this period. There should not be an either/or people versus place-based policy approach. These strategies can be used in complementary ways; structuring legislation to focus on both individuals directly and on the concentration of vulnerable individuals in places are important distinctions and each worthy of focus. The COVID-19 crisis is substantial, and it will take immediate, direct, and targeted assistance to address the problem for the most vulnerable communities. It is important to outline precise policy design and program criteria used to focus activities.

Proposals should include establishment of place-based eligibility guidelines. For precise targeting to vulnerable communities, relevant guidelines must be established. These guidelines should align with the epidemiology characteristics of the pandemic and related economic and social spillovers of the pandemic. Dimensions ought to include: (1) concentrations of COVID-19 cases and death; (2) concentrations of COVID-19 Economy unemployment and long-term unemployed (27 months or more); (3) small business failure in predominantly minority communities (underrepresented groups of minorities); (4) concentrated poverty communities; (5) impoverished, poorly maintained, and underperforming school districts, with low graduation rates. These are guidelines that will target critical aid to vulnerable communities.

The Biden Administration has offered a new proposal, a $1.9 trillion emergency Coronavirus Plan to address the COVID crisis and the related economic depression.86 The proposal outlines what the administration

believes are key areas necessary to usher in a recovery. As offered, it focuses on three broad areas: the public health crises that will cost about $400 billion, the economic recovery that will cost about $1 trillion, and relief for small businesses and communities that will cost about $440 billion. The next section provides an analysis of the Biden Administration’s core COVID-19 responses; the analysis considers the responses’ sensitivity to spatial dimensions of the problem.

**Fight the Public Health Crisis**

The first tier of provisions designed to fight the public health crisis estimated at $400 billion is intended to carry out five major functions: support the administration of the national vaccination program,


increase availability of health workers,

88 Id. at 63-65.

facilitate the expansion of testing,

89 Id. at 58-60.

establish emergency paid leave for those who contract COVID-19 or have family members who become ill,

90 Id. at 87-89.

and COVID-19 essential school infrastructure readiness preparation activities to ensure the quality of the building and its ventilation systems.

91 Id. at 80-83.
Many of the provisions in the plan are people-based and, generally, these strategies are in the form of direct public health services and economic stimulus. But key features target places—the provision for public health workers to carry out vaccine outreach and contact tracing is highlighted. The efforts are designed to address health disparities, particularly in communities of color that had been disproportionately hit by the pandemic. The proposal includes funding for health services in underserved populations, including on tribal lands.\footnote{Id. at 36–41, 99.} It is important to establish and maintain clear definitions of eligible areas that are to be served. Using working social science and epidemiologist definitions of vulnerable communities to determine eligibility will establish clear criteria for directing assistance.

Vulnerable communities cannot afford missed opportunities. As proposed, new school funding provisions under this proposal lack attention to the concentration of disadvantages within particular school districts and schools within districts. Preparing schools to reopen under COVID-19 will require spatially-targeted resources. As proposed, the resources can be used to reduce class size, modify space for social distancing, improve ventilation, and provide personal protective equipment. Managing the dispersion of these efforts without attention to the effects of persistent economic, social and racial inequality that exists within our public school system, undoubtedly will hamper recovery and further expose vulnerable communities to debilitating inequalities. There are a set of school districts and schools that are severely disadvantaged where buildings need extreme repair, and ventilation in buildings must be introduced or repaired before inviting pupils back to school. Moreover, COVID-19 exposed digital divide problems in low-income, minority and immigrant communities. Complementary support for education functions is missing from school to local institutions. Local community resource centers are important to ensure a level of technology access, food nutrition programs, and educational resources in a targeted fashion to minimize the detrimental effects of digital divide communities.

The Economic Recovery

The second tier of the administration’s proposal focuses on the Economic Recovery. An estimated $1 trillion is proposed as direct, people-based aid to individuals and households. Many of the provisions can be characterized as Keynesian-style economic stimulus; the stimulus checks to households, expanded unemployment benefits, minimum wage increase,
expansion of the child tax credit, eviction protection and food insecurity provisions are all predominantly people-based provisions.93

During the start of the pandemic, the state-based rent moratoria94 and the federal forbearance program on federally insured mortgages95 offered ad hoc protections for vulnerable households, many of which have not been extended, such that vulnerable families are currently being evicted. The spatial concentration of eviction and foreclosure risk must be tracked and considered in housing provisions. Additional housing insecurity experienced by already vulnerable households in communities of concentrated disadvantage is certain to limit recovery. More targeted help through housing subsidies and innovative emergency housing to address the homeless population of these communities will lead to better recovery outcomes.

Relief for Small Businesses and Communities

The last tier of the administration’s proposal focuses on relief for small businesses and communities estimated at $440 billion, which includes help for small businesses, aid to local governments, relief for transit systems, and support for tribal governments.96 Of all the tiers in the proposal, this tier includes more focus on place-based policies—relief for transit systems and supporting tribal governments have spatial dimensions built into the legislation.

However, there is more opportunity for small businesses and aid to local governments. The decimation of small businesses in local communities is a prominent feature of the COVID-19 economy.97 Concentrations of small business decline in especially disadvantaged low-income minority neighborhoods represent important social capital and economic losses. Proposals should seek to target small business help in places where small businesses have been hit the hardest. Their success is consequential to the material well-being and overall economic opportunity structure of the

93. Siegel, supra note 86.


96. Siegel, supra note 86.

neighborhood. Nevertheless, their capacity to rebuild is deeply problematic given the differences in access to wealth for startup resources. Likewise, targeting local governments for aid may prove to be as stimulating to the economy as a people-based stimulus.

V. CONCLUSION

There are stark and persistent equality gaps across U.S. counties, and these gaps are not closing on their own. The ideas presented herein represent ways that Congress can legislate additional more precise place-based policies into current policy approaches. More can be done to focus the relief; a balance of place-based and people-based policies will bring about more favorable impacts.