

The Brookings Institution

Metropolitan Policy Program



General Program Background July 2004

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Agenda

- **The Urban Markets Initiative vision and goals:**
 - Using information to drive change
- **How information drives markets**
 - The information cycle for urban markets
 - The role of the federal government
- **UMI Program Activities**
 - Outcomes and Current Status
- **Q&A**

UMI Vision

Open, accessible, transparent information on urban areas will be used widely to:

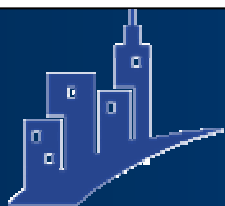
- Connect low income urban residents to the economic mainstream
- Make urban areas competitive places for investment in the next decade

UMI Mission and Goals

- The Urban Markets Initiative will address biased or incomplete information on urban areas.
 - Expose the hidden human, economic, and physical assets in inner city neighborhoods
 - Overcome market imperfections
 - Facilitate high-performance, efficient urban markets

UMI Strategies

- Build intellectual framework and foundation thinking for the importance of information to urban markets.
 - Foundation Papers
 - Project on size of federal investment in information and the significance of the private sector urban information market powered by that federal investment.
- Demonstrate how interventions in the information cycle can facilitate urban investment.
 - Invest in pilot projects and replicable models
- Make federal data more transparent and accessible.
 - Scan available federal data sources for opportunities where UMI can build solution-oriented collaborations.

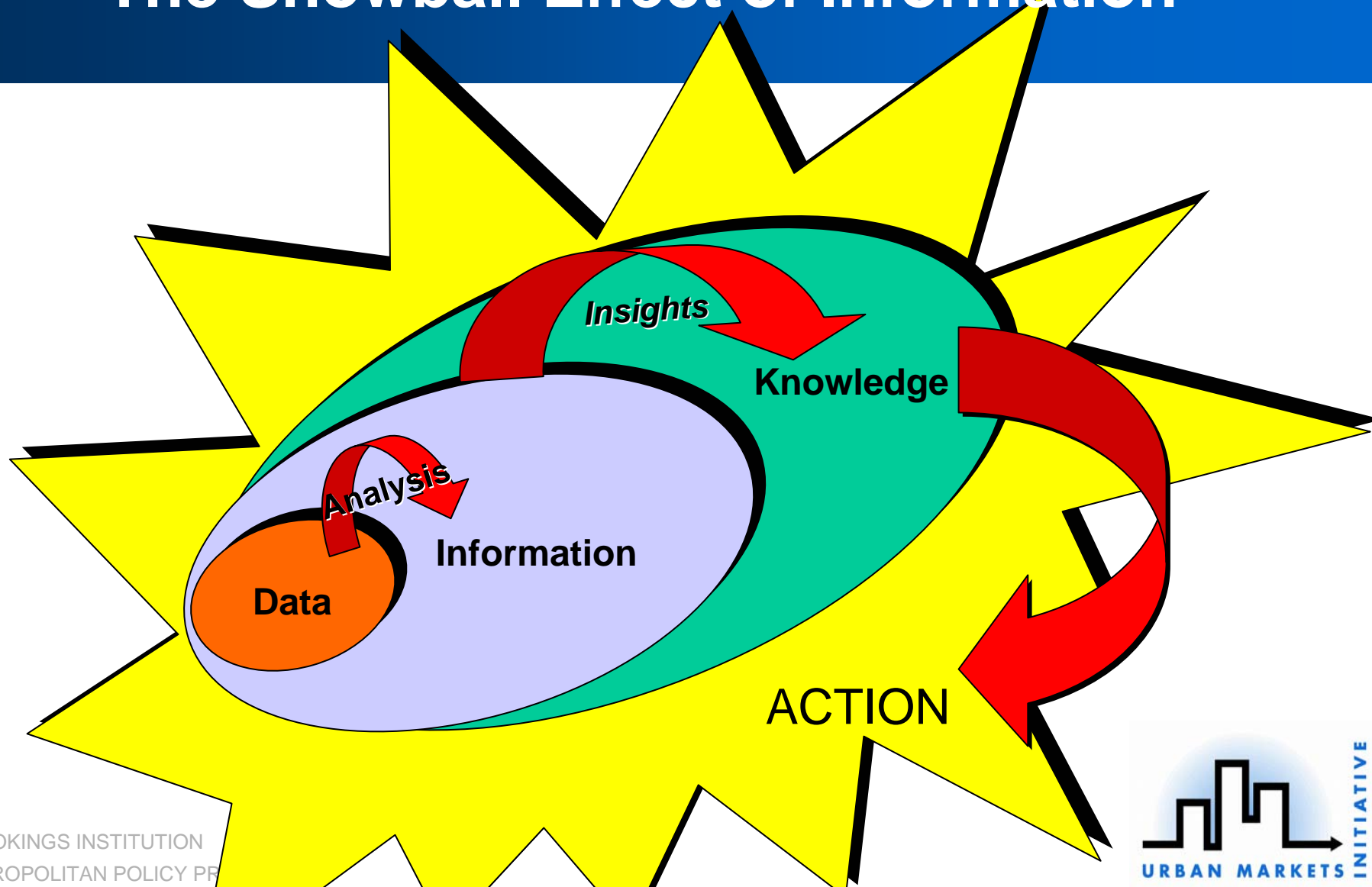


How Information Drives Urban Markets

The Urban Markets Context

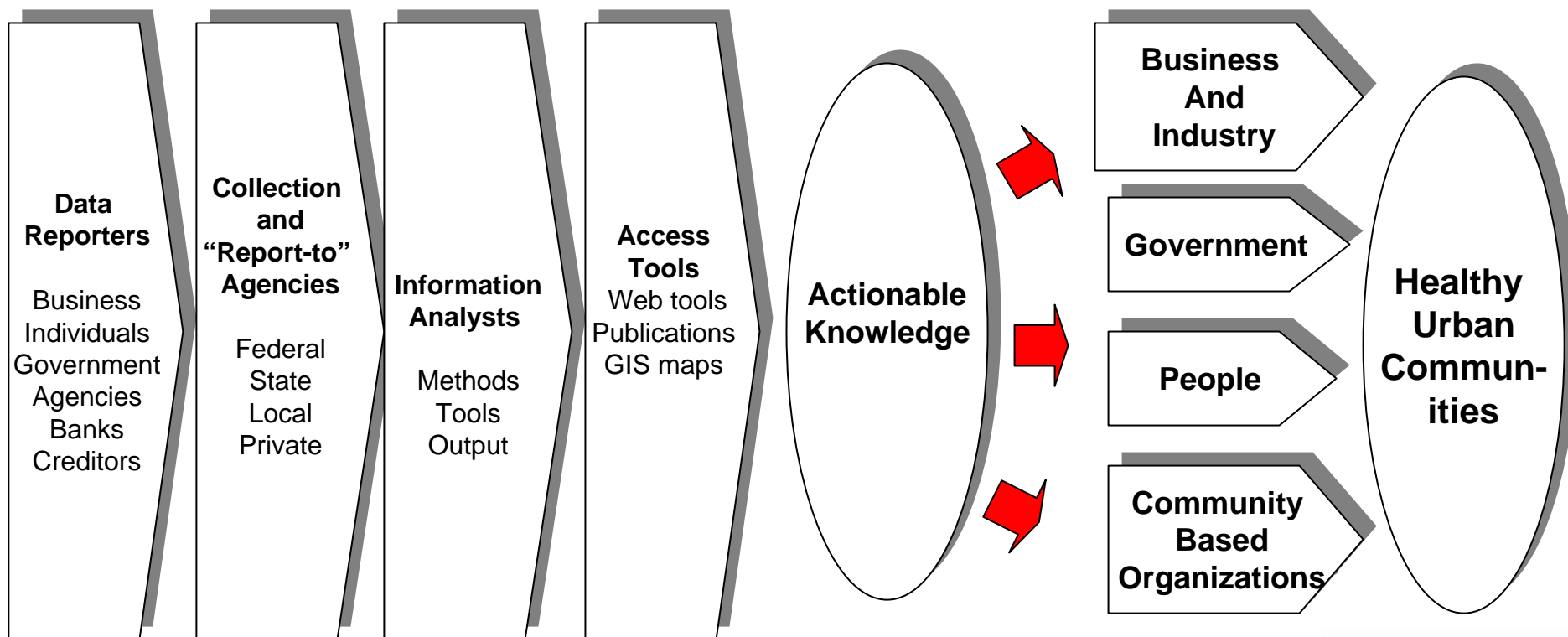
- Growing importance of information to high performance, efficient markets
- Bubbling local innovation: large numbers of fragmented market information innovations
- UMI leverages these factors to:
 - build case for information as a requirement for high performance, efficient urban markets
 - bring innovations to national scale
 - make data more open, accessible and transparent

The Snowball Effect of Information



Knowledge spurs action in urban markets

The Information Cycle



Healthy urban communities have a robust investment climate, a vibrant labor market and provide their residents with strong connections to the economic mainstream

The Impact of Information on Markets

For business and industry:

Better portrayal of the underwriting risk profile of urban consumers



The impact on urban markets is:

Lowers the cost of borrowing for individuals and families.

The screenshot shows the top of the LEM website with the logo and navigation links (FAQ, LEM Lenders, Calculator). Below is a 'Frequently Asked Questions' section. On the left, a yellow box lists questions under 'What?', 'Who?', and 'Where?'. On the right, the first question 'What is "Location Efficiency?"' is answered, followed by 'What is a Location Efficient Mortgage®?' and 'What are the basic features of a Location Efficient Mortgage®(LEM)?'.

LOCATION EFFICIENT MORTGAGE® (LEM)
FAQ | LEM Lenders | Calculator

Frequently Asked Questions

What is "Location Efficiency?"

Location efficient communities are neighborhoods where residents can walk from their homes to stores, schools, recreation, and public transportation. Residents of location efficient neighborhoods have less need to drive than people living in less convenient locations, so they save money on transportation costs.

Location efficiency is a measure of the transportation dollars people can expect to save by living in location efficient neighborhoods, based on the levels of population and public transit service in their communities.

What is a Location Efficient Mortgage®?

A Location Efficient Mortgage® (LEM) is a type of mortgage that recognizes the savings available to people who live in location efficient communities. LEM lenders count this available savings as additional income for people buying homes in location efficient communities. So people who might not otherwise qualify for a mortgage can become homeowners with a LEM, and qualified homebuyers can secure larger mortgages than would otherwise be available to them.

What are the basic features of a Location Efficient Mortgage®(LEM)?

What?

- ... is "Location Efficiency"?
- ... is a Location Efficient Mortgage®?
- ... are the basic features of a Location Efficient Mortgage®?
- ... kind of home can I buy?
- ... does the LEM do besides increase my buying power?
- ... are the LEM's requirements?

Who?

- ... developed the LEM?

Where?

- ... is the LEM available?

Source: www.locationefficiency.com/faq, 2004

The Impact of Information on Markets

For government:

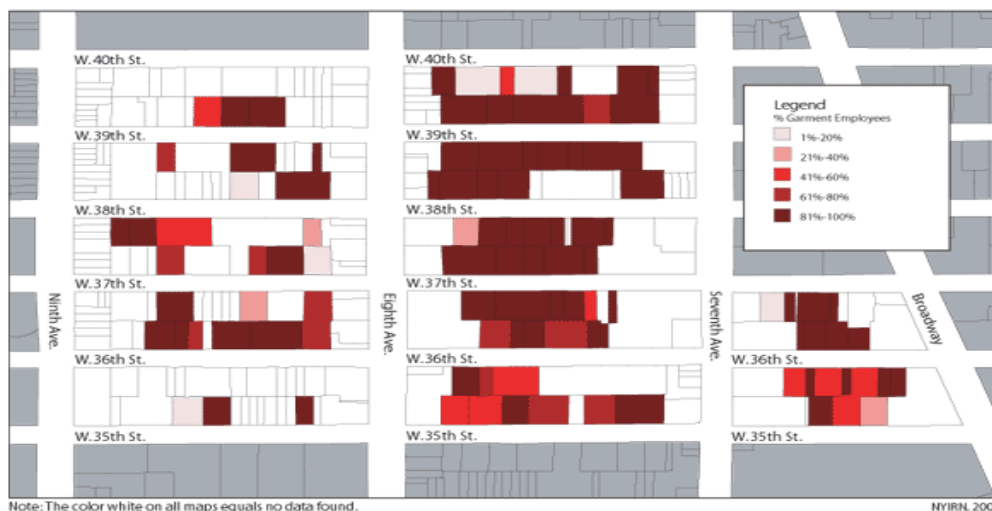
Parcel data on business location, land vacancy and residential investment



The impact on urban markets is:

Better industrial retention, and land use planning

Percentage of Garment Employees in Special Garment Center District



Source: New York Industrial Retention Network, 2000,
www.nyirn.com

The Impact of Information on Markets

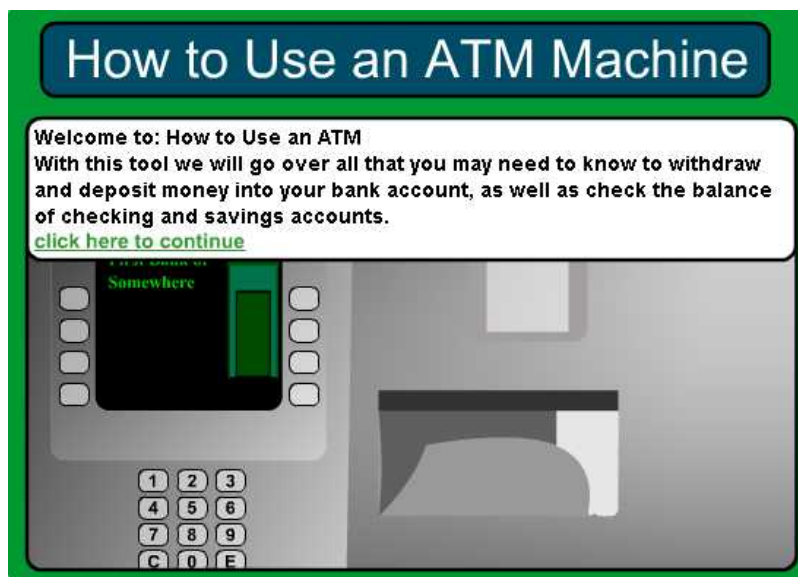
For individuals:

Introduction to ATMs as a convenient banking option



The impact on urban markets is:

Provides wider choices for banking consumers and less-mobile populations



Source: www.Beehive.org, 2004

The Impact of Information on Markets

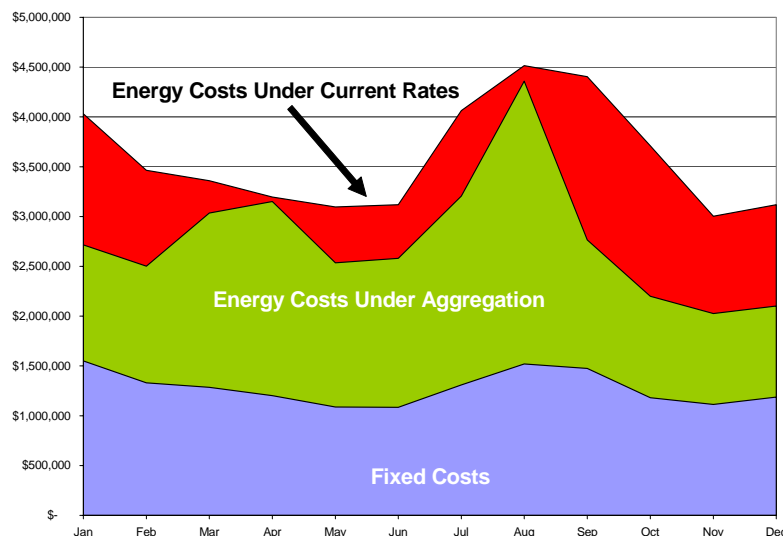
For community-based organizations:

Knowledge of energy demand in neighborhoods by time and day



The impact on urban markets is:

Allows CBOs to design and deploy energy management services to lower costs to consumers



Source: Community Energy Resource, 2003,
www.cnt.org

UMI Program Activities I

Role of Information in Urban Markets



Characteristics of Urban Information Gap



UMI Program Activities

*Growing importance
of information in
high performance,
efficient markets*

No robust analysis of the
impact of information on
investment decisions in
driving change in urban
markets

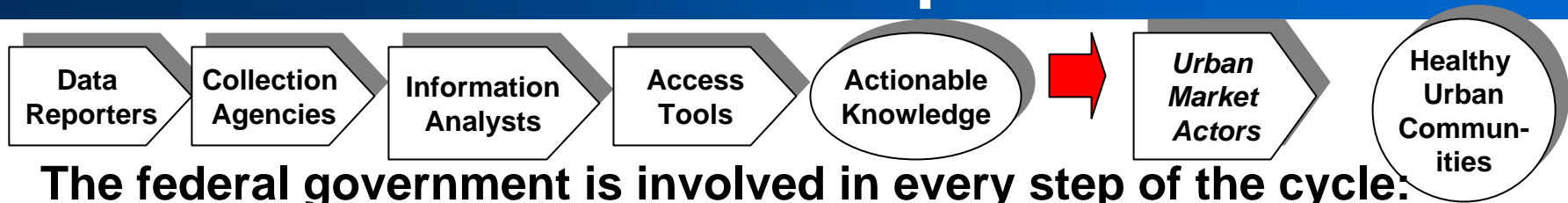
- **Build intellectual framework and foundation thinking, seed thought leadership, document impact**
- **Invest in pilot projects and replicable models to bring innovative information tools to national scale**

*Bubbling
innovation:
fragmented local
market information
experiments*

Unrecognized and
untapped assets in
cities and urban
neighborhoods

UMI Program Activities II: The Role of the Federal Government

Role of Federal Government is critical and pervasive

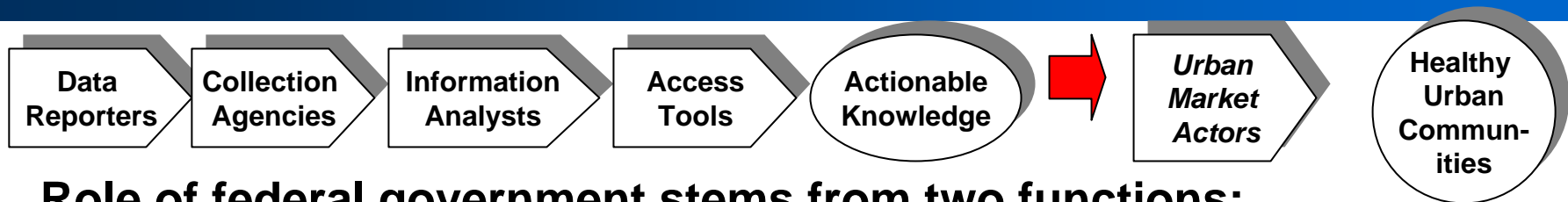


- **Reporter**: on own activities and administrative programs
- **Collection agency**: for survey data and mandatory administrative records from business, taxpayers, etc.
- **Analyst**: for major indices of economic performance, agency performance and outcomes data
- **Access Tools**: publishes data in a variety of media and seeds a multi-million dollar information industry
- **Market Actor**: Through administrative programs, invests in urban places, people and markets

Context for Federal Urban Information

- Complex, fragmented federal statistical system
- Understaffed central statistical policy body
- Insufficient statistical agency understanding of community user needs in urban areas
- Well-funded “special interest” statistical operations (agri, transportation)
- Lack of strong, well-organized constituency for federal data on local areas; but there is a huge private market enabled by this data
- Opportunities afforded by advancements in technology
- Recent changes in privacy and confidentiality regulations

Analytics of Federal Government Role



Role of federal government stems from two functions:

1. *Reporting on federal agency activities and outcomes*

- Data primarily used by program administrators, oversight bodies, rarely used by non-government urban market actors

2. *Collecting information from citizens and business, aggregating, analyzing and producing information used by various market actors*

- information submitted as part of program administration (UI/ES202 data, IRS data), or through
- voluntary surveys of citizens and business (decennial census, Current Population Survey, Purchasing Managers Outlook)

UMI Program Activities II

***Role of
Government in
Information
Cycle***



***Characteristics
of Urban
Information
Gap***



***Advocate for
open federal
information
policy***

***Data Reporter
and Market Actor***

Little data on geography
or demography of
government expenditures
or investments

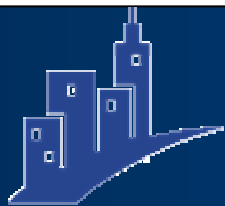
Develop “urban
budgets” to show
federal investments
in urban people and
places

***Data Collector,
Analyst and
Market Actor***

Urban data does exist,
but is not accessible or
transparent

Federal Data Scan

**Business
Establishment
Location Data**



UMI Program Activities III: Program Areas and Outcomes

UMI Program Activities Summary

Three mutually reinforcing program areas:

- Build an intellectual framework and foundation thinking to seed thought leadership
- Invest in pilot projects and replicable models to bring innovative information to a national scale
- Advocate for open, accessible federal and state urban information policy

Building Intellectual Framework

- UMI Foundation Papers will build a robust conceptual framework and “thought leadership” on urban information issues:
 - Framework paper on UMI program and conceptual grounding
 - Seminal publication in major business/policy periodical by noted economist
 - Policy paper on the role of information in decisionmaking for key market actors (several business/industry sectors)
 - Study analyzing size and significance of the private sector market for urban information enabled and supported by current data infrastructure, such as Federal statistical agencies, state data collection efforts, surveys, etc.

Investing in Pilot Projects

- Pilot projects and replicable models funded through UMI will bring innovative information tools to national scale and seed experimentation
- 8-10 Pilot projects to be funded across country
 - “portfolio approach” will fund
 - mature projects ready to move to national scale
 - start-ups and innovative experiments
- Market Innovation Snapshots
 - Publications that will highlight pilot projects, as well as other innovative information market initiatives at the local level in a “case study,” newsletter format
 - Demonstrate good open information practices, and the resulting changes in urban markets

Advocate for Federal Urban Information Policy

- Federal “data scan” will uncover key data sets to be addressed by UMI advocacy
- Federal Data Collaborative will bring together interdisciplinary work-teams to solve information problems for various user groups
 - Example: Business Establishment Location Data
- “Urban budgets” or “statements of federal investment flows” will show federal investments in urban people and places
- Data Briefs on key federal data issues and barriers to access

Questions, Comments?

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