

2009

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Recommended Citation

Nestor M. Davidson, *Reconciling People and Place in Housing and Community Development Policy Essay*, 16 *Geo. J. on Poverty L. & Pol'y* 1 (2009)

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ESSAY

Reconciling People and Place in Housing and Community Development Policy

Nestor M. Davidson*

INTRODUCTION

A central debate in housing and community development policy has long revolved around the dichotomy between people-based and place-based policies.¹ As this divide is conventionally framed, people-based strategies invest in individuals, often with the explicit goal of allowing those individuals to move to a better life, while place-based strategies target specific communities or locations, often with the explicit goal of revitalizing entrenched pockets of poverty.² Thus, for example, tenant-based rental housing vouchers and “moving-to-opportunity” programs seek to empower low-income residents to escape failing communities, in a subsidized version of the perennial American penchant for new horizons. Conversely, some forms of project-based rental housing subsidies and many urban renewal policies seek to reinvigorate distressed neighborhoods.³ Arguments about the proper focus of policymaking in this arena continue unabated.⁴

This Essay argues that this dichotomy is much more illusory than the

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1. See Randall Crane & Michael Manville, *People or Place? Revisiting the Who Versus Where of Urban Development*, 20 LAND LINES 2 (July 2008); William Wheaton, *Commentary*, BROOKINGS-WHARTON PAPERS ON URBAN AFFAIRS 2000, at 93-96 (discussing place-based versus people-based policies); Roger Bolton, *Place Prosperity vs. People Prosperity Revisited: An Old Issue with a New Angle*, 29 URBAN STUD. 185 (1992); see also John M. Quigley, *A Decent Home: Housing Policy in Perspective*, BROOKINGS-WHARTON PAPERS ON URBAN AFFAIRS 2000, at 84-85 (discussing project-based versus tenant-based housing subsidies); cf. Matthew Edel, *‘People’ versus ‘Places’ in Urban Impact Analysis*, in THE URBAN IMPACTS OF FEDERAL POLICIES 175 (Norman J. Glickman ed., 1980).

2. See Crane & Manville, *supra* note 1, at 3-4.

3. Although this conceptual distinction is a staple of housing and community development policy, it is by no means unique to that policy arena. A similar debate, for example, plays out in education policy, pitting advocates of neighborhood schools against proponents of school vouchers, framed around similar arguments about community versus choice.

4. This debate even featured, albeit briefly, in the recent presidential campaign—a rare moment in which poverty policies have garnered national attention. See David Brooks, *Edwards, Obama and the Poor*, N.Y. TIMES, July 30, 2007, at A19 (comparing the anti-poverty policies of Senator Barack Obama and former Senator John Edwards based on their relative emphasis on place-based and person-based approaches); Edward Glaeser, *Where Edwards is Right*, N.Y. SUN, Aug. 7, 2007 (arguing that Edwards’

traditional debate assumes, or, at the very least, it is more complicated. Every individual-level public investment in poverty reduction and mobility is constrained by geography and at the same time directly affects the places those individuals live. Likewise, every public investment in a given place not only has a direct impact on the people in that place but more importantly shapes the incentives that people have to remain, leave, avoid, or move to that place. In short, to an extent the conventional discourse significantly obscures, people are place, and place is people, and it is important to focus on the interaction between these foci of policymaking.

This is not only an academic question. Insisting on framing policy choices in terms of a dichotomy between people and place—or between mobility and community—distorts the real tradeoffs at issue. Those tradeoffs have much more to do with persistently inadequate levels of public investment and seemingly mundane ground-level details of programmatic design that are, in practice, critical. Bringing to the fore the interaction between people and place, mobility and community, is a more fruitful way to approach policy design than using proxies that inadequately capture the real consequences of housing and community development strategies.

To explore this interactionist perspective, this Essay first reviews the conventional debate between people-based and place-based responses to poverty, then unpacks several fallacies underlying this perceived dichotomy, and, finally, outlines other conceptual models that might address more appropriately the concerns that have been channeled into this debate.

I. PEOPLE OR PLACE—AN INTRACTABLE DILEMMA?

The debate about place-based versus people-based approaches has been etched in the evolution of housing and community development policy since at least the post-War era of urban renewal and the controversies over the significant displacement that those policies engendered. The “slum clearance” program launched by the federal Housing Act of 1949 and the later Model Cities programs were perhaps the classic place-based policies. These programs sought to eradicate poverty by radically changing the places where poverty (or, at least, urban poverty) most strongly persisted. Urban renewal—the infamous “federal bulldozer”⁵—leveled communities wholesale, guided by a top-down planning vision that not only ignored existing urban fabric, but also paid far too little heed to those living in the communities targeted by that renewal.⁶

person-based policies are preferable to Obama’s place-based policies because they focus more on “helping poor people than poor places”).

5. See generally MARTIN ANDERSON, *THE FEDERAL BULLDOZER: A CRITICAL ANALYSIS OF URBAN RENEWAL 1942-1962* (1964).

6. See Wendell Pritchett, *The Public Menace of Blight: Urban Renewal and the Private Uses of Eminent Domain*, 21 *YALE L. & POL’Y REV.* 1 (2003).

The fact that the urban renewal policies of the 1950s and 1960s are generally, although not universally, understood to have failed spectacularly has fueled interest in policies that focus more on individuals in poverty and on preserving existing communities. Thus, in the 1960s, housing policy began to move from public housing to public-private partnerships that provided incentives for private owners to build and operate subsidized housing,⁷ a model that was reinvented in the late 1980s through the Low-Income Housing Tax Credit (LIHTC) program.⁸ In the 1970s, the pendulum in housing policy swung even more forcefully toward subsidies that were not tied to specific projects, notably with Section 8 of the Housing and Community Development Act of 1974, which opened the door to tenant-based rental vouchers as a predominant form of housing subsidy.⁹

Two recent innovations in housing policy illustrate the on-going tension in practice between mobility and place. In the 1990s, the HOPE VI program and the Moving to Opportunity for Fair Housing (MTO) demonstration program represented divergent progressions in the evolution of housing policy. HOPE VI provides funds to demolish and revitalize the most severely distressed public housing, seeking to replace pockets of extreme poverty with mixed-income communities designed in a new-urbanist spirit. HOPE VI has been controversial among some housing advocates, particularly on the ground that it does not sufficiently account for the displacement that comes from failing to replace public housing on a unit-for-unit basis. Nonetheless, it has become a contemporary symbol of the promise of place-making policies.

By contrast, the MTO program, modeled largely on the Chicago program that grew out of the famous *Gautreaux* litigation,¹⁰ provided subsidies for families to move out of high-poverty neighborhoods. The premise of such mobility strategies is that individuals will fare better if they are in better neighborhoods, with less threat of crime, different peer groups, and better access to jobs and public services. The evidence supporting this premise is mixed,¹¹ but is

7. See Quigley, *supra* note 1, at 61-62.

8. Production subsidies at the federal level declined significantly for decades outside the context of the LIHTC, which was passed as part of the Tax Reform Act of 1986. See generally Charles J. Orlebeke, *The Evolution of Low-Income Housing Policy, 1949 to 1999*, 11 HOUSING POL'Y DEBATE 489 (2000). Recently, Congress created a National Housing Trust Fund as part of the Housing and Economic Recovery Act of 2008 (H.R. 3221), signed into law on July 30, 2008. The Trust Fund has the potential to represent a significant new source of federal housing funding, although because the Fund was to have been capitalized through Fannie Mae and Freddie Mac, the current economic crisis has significantly complicated this promise.

9. See Quigley, *supra* note 1, at 64.

10. See Nestor Davidson, *Cooperative Localism: Federal-Local Collaboration in an Era of State Sovereignty*, 93 VA. L. REV. 959, 1029-31 (2007) (discussing the *Gautreaux* litigation and its aftermath). In the *Gautreaux* Program, African-American families received Section 8 subsidies to move to white or racially-mixed communities. See generally ALEXANDER POLIKOFF, *WAITING FOR GAUTREAU: A STORY OF SEGREGATION, HOUSING, AND THE BLACK GHETTO* (2006).

11. See, e.g., Margery Austin Turner & Xavier Briggs, *Assisted Housing Mobility and the Success of Low-Income Minority Families: Lessons for Policy, Practice, and Future Research*, URBAN INSTITUTE METROPOLITAN HOUSING AND COMMUNITIES CENTER BRIEF (March 2008); John Goering, *Place-Based*

sufficiently promising that mobility policies have become entrenched in the spectrum of approaches, offering—like place does in HOPE VI—the most recent model of individual intervention.

The people/place dichotomy is a staple of urban development and economic development writ large, as local governments vie for subsidies and favorable sources of tax revenue, but likewise work through individual citizens. This plays out, however, in particular ways in housing policy. The basic divide in the housing arena involves demand-side subsidies, particularly what are now called Housing Choice Vouchers, versus supply-side subsidies, which can include a variety of up-front capital or long-term operating subsidies. Vouchers are thought to promote individual preferences and mobility, have less impact on housing markets, and reduce the government's risk. Project-based subsidies, by contrast, are said to represent stable investments in quality housing, are less subject to the vicissitudes of local housing markets, and are an efficient locus for other social services.

Any number of other programs—from the 1977 Community Reinvestment Act, which sought to eliminate redlining in lending,¹² to an array of individual-level interventions such as job training, Temporary Assistance to Needy Families, the Earned-Income Tax Credit, and others—can be added to this mosaic. Although varying on many levels, all of these programs can be catalogued based on whether they seek in the first instance to revitalize specific places or emphasize poverty reduction by subsidizing and empowering individuals.

The pendulum that these competing approaches represent has generated sustained academic discourse.¹³ One of the first commentators to frame the terms of the debate was Louis Winnick in his 1966 essay, *Place Prosperity versus People Prosperity*.¹⁴ Winnick argued against place-based policies, which he colorfully derided as “planned intervention in favor of economically deficient areas.”¹⁵ Winnick asserted that place-based policies merely redistributed, rather than increased in the aggregate, employment, retail opportunities, and housing (with cities seeking to poach from suburbs, in his view). He described this cycle as “at best . . . clumsy, expensive, and often inequitable.”¹⁶

Winnick's skepticism about place-based strategies continues to engender critique.¹⁷ Some commentators have argued that these policies address the

Poverty, Social Experimentation, and Child Outcomes: A Report of Mixed Effects, 13 CHILDREN, YOUTH & ENV. 1 (2003).

12. See Michael S. Barr, *Credit Where It Counts: The Community Reinvestment Act and Its Critics*, 80 N.Y.U. L. REV. 513 (2005).

13. See sources cited, *supra* note 1.

14. Louis Winnick, *Place Prosperity versus People Prosperity: Welfare Considerations in Geographic Redistribution of Economic Activity*, in *ESSAYS IN URBAN LAND ECONOMICS* 273 (1966); see Crane & Manville, *supra* note 1, at 4 (discussing Winnick's role in this debate).

15. Winnick, *supra* note 14, at 274.

16. *Id.* at 280.

17. See Crane & Manville, *supra* note 1, at 3.

external symptoms of poverty without attacking underlying causes, ironically adding to the concentration of poverty.¹⁸ Others have argued that place-based policies incentivize individuals to remain in economically distressed communities, are cost-ineffective ways to solve localized externalities, and are not well designed to target appropriate recipients.¹⁹

On the other hand, place-based strategies have their defenders. Even skeptics of such policies acknowledge what economists describe as “spatial externalities.”²⁰ Concentrated poverty brings a kind of localized multiplier effect, where the geographic nature of the lack of economic opportunity, often coupled with failing public services and a lack of public safety undermine individual attempts to break out of poverty.²¹ Thus, many policymakers recognize that the only way to create real opportunity for many communities is to intervene to overcome the negative feedback loops that play out in some locations. Moreover, even severely distressed communities contain largely unappreciated economic and social capital, and can have a valuable “sense of place” that is potentially put at risk by policies that foster “escape.”²²

The resulting reality is that in housing, community development, and in urban policy more generally, the current landscape represents an uneasy amalgam of place-based and people-based policies. Each new policy proposal—or event, like the devastation of New Orleans wrought by Hurricane Katrina—becomes an opportunity to rehash the debate.²³

II. RECONCILING PEOPLE AND PLACE

Despite the length and strength of the debate on people-based versus place-based strategies, it is an unnecessary distraction. Thoughtful commentators have sought to transcend the dichotomy in several ways. Some have argued, for example, that “people” and “place” represent proxies for different problems that

18. See Wheaton, *supra* note 1, at 95; see also Michael H. Schill & Susan M. Wachter, *The Spatial Bias of Federal Housing Law and Policy: Concentrated Poverty in Urban America*, 143 U. PA. L. REV. 1285 (1995) (arguing that “federal housing law and policy have exhibited a locational bias that has promoted the growth of large concentrations of poor people in the inner city” for most of the twentieth century).

19. See Edward L. Glaeser & Joshua D. Gottlieb, *The Economics of Place-Making Policies*, BROOKINGS PAPERS ON ECONOMIC ACTIVITY (Douglas W. Elmendorf, N. Gregory Mankiw, & Lawrence H. Summers, eds., 2008).

20. See Crane & Manville, *supra* note 1, at 3.

21. Cf. WILLIAM JULIUS WILSON, *THE TRULY DISADVANTAGED: THE INNER CITY, THE UNDERCLASS, AND PUBLIC POLICY* (1987).

22. See Bolton, *supra* note 1, at 193.

23. See, e.g., Edward L. Glaeser, *Should the Government Rebuild New Orleans, Or Just Give Residents Checks?*, 2 (4) THE ECONOMISTS’ VOICE, Art. 4, available at <http://www.bepress.com/ev/vol2/iss4/art4> Edward Glaeser; Crane & Manville, *supra* note 1.

are in turn amenable to different solutions.²⁴ Others have argued that policy must pay attention to people and place at the same time, recognizing the conceptual pull of the dichotomy, but emphasizing the need for policies to respond to both sides of the divide.²⁵

These are valuable perspectives with much force, but this Essay takes a different approach. Rather than isolate two seemingly oppositional targets of housing and community development policy, this Essay argues that it is important to explore the *interaction* between them. Every policy that seeks to alleviate individual poverty is constrained by location and, if successful, alters communities. Every policy that seeks to respond to the spatial concentration of poverty works through individuals.

A. *How Place Constrains and is Shaped by People-based Strategies*

Every investment in individual poverty reduction must confront the reality that individuals are constrained by their geography.²⁶ Income support of any kind, job training, housing vouchers, and other individual interventions flow to people who then must confront existing labor and housing markets and specific communities where the daily struggles of life play out. Markets that have, by definition, failed and in turn produced persistent poverty in the United States are largely geographically linked at the local level, even as they are increasingly shaped by global trade and capital markets. Thus the very housing, labor, retail, and related markets that generate the need for individual investments in turn constrain the impact of those investments.

For example, people receiving housing vouchers can only use those vouchers in pre-existing local housing markets, and there are significant psychic and material costs to leaving communities. It is hardly surprising, then, that without mobility counseling, individual voucher holders tend to utilize their vouchers in many of the same high poverty neighborhoods they were living in without subsidies.²⁷ Likewise, job training can only prepare people for those labor opportunities that are available. A similar recognition of the impact of context can

24. See Crane & Manville, *supra* note 1, at 3-4 (arguing that the debate should be viewed not as a dichotomy, but as “two distinct, although not wholly separate problems”: individual poverty, on the one hand, and the provision of “community-based shared goods” on the other); *id.* at 6.

25. See Turner & Briggs, *supra* note 11, at 1 (arguing that “initiatives that promote housing mobility should not substitute for investing in the revitalization of distressed communities; both place-based and people-based strategies should be vigorously pursued.”)

26. There is a burgeoning critical literature on law and geography that usefully identifies the spatial aspects of legal questions and the interaction between place, space and power. See David Delaney, Richard T. Ford, & Nicholas Bromley, *Preface: Where is Law?*, in *THE LEGAL GEOGRAPHIES READER: LAW, POWER, AND SPACE* (Nicholas Bromley et al. eds., 2001). A central insight from this literature that is relevant to debates about people-based versus place-based policies is the social construction of space. *Id.* Hence, the notion of “place” itself deserves interrogation and much of the criticism of place-based strategies may be chafing at the contested nature of how localities are constituted.

27. See Turner & Briggs, *supra* note 11, at 3.

apply to most individual-level interventions.

To some extent, describing policies as “people-based” is often used as a shorthand for mobility, with individual investments designed not just to lift people out of poverty but more specifically to subsidize their move to different communities. This emphasis on individual mobility, however, somewhat ironically elevates the centrality of place.²⁸ Indeed, one way to think about mobility policies is as place-based strategies disguised as people-based strategies. An underlying premise of programs like Gautreaux and MTO is that by moving to a new social context, individuals in poverty will experience better individual outcomes. There are many theories as to why place might make this difference—peer group effects, for example, or the added material and psychic benefits of lower-crime environments, among many others—but the premise remains that a new place means better outcomes.

If people are able to move out of pockets of poverty, however, they must still make their new lives work in a specific place. Indeed, some recipients of mobility subsidies are pushed to move back to higher poverty communities because of changes in the communities to which they moved (such as rising rents).²⁹ In this way, mobility as an anti-poverty strategy can be understood as being about capturing the benefits of place.

Mobility, moreover, can have a controversial impact on the places to which people move. Some critics of mobility programs argue that such programs merely export social dysfunction,³⁰ a proposition that is hotly contested by many experts.³¹ This kind of exchange highlights the proposition that it is at least possible that places can be altered by individual mobility.

Conversely, if investments in individuals are successful, the mobility such investments generate can have significant effects on the communities left behind. As people move, the social fabric of a community can be damaged by the loss of certain members and a strategy that incentivizes that movement can have direct consequences on the communities from which people are escaping. If a job training or mobility voucher or other support leads people to find a better community, the place they leave behind is changed by that movement. To the extent that the success of mobility programs is predicated in part on the nature of the communities in which people live, creating incentives to break up distressed communities can further isolate those not able or willing to leave. Recognizing this fact is by no means meant to advocate relegating anyone to pockets of poverty, and mobility has always been a core aspect of the American identity.

28. It is also important to recognize that discrimination remains a formidable barrier that shadows the entire people-based and place-based debate. Thus, the Gautreaux and the MTO programs were as much about racial integration as they were or are about economic opportunity.

29. See Turner & Briggs, *supra* note 11, at 3.

30. See Hannah Rosin, *American Murder Mystery*, ATLANTIC MONTHLY (July/Aug. 2008).

31. See Xavier de Souza Briggs & Peter Dreier, *Memphis Murder Mystery? No, Just Mistaken Identity*, SHELTERFORCE (July 22, 2008), available at <http://www.shelterforce.org/article/special/1043/>.

Rather, this is simply to highlight the reality that when some members of a community exit, that exit affects both those who leave and those who remain.³²

B. How People Shape and React to Place-based Strategies

Just as every investment in a given individual is constrained by place and changes the places where people live, every investment in a given place impacts specific people and, more importantly, changes the underlying incentive structure for individual mobility. On the most basic level, it is impossible to invest in a place without that investment at the same time being in the people in that place. It is true that a tax incentive or rezoning for a business to locate in a community benefits that business in the first instance, and geographically targeted incentives are not mobile. But someone has to fill the jobs that that new business creates and even if the fit between those for whom those opportunities are intended and the people who actually take advantage of them is imperfect (people shaping place-based policies), it is not entirely tangential.

Beyond the direct impact of place-based policies on individuals in those places, such policies shape incentives that influence where individuals live and work. Critics of place-based policies, like Glaeser, tend to underplay the reality that the individuals who are the focus of mobility policies are embedded in specific communities.³³ This is particularly odd given recognition by economists in particular of the interaction between place-based policies and individual mobility incentives in other contexts. Indeed, a significant vein in the literature on local governments and public finance depends largely on a vision of individuals as mobile consumers of place. This theory is generally associated with the economist Charles Tiebout, who famously argued that local governments can be understood to compete for mobile residents, offering different mixes of tax burdens and service levels in a never-ending process of “market” adjustments.³⁴ This so-called “Tiebout sorting” is predicated on the proposition that location is not fungible and that public investments in changing places will have relatively predictable effects on the individual incentive structure for mobility.³⁵

Put another way, people move or stay where they are based in no small measure on opportunities, so changing places changes the structure of choice.³⁶ People move or stay based on the resources they have as well as the opportunities they can access, and mobility programs directly target resource questions.³⁷ But

32. Of course, if individual interventions were ever sufficiently robust to lift individuals out of poverty on a wholesale basis, that would clearly make significant place-based changes.

33. See *supra* text accompanying notes 13-19.

34. See Charles M. Tiebout, *A Pure Theory of Local Expenditures*, 64 J. POL. ECON. 416 (1956).

35. See *id.*

36. Cf. ALBERT O. HIRSCHMAN, *EXIT, VOICE, AND LOYALTY: RESPONSES TO DECLINE IN FIRMS, ORGANIZATIONS, AND STATES* (1970).

37. And, as noted, forces such as discrimination can constrain individuals. Fair housing and similar legislation can be understood as an attempt to overcome such constraints.

changing a place not only changes whether or not people want to stay in or leave that place. Such policies also ripple to how others around that place choose to interact with it. For example, public investments in distressed communities often spark gentrification. Although the predicates for gentrification are classically place-based—infrastructure, public safety, incentives for developers, and the like—the consequences are decidedly personal. As communities become more desirable, more affluent residents are drawn in. At the same time, low-income residents are too often required to move to other high-poverty communities because that is all that they can afford. Place-based interventions thus become unintentional “mobility” programs in an unfortunate mirror to programs like MTO and Gautreaux.

Places are dynamic communities of individuals who are subject to incentives to move. It is only a question of time horizon for a successful place-based intervention to change the community it targets as well as those connected to it in any way. Today’s “economically deficient areas”³⁸ can be tomorrow’s boom towns—as locations across the country have experienced in the past fifteen years—and every intervention creates a new set of incentives for people to move.³⁹

To the extent, then, that a significant critique of place-based policies turns on targeting,⁴⁰ it is certainly true that any effort to create new economic and social conditions will inevitably change the individuals who live in the targeted communities, and those individuals will not have any entitlement to remain. That, however, is less a critique of place-based policymaking than a recognition of a certain shortsightedness in implementation.

III. REFRAMING THE DEBATE

Reconciling people-based and place-based policies in housing and community development requires a renewed focus on the interaction between people and place, recognizing that while geography is destiny, all places are interconnected and places are largely significant because of the people in those places. This insight brings to the fore more pressing questions, such as whether relevant markets—for housing, for labor, for other opportunities—are failing and whether the response to those market failures is sufficiently robust and appropriately

38. Winnick, *supra* note 14, at 274.

39. It bears noting that the critique of place-based policies that they create incentives for individuals to remain in economically distressed locations assumes that such policies can have no actual effect in transforming those places. Surely, many place-based policies fail (just as many individual-based policies do), but it would be impossible to look at the work of community development corporations and local governments across the country and declare such work a universal failure. The list of communities that have been turned around is significant—even in some of the most challenging circumstances. This is not to endorse place-based policies, but merely to note that equating investments in place with a singular outcome (the concentration of poverty) is to misunderstand the nature of such investments.

40. See Crane & Manville, *supra* note 1, at 3.

sensitive to long-term consequences. What matters most is how any given investment in poverty reduction is structured, how it operates, and whether it is sufficiently funded. Individual housing vouchers can be a tool for community revitalization if they carry the right level of subsidy and are structured to account for neighborhood effects. Likewise, project-based subsidies can alleviate rather than contribute to concentrated poverty and segregation if new construction and subsidies for the preservation of existing housing focus on a diverse set of communities. And public housing can be—and in some communities, increasingly has become—an engine of economic and racial integration rather than segregation.

On the other hand, each of these programs can have negative consequences in the place/people nexus—creating the wrong kinds of incentives, concentrating poverty, and undermining the very goals to which affordable housing and community development policy are dedicated. Any argument that public interventions on one side or the other of that nexus (or on both people and place with insufficient attention to how each affects the other) is sufficient in and of itself ignores a vital interactive reality.

Debates about the relative merits of supply-side and demand-side subsidies should thus become debates about whether rent levels and operating subsidies are set appropriately, whether public investments are being managed wisely, and whether the communities these policies are helping to form are sustainable, diverse, and vibrant. These all raise knotty empirical questions beyond the scope of this brief Essay, but the important point is that it is necessary to see the interaction between people and place in every program.

Ultimately, then, understanding the nexus between these two foci of policy can give renewed impetus to arguments for additional support and can serve as a reminder that the micro-level details of policy design are critical. Every policy has unintended consequences, but poverty programs are destined to repeat past failures if they are not designed carefully to address holistically individual incentives, market forces, the nature of community, and the importance of context. People are place and places are people, and understanding this is vital to any effort to alleviate poverty.