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The Atlanta Empowerment Zone: Description, Impact, and Lessons for Evaluation

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FISCAL RESEARCH CENTER

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I. Introduction

The Empowerment Zone/Enterprise Community and Renewal Community program (hereafter, EZ) is a federally sponsored effort to revitalize economically distressed and impoverished areas across the U.S. When it was first developed in 1993, the program consisted of a series of grant funds and tax incentives that were to be used by awarded communities for projects and activities that would increase employment, reduce poverty, and improve overall quality of life. A 2006 report by the U.S. Government Accountability Office estimates that close to $1 billion in grant funds were designated for this program, and that the value of tax benefits was equivalent to a $2.5 billion reduction in tax revenues between 1994 and 1998.[1]

In 1994, a section of Atlanta, Georgia was awarded Empowerment Zone status. The Atlanta Empowerment Zone remained until 2002, when it was then designated a Renewal Community.[2] In the eight years between 1994 and 2002, Atlanta experienced numerous changes in socio-economic factors such as unemployment, average income levels, and homeownership, to name a few. Table 1 documents the changes that occurred in the city of Atlanta and Atlanta Empowerment Zone (hereafter, Atlanta EZ) before and after designation (from 1990 to 2000), using data from the U.S. Census. The upper half of the table documents trends for the city of Atlanta, and the lower half displays information for only those areas of Atlanta that were designated as Empowerment Zones.[3] In the city of Atlanta, the employment rate declined by close to 1 percent, although per capita income increased by 26 percent. In contrast, in just the Atlanta EZ, employment increased close to 7 percent. There is also a stark contrast in population density in the Atlanta EZ relative to the

[1] There were three rounds of the Empowerment Zone/Enterprise Community and Renewal Community program, which are described in detail in Section II. The $1 billion in grant funds and $2.5 billion in tax incentives refers only to the projected costs for Round I.

[2] Rich and Stoker (2010) point out that Atlanta maintained an agreement with HUD to use the remaining EZ funds after termination of the designation.

[3] EZ areas are designated at the census tract level. The Census Bureau defines census tracts as statistical subdivisions of counties. Tracts average 4,000 inhabitants, ranging from 2,500 to 8,000 inhabitants. Every Metropolitan Area or Urbanized Area in the United States is completely divided into tracts. Because the primary concern in defining tracts is the population, the land area of tracts varies widely. The boundaries are established by local committees, following guidelines set by the Census Bureau.

TABLE 1. SOCIO-ECONOMIC CHARACTERISTICS OF ATLANTA AND ATLANTA EZ PRE- AND POST-EZ DESIGNATION

City of Atlanta: 1990-2000

	1990	2000	Percent Change
Employment Rate	44.45%	43.91%	-1.21%
Residents in Poverty	27.29%	4.40%	-10.59%
Per Capita Income (in 1999 dollars)	$20,474	$25,772	25.88%
Vacant Housing Units	14.78%	10.03%	-32.11%
Population Density	2,985	3,156	5.74%
Tracts	151	151	

Atlanta Empowerment Zone: 1990-2000

	1990	2000	Percent Change
Employment Rate	27.92%	29.85%	6.91%
Residents in Poverty	56.39%	46.45%	-17.63%
Per Capita Income (in 1999 dollars)	$7,057	$9,105	29.02%
Vacant Housing Units	20.51%	14.56%	-28.99%
Population Density	5,561	4,830	-13.15%
Number of Tracts	24	24	

Source: Authors Calculations using 1990 and 2000 Census Data.

entire city: Population density declined by 13 percent in the designated areas, but overall density increased in the city.

Given the changes experienced by Atlanta during this period, and the large amount of money that was appropriated for the EZ program, it is of interest to examine the extent to which these changes can be attributed to the EZ program. For policy makers, knowledge of the impact of the EZ program can be informative for deciding the funding level and the governance of similar community re-development programs in the future.

In order to estimate the effects of the program, we first document the changes (with respect to various socio-economic outcomes) that occurred in the Atlanta EZ before and after the program using Census data from 1990 and 2000. While this before and after comparison is informative, it would be misleading to conclude that the observed changes were necessarily a result of the EZ program, since a number of other factors, such as business cycle conditions and natural population growth could also affect these outcomes. Therefore, we then compare the changes that occurred in the Atlanta EZ with "before" and "after" changes in a number of comparison areas. The first set of comparison areas is composed of four large Southern cities that applied for the EZ program, but were denied. The second set of comparison areas are more geographically similar to the Atlanta EZ—these are areas in Atlanta that were not part of the EZ census tracts, but had similar pre-program socio-economic characteristics as the Atlanta EZ. We use these areas for comparison since they were arguably exposed to the same (or similar) business cycle and regional effects as the Atlanta EZ during this time period, but were not affected by the program itself.[4] In that sense, we can "net out" any unobserved factors that caused changes in socio-economic outcomes in the Atlanta EZ, and any remaining changes are attributed to the effect of the EZ program.

Our analysis suggests that the measured impact of the EZ program in Atlanta largely depends on the choice of comparison area. For instance, in our comparison with other Southern cities, the Atlanta EZ experienced positive, but lower employment growth from 1990 to 2000 than Nashville, whereas growth was negative or close to zero in the remaining cities. In our preferred specification, which compares the Atlanta EZ with Atlanta non-EZ areas, we find the former experienced a lower rate of employment growth and smaller reductions in poverty than the areas which did not receive EZ status. These results, while inconclusive, are largely consistent with what has been found in other studies of EZ programs; Hanson's (2009) analysis of EZ programs using national data and more rigorous econometric techniques finds that the EZ program had no effect on employment and poverty, but did increase property values.

[4] We discuss the possibility that the non-EZ areas of Atlanta experienced "spill-over" effects from the Atlanta EZ in Section IV.

II. EZ Program Description

General Information

The federal government created the Empowerment Zone/Enterprise Community program as part of the Omnibus Budget Reconciliation Act (OBRA-93 Pub. L. 103-66, 107 Stat.312) on August 10, 1993.[5] The EZ program was developed with the goal of reducing unemployment and fostering general economic growth in distressed areas using a series of tax incentives and grant money. A number of agencies were involved in the development and implementation of the EZ program, including the Department of Justice, the Environmental Protection Agency, Small Business Administration, the Department of Health and Human Services (HHS), the Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA) (GAO, 2006).[6]

There were three rounds of the EZ program, and during these rounds a number of areas across the U.S. were designated as empowerment zones, enterprise communities, or renewal communities.[7] Round I, which took place in 1994, established nine empowerment zones, and added two subsequent supplemental empowerment zones. In addition, ninety-five areas were designated as enterprise communities. Round II occurred in 1997 and designated twenty empowerment zones, along with twenty empowerment communities. The final round, referred to as the Renewal Communities and Round III Empowerment Zones, named nine empowerment zones, and forty renewal communities during 2000.[8] This report focuses on the first round designation of parts of the city of Atlanta as an empowerment zone.

[5] See www.govtrack.us for more information.
[6] HHS was responsible for fiscal oversight, the IRS provided tax benefits, and HUD and the USDA provided general program oversight.
[7] Round I EZ/EC was authorized under the Omnibus Budget Reconciliation Act of 1993, Round II EZ/EC was authorized under the Taxpayer Relief Act of 1997, and the last round, Round III EZ and RC was authorized under the Community Renewal Tax Relief Act of 2000 (GAO, 2004).
[8] EZ and Renewal zones and communities are split across rural and urban areas. Six of the Round I EZ's were urban, as were the two supplemental zones. Sixty-five of the 95 empowerment communities were urban. Fifteen of the twenty Round II EZs were urban, and all twenty of the empowerment communities Round II were rural. Seven of the EZ's from Round III were urban, as were 28 of the forty renewal communities (GAO, 2004; GAO, 2006).

Round I Application Process

Applications for participation in the first round of the EZ program were submitted by state and local governments. For an urban area to be considered for Round I of the program, the area was required to have the following geographic and socio-economic characteristics based on Census tract data from the 1990 Census:

(1) The area could be no larger than 20 square miles in size;

(2) While there was no minimum population requirement, the maximum population was set at 200,000;

(3) At least 6.3 percent of the area's population must be unemployed;

(4) At least 35 percent of the area's population in 50 percent of the Census tracts must meet the federal definition of poverty, 25 percent in 90 percent of tracts, and 20 percent in all tracts, and show other signs of distress.[9]

As part of the application process, applicants were required to submit a strategic plan to be carried out in the event they were awarded EZ status. The plan had to address the following four elements:[10]

(a) Economic opportunity-A description of how the community planned to create jobs, provide and implement job training services, and interact with businesses in the area in order to meet these goals.

(b) Sustainable community development-A description of plans for improving and creating communities. This included economic, physical, environmental and health aspects of community development.

(c) Community-based partnerships-A description of the various participants who would be involved in the implementation of the EZ program (i.e. community members, businesses, and elected officials).

[9] Requirements for applicants varied across rounds of the EZ program, as well as by urbanicity. For instance, during the first round of the EZ program, rural areas were required to show the same poverty rates by census tracts as urban areas, but there was no minimum unemployment rate specified. For an urban area applying in Rounds I and II, the requirement of 35 percent poverty in 50 percent of all census tracts in the area was dropped. Applicants were provided a list of characteristics which qualified as general distress indicators. See GAO (2004) for more information.

[10] See the Community Renewal Initiative website for more information: http://www.hud.gov/offices/cpd/economicdevelopment/programs/rc.

(d) Strategic vision for change-A description of the re-development plans proposed by the community, and goals for the EZ program.

Round I Selection Process

The applications were reviewed by the federal agencies listed above, and ranked based on the perceived effectiveness of their strategic plan and the likelihood of the plan being implemented. In Round I, six cities and three rural communities were awarded EZ status. The six cities were Atlanta, Baltimore, Chicago, Detroit, Philadelphia/Camden, and New York; the three rural communities were Kentucky Highlands, Mississippi Delta, and the Rio Grande Valley in Texas.

Table 2 documents the changes in employment, average income, population density, and the housing stock for the six urban EZ areas, using data from the 1990 and 2000 U.S. Census. The table highlights some interesting changes across time: While Atlanta, Chicago, Detroit, and Philadelphia actually experienced increases in employment, Baltimore and New York had decreases. In contrast, in all six cities, the percentage of residents under the poverty line dropped, and per capita income increased in the range of 23-44 percent. The population density decreased in Atlanta and Detroit, although the number of vacant housing units dropped.

Two additional areas were designated as supplemental EZ communities-Los Angeles and Cleveland, and four areas were designated as Enhanced Enterprise Communities-Boston, Oakland, Houston, and Kansas City (Mo. and Ka.) Many of the applicants that did not receive EZ status were awarded Enterprise Community (EC) status. These EC and supplemental EZ communities were given a less generous package of tax incentives and grant money compared to the EZ communities, as will be described below.

Round I Program Benefits

When the EZ program was enacted in 1993, it had two main sets of benefits that were provided to the community. The first included a series of tax incentives intended to retain or attract businesses, and subsequent jobs in these areas.[11] The

[11] The combined revenue loss due to tax incentives for Rounds I, II and III was estimated at $11 billion dollars for the years 2001 to 2010 (GAO, 2006).

TABLE 2. ATLANTA EMPOWERMENT ZONE: 1990-2000 CHANGES RELATIVE TO OTHER EZ AREAS

	Atlanta	Baltimore	Chicago	Detroit	New York	Philadelphia
Employment Rate	6.91%	-2.89%	15.16%	30.90%	-2.83%	1.62%
Residents in Poverty	-17.63%	-12.44%	-21.26%	-22.64%	-9.54%	-17.47%
Per Capita Income (in 1999 dollars)	29.02%	25.31%	44.76%	36.78%	23.45%	26.24%
Vacant Housing Units	-28.99%	49.12%	-7.15%	-4.98%	29.38%	16.96%
Population Density	-13.15%	-31.98%	-11.10%	-11.62%	4.03%	-16.06%
Number of Tracts	24	27	108	58	69	22

Source: Authors Calculations Using 1990 and 2000 Census Data.
Note: Percentages are the percentage change between the 1990 and 2000 Census.

second component was a grant to public and private enterprises for health and social services and community redevelopment. Grant money was used to improve healthcare and transportation, as well as access to childcare, thus reducing absenteeism on the job and encouraging labor force participation. Training and education services for youth, as well as infrastructure development and maintenance was intended to increase safety and community involvement in neighborhoods (GAO, 2004; GAO, 2006).

Title XX Social Services Block Grants (EZ/EC Grants)

The six urban EZs each received $100 million dollars in Social Services Block grants, the three rural areas received $40 million each, and the ECs received $2.95 million each. These funds were designated for the development of services which were meant to "(1) prevent, reduce or eliminate dependency; (2) achieve or maintain self-sufficiency; and (3) prevent neglect, abuse or exploitation of children and adults" (GAO, 2004). Examples of such programs and services include training programs for disadvantaged youth, and drug and alcohol treatment programs. In addition, the grant money could be used to purchase land or facilities to develop these programs and services, and to cover staffing and support services. The grant funds were given to the EZ communities, and were available for use until December 21, 2004, after which all remaining money was returned back to the federal government.[12]

Tax Benefits

Business located in the nine Round I EZ communities received three tax benefits aimed at creating and maintaining jobs in the area. These are described below (GAO, 2004).

(1) EZ Employment Credit: Businesses received a tax credit for wages paid to employees lived and worked in an EZ. Business could claim a 20 percent credit on the first $15,000 paid in wages.

(2) Increased Section 179 Deduction: Businesses were eligible for an increased deduction for depreciable property. Businesses could deduct $35,000 more than the standard deduction.

(3) Enterprise Zone Facility Bonds: Local and state governments could finance loans to businesses by issuing tax-exempt bonds. Businesses couldn't receive more than $3 million for activities in any EZ, or more than $20 million for activities in all EZs.

Over the course of the EZ program, and subsequent rounds, a number of other tax benefits were added. These include capital gains exclusions, and tax exempt bonds.[13] In addition, there were a number of tax benefits that were not officially designated under the EZ program, but that businesses were eligible for, such as the Qualified Zone Academy Bonds, property tax reductions, and sales tax exemptions.[14]

[12] The two supplemental EZs received $212 million in Economic Development Initiative Grants , and the Enhanced Enterprise communities received $88 million in the form of EDI grants. The EDI grants were similarly allocated for use on economic development projects (GAO, 2004).

[13] Examples include EZ Facility Bonds (1998), Non-recognition of Gains on the Sales of EZ Assets (2000), Partial Exclusion of Gain on the Sale of EZ Stock (2000), Renewal Community Employment Credit (2002), Commercial Revitalization Deduction (2002), and Zero Percent Capital Gains Rate for RC Assets (2002). An additional three tax incentives were available starting in 2002, including the RC (Renewal Community) Employment Credit, Commercial Revitalization Deduction, and Zero Percent Capital Gain Rate for RC Assets. See GAO (2004, 2006) and Hanson (2009) for descriptions of these and other credits.

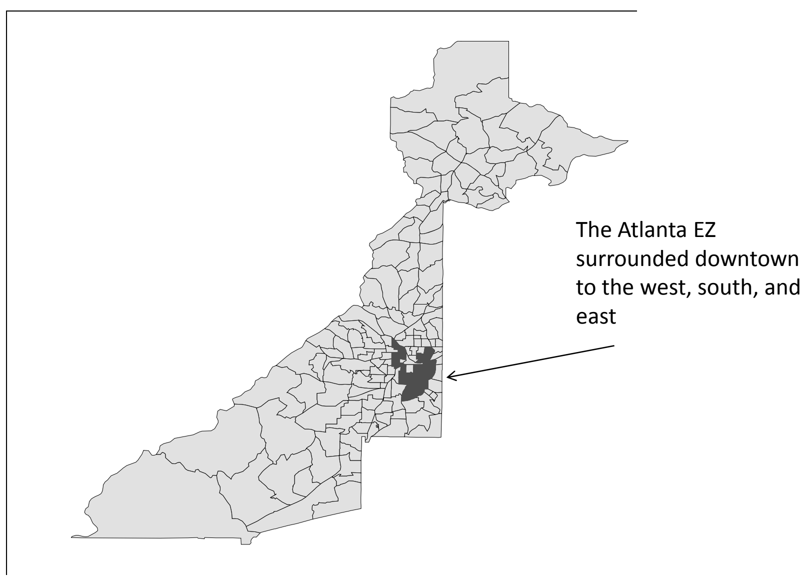
[14] Qualified Zone Academy Bonds are bonds that could be purchased by banks, insurance companies, and corporations. These bonds raise funds for local public schools in distressed areas, and bond holders received a tax credit in lieu of interest payments.

III. Atlanta EZ Program

The Atlanta EZ was an area surrounding the downtown area of the city from the west, south, and east. Figure 1 shows a census-tract (census tracts are described in Footnote 3) map of the Atlanta EZ in relationship to Fulton County. As the map shows, the EZ is a small portion of the county, but a fairly large share of the city of Atlanta. The Atlanta EZ covers approximately 10 square miles out of a total of about 130 in the entire city. The exact boundaries of EZs are defined by census tracts; HUD maintains an address locator for businesses to determine if they (and their employees) reside in an EZ.

FIGURE 1. THE ATLANTA EMPOWERMENT ZONE

The Atlanta Empowerment (shown in dark grey)



Source: Created by ArcGIS using information from U.S. Census and HUD

When Atlanta applied for the EZ program, their strategic plan for community re-development was based around the concept of creating an "urban village." The "urban village" program had five major areas of concentration. These are summarized below, drawing together program descriptions from GAO (2004, 2006) and Rich and Stoker (2010).

1) *Economic Development*: Stakeholders in Atlanta were interested in expanding employment and economic investment by increasing employment and job training opportunities. Atlanta planned to use $32.5 million of its block grant funding for programs that would promote development.

2) *Provide Adequate Housing for All*: Stakeholders were interested in increasing access to credit to finance homeownership, increasing the availability of affordable housing, and providing services and shelters for the homeless. Atlanta proposed to use $21.2 million for housing activities.

3) *Creating Safe and Livable Communities*: Stakeholders planned to increase safety by improving neighborhood streets, sidewalks, and parks. Atlanta budgeted $10 million for this goal.

4) *Lifting Youth and Families Out of Poverty*: Stakeholders planned to reduce drug and substance abuse, dropouts, and hunger for low income individuals and households. Block grant funds were allocated to the following services: Prekindergarten education ($14.5 million), childcare ($6.1 million), creation of multi-service centers ($2.1 million), and after-school programs ($1.9 million).

5) *Providing Governance*: The fifth component of the strategic plan was the development of the Atlanta Empowerment Zone Corporation, which would oversee the EZ program through the construction of two advisory boards, The Executive Advisory Board, and the Community Empowerment Advisory Board.

In practice, the Atlanta Empowerment Zone Corporation implemented the goal of creating an "urban village" through a number of business development projects, infrastructure repair, and creation of social services. For instance, one of the major development projects that was proposed was the North Yards Business Park. This was a 50 million acre business park which included industrial, retail, residential housing, and office space. The proposed 1998 project plan indicated that 1,000 new technical and services jobs would be created by the development of the business park, along with 70 units of housing.[15]

After school programs targeted at elementary and middle schools were developed to improve academic skills of youth, provide homework assistance, and provide information on health and social services to the families of these youth. In terms of safety, money was appropriated for the training and equipping of new police officers, and installing burglar and smoke detection systems in homes. In an effort to improve housing affordability, the Mortgage Assistance Program (MAP) was developed, where eligible households were provided with a $4-8,000 grant which could be used for a down-payment or closing costs. Two rehabilitation programs, the Senior Citizen Occupied Rehabilitation Program, and the Owner Occupied Rehabilitation Program gave grants to homeowners to correct housing code violations (Atlanta Strategic Plan, 1998; Rich and Stoker, 2010).

[15] Other development projects included the Fulton Cotton and Bag Mill, Sweet Auburn Curb Market, and the MLK/Ashby Commercial Shopping Village. For more information see the Atlanta Strategic Plan (1998).

IV. Impact of the Atlanta EZ Program

As highlighted in Table 1, the city of Atlanta, and in particular the areas of Atlanta that received EZ status experienced numerous changes from 1990 to 2000. These changes could be a result of the EZ program, as well as a host of other factors. For instance, during this decade there could have been other policies in Atlanta that were targeted toward reducing unemployment and poverty. In addition, regional and national trends in the business cycle could have influenced levels of employment, income, and housing starts in the area. As a result of these unobserved factors, a simple comparison of outcomes before and after parts of Atlanta received EZ status can be misleading regarding the effects of the program. In an attempt to isolate the effect of the program from these other factors, we compare the changes that occurred in the Atlanta EZ to changes that occurred during this same time period in areas that did not receive EZ status.

The idea behind comparing the Atlanta EZ to other comparison areas is to attempt to describe what might have happened in the Atlanta EZ if not for the program benefits. The first set of comparison areas is composed of four large Southern cities with areas that also applied for EZ status, but were denied: (1) Nashville, Tennessee, (2) Memphis, Tennessee, (3) Charlotte, North Carolina, and (4) Birmingham, Alabama. The areas of these cities that applied for EZ status likely experienced similar changes in regional economic factors as the Atlanta EZ area during this time period, but did not receive any assistance through the EZ program. In addition, the areas of these four cities that we examine actually applied for the EZ program, but were not selected. This suggests that these cities shared similar interests in community re-development as Atlanta, but did not receive any of the resources that Atlanta did to carry them out.[16]

Table 3 displays the changes in outcome variables that occurred for the Atlanta EZ and the areas of these four cities from 1990 to 2000. As the table shows,

[16] All of these comparison areas were actually awarded an "Enterprise Communities" designation. This designation came with an extremely small (and more restrictive) grant allocation, and some small (and largely unused) tax benefits for capital investment.

TABLE 3. ATLANTA EMPOWERMENT ZONE: 1990-2000 CHANGES RELATIVE TO DENIED APPLICANTS

	Atlanta	Nashville	Memphis	Charlotte	Birmingham
Employment Rate	6.91%	9.56%	-5.33%	-7.81%	0.73%
Residents in Poverty	-17.63%	-12.55%	-15.31%	-15.70%	-20.56%
Per Capita Income (in 1999 dollars)	29.02%	33.60%	41.17%	31.67%	22.30%
Vacant Housing Units	-28.99%	-10.81%	25.94%	15.05%	11.88%
Population Density	-13.15%	-10.76%	-25.80%	-8.61%	-21.66%
Number of Tracts	24	6	67	20	6

Source: Authors Calculations Using 1990 and 2000 Census Data.
Note: Percentages are the percentage change between the 1990 and 2000 Census.

the Atlanta EZ experienced similar (although slightly smaller) growth in employment as the proposed Nashville EZ, while the remaining cities experienced a decline or no change in employment. All cities experienced a drop in the percentage of residents in poverty and increase in per capita income. The percentage of vacant housing units declined for Atlanta and Nashville, but it increased for the other three cities. Finally, all cities experienced a decline in population density. If we difference the change over time in the Atlanta EZ relative to the other cities, the figures in Table 3 suggest that the EZ program resulted in a reduction in employment if the comparison city is Nashville (-2.6 percentage points), but an increase when we use Memphis, Charlotte, and Birmingham (12.2, 14.7, and 6.18 percentage points, respectively). This method of comparison examines how the employment rate in Atlanta changes prior to the start of the EZ to after its implementation, and compares that with how the employment rate changes in other cities during the same time period. For example, the employment rate change in the Atlanta EZ area between 1990 and 2000 was an increase of 6.91 percent, but at the same time the increase in the proposed Nashville EZ was 9.56 percent, so Atlanta's employment grew about 2.6 percentage points slower than a comparable area.

Applying the same methodology to the percentage of residents in poverty, the impact of the EZ program is estimated to have reduced the poverty rate in Atlanta by 2-5 percentage points when using data from Tennessee and North Carolina, but an increase in poverty by 3 percentage points when we use data from Alabama. The results from Table 3 suggest that it is difficult to draw a conclusion about the effectiveness of the EZ program, since the size of the effect (and sometimes the sign) depends on the comparison city.

Our next set of comparison areas is geographically closer to the Atlanta EZ. The first comparison area, which we denote "Qualified," is composed of census tracts in the city of Atlanta that were not given EZ status, but would have qualified under the program. We restrict these tracts to have at least 6.3 percent unemployment and 20 percent poverty (using 1990 Census data), which was part of the criteria used for EZ selection. As a result, this comparison group is arguably similar to the Atlanta EZ in terms of pre-program economic characteristics, and in addition, is likely to have been exposed to the same regional economic factors as the Atlanta EZ during this time period.

The second comparison group, which we refer to as "Rated Close" is composed of census tracts in the city of Atlanta that were judged to be similar to Atlanta EZ tracts along several dimensions. We construct this group by estimating a model where each observation represents a census tract in Atlanta. The dependent variable is a binary indicator that is equal to one if the tract received EZ status in 1994, and zero if not. The regressors include 1990 census tract characteristics for the unemployment rate, percentage of college graduates, percent of the population that is working age, percent of the population that is non white, percent of the population that is living below the poverty level, per capita income, and the housing vacancy rate. We use regression estimates to predict the probability of receiving EZ status for each census tract in Atlanta.[17]

We then use only those census tracts that did not actually receive EZ status, but that we estimate had at least a 50 percent chance of receiving an EZ based on 1990 characteristics as our "Rated Close" group. The benefit of this comparison group is that it is composed of census tracts that are similar to the Atlanta EZ area in terms pre-program characteristics, hence it is our preferred comparison point.

Table 4 displays the changes in outcome variables for these comparison areas. Focusing first on the "Qualified" comparison group, we observe that the changes

[17] The regression results are available upon request.

TABLE 4. ATLANTA EMPOWERMENT ZONE: 1990-2000 CHANGES RELATIVE TO SIMILAR AREAS OF ATLANTA

	Atlanta	Qualified	Rated Close
Employment Rate	6.91%	0.14%	25.43%
Residents in Poverty	-17.63%	-14.32%	-29.67%
Per Capita Income (in 1999 dollars)	29.02%	31.48%	127.00%
Vacant Housing Units	-28.99%	-25.00%	-25.24%
Population Density	-13.15%	3.22%	-5.90%
Number of Tracts	24	56	8

Source: Authors Calculations Using 1990 and 2000 Census Data.
Notes: Percentages are the percentage change between the 1990 and 2000 Census.
"Qualified" Areas are Census Tracts in Atlanta that had at least 6.3% Unemployment and 20% Residents in Poverty, but were not chosen for the EZ program.
"Rated Close" Areas are Census Tracts in Atlanta that were judged to be similar to EZ Tracts along several dimensions, as explained in the text.

experienced over the decade are similar to those that occurred in the Atlanta EZ with respect to poverty, per capita income, and vacant housing units. In contrast, while the Atlanta EZ experienced an almost 7 percentage point increase in employment, there was no employment change in the "Qualified" area. In addition, population density dropped substantially in the Atlanta EZ, but increased in the "Qualified" area. Moving to the "Rated Close" comparison, we observe an increase in employment that is more than triple that which occurred in the Atlanta EZ, but similar drops in the poverty rate and vacant housing units. The "Rated Close" area experienced extreme growth in per capita income, while the Atlanta EZ underwent more modest changes.

One important point to note about Table 4 is that because the comparison groups are composed of Census tracts which are geographically close to the Atlanta EZ area, there can be potential "spill-over" effects of the program. For instance, a business that was originally in a non-EZ area may decide to move to an EZ tract as a result of the tax incentive package, thus lowering employment in the non-EZ area. Alternatively, workers in EZ tracts may establish residences in these non-EZ areas, thus increasing the demand for housing. As a consequence of these potential "spill-overs" caution should be taken when interpreting the changes in socio-economic factors in these non-EZ areas relative to the Atlanta EZ.

V. Discussion

The results of this analysis, and other studies of community redevelopment programs (see for instance, Hanson (2009), Rich and Stoker (2010)) can offer a number of insights for policy makers. Particularly, local and state officials in Georgia can draw specific inference about the effectiveness of the Atlanta EZ program with respect to many of the outcomes that the program set out to address. This information can then be used to develop and structure similar programs in the future, or to restructure existing ones in ways that are more closely aligned with program goals. Legislators and policy makers from other cities and states can use the results from Atlanta to benchmark the results of their own programs, or, to assess the feasibility of implementing similar programs in their own communities.

The preceding analysis highlights that there are a number of factors associated with the implementation and analysis of community redevelopment programs, like the Atlanta EZ, that policy makers should be aware of. One consideration is the future operation and sustainability of the various services and programs that are implemented as part of these programs. For instance, in Atlanta, significant resources were devoted to providing health and social services such as child care services, after school programs, and drug rehabilitation programs. These increased services require a supply of trained professionals to staff these organizations; consequently it is worthwhile for policy makers in these settings to actively evaluate the recruitment and retention of qualified health service and teaching professionals.[18] Moreover, it is important to consider the long-term sustainability of these services by monitoring the budgeting and financial health of these programs.

A second consideration is potential changes in revenue that may result from the implementation of these programs. For instance, one goal of the Atlanta EZ program was to improve job training support, labor force attachment, and increased employment opportunities. The latter was implemented through tax incentives and credits for new and existing businesses to relocate to areas within the Atlanta EZ, or employ workers who reside in these areas. Although the Atlanta EZ was funded

[18] For a thorough analysis of teacher pay in Georgia, see Winters (2008).

through federal revenues and tax breaks, similar programs may rely on state or local revenue sources.

Although no estimates exist for Atlanta in particular, the reduction in tax revenue due to these tax incentives nationwide was estimated at $2.5 billion between 1994 and 1998. Consequently, policy makers should be cognizant of reductions in revenue sources that are often used to fund local and state services. On the other hand, an EZ program may increase revenues from sources other than the income tax. Hanson (2009) finds that property values increased in areas that received EZ status; presumably this results in an increase in property tax revenue. A final point of consideration for policy makers, both in Georgia, and other communities, is that the amount of inference that can be gleaned from evaluations of programs like the EZ is closely tied to the quality of the data that is used to evaluate them. Consequently, it is important that as these programs are developed and implemented, detailed data is collected on the various outcomes of interest both pre- and post-program implementation. In addition, as discussed above, it is important to collect similar information for areas that did not receive a program, in order to accurately estimate the effects of these programs.

VI. Conclusion

The Empowerment Zone/Enterprise Community and Renewal Community program offered a sizeable incentive package in the form of tax credits and grant funding to a number of communities in the U.S. throughout the mid 1990s and 2000s. The goal of this program was to re-develop and support communities that were facing economic stress in the form of high unemployment and high poverty rates. Communities that were awarded distressed status through the program were able to use these tax incentives and funding to attract new businesses and expand existing ones, in the hopes of increasing employment and creating a more educated and productive workforce. In addition, this funding could be used to offer social services such as supplemental health care, residential and homeowner services, after-school programs, and community safety and development activities.

Atlanta, Georgia was one of the first cities to receive EZ status through this program, and consequently was able to implement its vision of creating an "urban village." Atlanta proposed a number of business development projects and investments for improving the safety, health, and residential stability of community members. Given the large amount of funding allocated to this program, and the numerous changes experienced by Atlanta during the course of the program, it is of interest to analyze the extent to which these changes can be attributed to the program. To determine the impact of the EZ program, we use Census data from 1990 and 2000 from Atlanta and other cities in the U.S. Using an approach where we compare the changes that occurred pre- and post-EZ program in the Atlanta EZ with surrounding areas, as well as in other Southern cities, we find mixed evidence regarding the effects of the EZ program. While the Atlanta EZ experienced positive growth in employment from 1990 to 2000, this was small relative to the growth in cities like Nashville or our "Rated Close" areas. Similarly, the Atlanta EZ experienced a reduction in poverty, but this was smaller than the observed changes in Birmingham and "Rated Close," although it was larger in magnitude than other three Southern cities and "Qualified" areas. Ultimately, it is difficult to judge the effectiveness of the EZ program in Atlanta because these comparison areas are only suggestive of what would have happened to Atlanta in the absence of the program.

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