INCREASING ECONOMIC MOBILITY IN ATLANTA'S OLD FOURTH WARD

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Client

This report was prepared for the Office of Atlanta City Councilmember Amir Farokhi. Councilmember Farokhi represents District 2, which is considered the historical, economic, cultural, and geographic "Heart of the City."

Disclaimer

The author conducted this study as part of the program of professional education at the Frank Batten School of Leadership and Public Policy, University of Virginia. This paper is submitted in partial fulfillment of the course requirements for the Master of Public Policy degree. The judgments and conclusions are solely those of the author, and are not necessarily endorsed by the Batten School, by the University of Virginia, or by any other agency.

Honor Pledge

On my honor as a student, I have neither given nor received unauthorized aid on this assignment.

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District2Atlanta
The Heart of the City

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Executive Summary

The Old Fourth Ward is the historically black neighborhood where Dr. Martin Luther King Jr. grew up. But in recent years, the neighborhood has faced rapid gentrification and shifting demographics. As rents and property taxes increase, long-time residents are unable to stay in their neighborhood as it changes around them.

Economic mobility is a way of measuring the American Dream. It is the idea that, even if a child is born in the bottom 20 percent of the income distribution, with hard work, they can make it to the top 20 percent in adulthood. But, this is only a reality for 4 percent of Atlantans. This marks Atlanta as the worst city for economic mobility in the country. This APP seeks to develop a pilot program to improve economic mobility for Old Fourth Ward residents that could eventually be expanded into other parts of the city.

In the context of the Old Fourth Ward, there are four main characteristics that correlate with economic mobility: income equality, social networks, community involvement, and integration. Each alternative this APP proposes addresses one or more of these correlates.

This APP uses five criteria to evaluate each alternative: effectiveness, equity, cost, political feasibility, and administrative feasibility.

This APP considers three alternatives:

1. Inclusive Participatory Budgeting;
2. Long-Time Homeowner Tax Fund; and
3. Universal Basic Income.

After careful evaluation, this APP recommends a two-year Universal Basic Income (UBI) pilot program. This alternative will be the most affective at promoting economic mobility for Old Fourth Ward residents. This alternative is comparable in equity with the other alternatives, and its cost will be manageable with outside funding. With sustained energy and effort, the District 2 Office can implement this alternative in a politically and administratively feasible manner.

Problem Definition

The American Dream promises individuals and families the ability to achieve their goals and aspirations, regardless of their economic status. Yet, most Atlantans are unable to make this dream a reality. In fact, Atlantans who grow up in the bottom fifth income bracket only have a four percent chance of moving to the top fifth by the age of 30 (“Study,” 2019). This chance is lower than the probability of getting accepted to Stanford University (“Our selection,” n.d.), and it marks Atlanta as the worst city for economic mobility in the country (Chetty et al., 2015). Atlanta’s historic Old Fourth Ward neighborhood offers a magnified view of this struggle for economic mobility.

In the Old Fourth Ward neighborhood, rapid gentrification has exposed long-time residents’ economic immobility, leaving them unable to stay in their neighborhood as it changes around them.

Background

Economic Mobility

Low-income individuals in Atlanta are unable to achieve economic mobility, or the ability to move up in income brackets. This is a measure of *relative* mobility because it compares the economic standing of adults, ranked against their peers, to the economic standing of their parents, ranked against their peers. *Absolute* mobility, on the other hand, does not take rankings into account. Rather, this measure solely considers whether adults have higher incomes than their parents did at the same age. Experts who research equality of opportunity, however, are concerned with the ability to move up in class. This outcome is best captured by *relative* mobility (Reeves et al., 2014).

What is preventing low-income Atlantans from moving up in income brackets? To answer this question, I focus on Atlanta's historic Old Fourth Ward neighborhood as a microcosm, offering a snapshot of Atlanta's struggle with relative economic mobility.

Atlanta

While 6 million individuals live in the Atlanta Metro Area, only about 500,000 live within Atlanta City limits. The city is majority African-American, with 52 percent of individuals identifying as Black or African-American alone and 37 percent identifying as White alone. Other major groups include Hispanic or Latino, Asian, and Two or More Races ("QuickFacts," 2018). In Atlanta, the typical African-American household earns much less than other households.

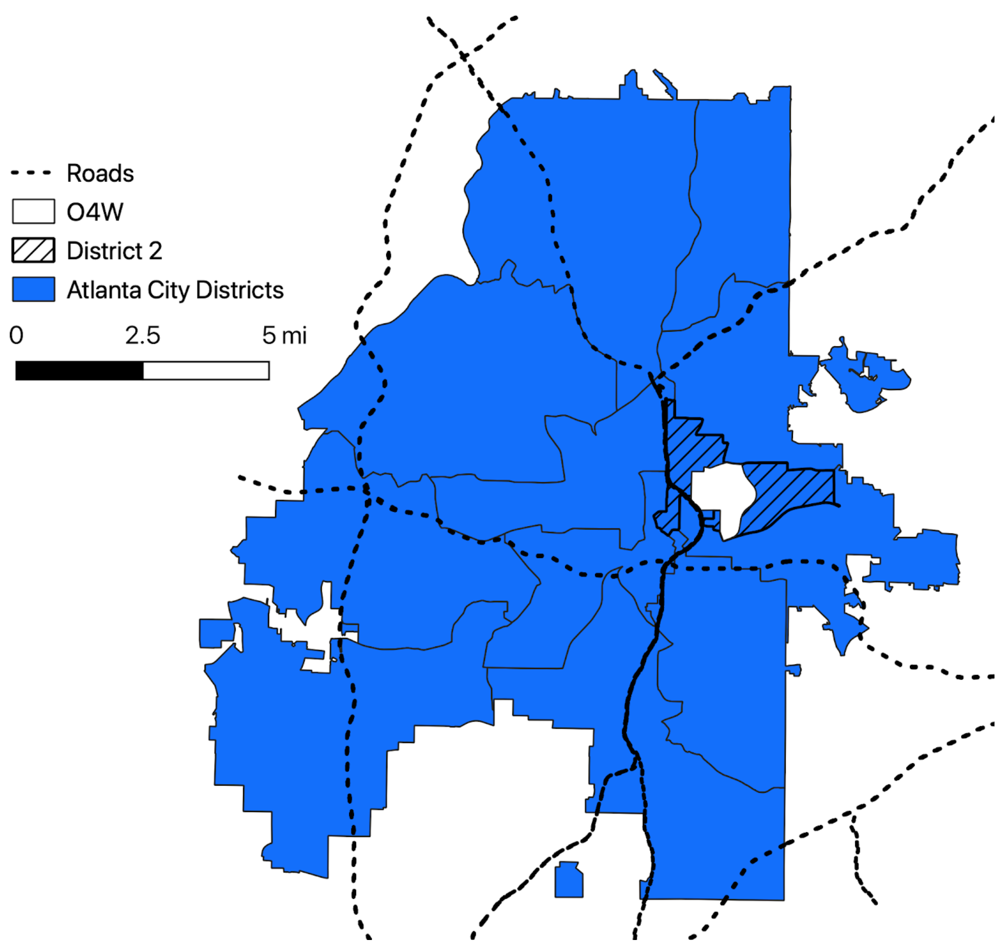
The African-American median household income is $28,500. This is only about 58 percent of the overall median household income in Atlanta of $49,000. But, African-American households only make 34 percent of white households in Atlanta ("Household," 2018). Eighty percent of African-American children in Atlanta live in communities with high concentrations of poverty, compared to six percent of white children ("Barriers," 2015). Overall, nearly one in four Atlantans live in poverty ("QuickFacts," 2018). In Atlanta more than anywhere else, individuals living in poverty struggle to change their economic status during their lifetime.

Atlanta's Historic Old Fourth Ward Neighborhood

The Old Fourth Ward, or O4W, lies in the heart of the city. Figure 1 depicts this neighborhood's central location within Atlanta City Council District 2. Directly adjacent to Downtown Atlanta, the Old Fourth Ward is home to 14,000 individuals. Like the rest of Atlanta, one in four residents in the Old Fourth Ward live below the poverty line. And, this neighborhood is majority African-American. As of 2017, about 46 percent identify as black, and 42 percent identify as white. Yet, like other aspects of the Old Fourth Ward, these racial demographics only reflect recent dynamics in the neighborhood ("Neighborhood Statistical," 2018).

The Old Fourth Ward began as a historically black neighborhood. The birthplace of Dr. Martin Luther King, Jr., it was a thriving area until the 1970s. Crime overtook the neighborhood and led more than half of its residents to move out. Just in the past two decades, the Old Fourth Ward began to take on a new character.

Figure 1: Map of Atlanta



The Old Fourth Ward was 76 percent black and sixteen percent white in 2000. By 2015, the black population share dropped to 49.5 percent, and the white population share rose to 39 percent. Average property values more than doubled over a five-year period, from $280,000 in 2013, to $660,000 in 2018. One major factor that influenced these changes was the opening of the Atlanta Beltline Eastside Trail in 2012, part of a major city-wide development, that attracted high-end housing developments and wealthier, whiter residents to the Old Fourth Ward. As these new residents move in, long-time residents who can no longer afford rising property taxes eventually move out (Suggs, 2019). **Long-time residents of Atlanta's historic Old Fourth Ward neighborhood face staggering economic immobility, depriving them of the choice to stay in their neighborhood as it changes around them.**

Barriers to Economic Mobility

The following paragraphs overview some of the barriers that prevent many Old Fourth Ward residents, and Atlantans in general, from achieving economic mobility. These barriers are segregation, income inequality, and lack of community ties and/or involvement.

Both income-based and racial segregation can serve as barriers to economic mobility. These barriers are more common in areas with larger African-American populations, which tend to experience lower rates of economic mobility (Chetty et al., 2015). Racial segregation in Atlanta is most commonly known as a north-south divide, referring to wealthier, majority white communities north of I-20, and poorer, majority African-American communities to the south and west ("Invest," 2019). Within the Old Fourth Ward, the Boulevard Northeast corridor has higher concentrations of African-American residents.

Higher income inequality also correlates with lower economic mobility ("Study," 2019). In Atlanta, the two are inseparable. In addition to economic immobility, Atlanta has the highest rate of income inequality among large cities in the U.S. Households in the 95th income percentile were making over 18 times more in annual income than households in the 20th percentile in 2016 (Berube, 2018). In the Old Fourth Ward, income inequality is shockingly visible to anyone who walks through the neighborhood. Sleek new million-dollar houses dwarf the neighboring modest homes from before the gentrification boom.

A lack of community ties and/or involvement can also stifle economic mobility (Chetty et al., 2015). As more long-time residents are displaced from the Old Fourth Ward, their social networks become diluted, and they may be discouraged from getting involved in decisions that affect their community.

Effects of Economic Immobility

Residents who move out of gentrifying neighborhoods such as the Old Fourth Ward are more likely to move to lower-income neighborhoods (Ding et al., 2016). These displaced residents are more likely to experience worse economic outcomes, linked to factors such as lower credit scores (Ding & Hwang, 2016). Moreover, their voting blocs become diluted and their communities become less organized. They lose the ability to advocate for changes that would improve their long-term wellbeing (Phillips et al., 2015). Finally, the Old Fourth Ward is a centrally located neighborhood with access to a variety of amenities and methods of public transit. Residents who end up moving elsewhere lose access to those quality of life enhancers.

This project explores possible ways to improve the economic mobility of long-time Old Fourth Ward residents and empower them to stay in their neighborhood if they choose.

Key Players in the Fight for Economic Mobility

There is a growing number of individuals and groups dedicated to promoting economic mobility. These key players include economists, think tanks, nonprofit organizations, community activists, and governmental actors.

Research and Funding

Dr. Raj Chetty is the leading economist and researcher of economic mobility and opportunity in America. His project, *Opportunity Insights*, is dedicated to developing policies to promote economic mobility. Specifically, this project uncovered the data that marked Atlanta as the worst city for economic mobility in the country.

Think tanks, such as the Brookings Institution, have also produced extensive data and reports on economic mobility in America. The *Economic Mobility Project*, for example, is a collaborative work produced by The American Enterprise Institute, The Brookings Institution, The Heritage Foundation, and The Urban Institute. The Project details findings on intergenerational mobility and factors that influence economic mobility, such as wealth, race, and education (Isaacs et al., 2008).

The Bill and Melinda Gates Foundation has pledged to contribute $158 million to work on economic mobility and opportunity. Specifically, the foundation has promised to:

- Improve data on the factors that contribute to poverty and economic mobility in America;
- Connect local leaders with the resources they need to increase economic mobility in their cities;
- Connect those working on different aspects of the problem;
- Create career pathways to increase economic mobility; and
- Increase public awareness and understanding of the problem ("Economic," n.d.).

Community Activism

Sweet Auburn Works promotes historic preservation and economic development in and around the Old Fourth Ward ("About," n.d.). Another group, the Historic District Development Corporation (HDDC), is a non-profit organization "specifically dedicated to preserving the availability of affordable housing in the Old Fourth Ward." It was founded to protect the residential assets around Dr. Martin Luther King, Jr.'s birth home, but its efforts extend throughout the Old Fourth Ward ("The Historic," n.d.).

Atlanta's Westside is another area of the city whose long-time residents are being displaced by rising property taxes and rents. Westside Future Fund, a nonprofit organization, has created an Anti-Displacement Tax Fund to cover the property tax increases of low-income long-time homeowners in Westside neighborhoods ("Anti-Displacement," 2018). Programs like this equip homeowners with the choice to stay in their neighborhood, helping them maintain their social networks and level of community involvement.

Governmental Actors

Invest Atlanta, the City of Atlanta's economic development authority, announced in July 2019 that it is developing an economic mobility strategy for the city. In its current preliminary phase, Invest Atlanta is accepting public input as it develops its strategy. Its partners include Bloomberg Associates, Enterprise, APD Urban Planning Management, and the Urban League of Greater Atlanta to develop and implement this strategy ("Invest," 2019). Invest Atlanta promises to:

- Review Atlanta's current economic mobility efforts;
- Analyze key factors related to access to opportunity;

- Identify opportunities for aligning existing strategic frameworks; and
- Provide recommendations to "further Atlanta's economic goals and improve economic mobility" ("Economic development," n.d.).

Atlanta Mayor Keisha Lance Bottoms launched the One Atlanta: Housing Affordability Action Plan in June 2019 ("One Atlanta," 2019). Among her goals are to "ensure equitable growth for all Atlantans and minimize displacement" ("Housing," n.d.). She supports exploring the feasibility of expanding the Westside Anti-Displacement Tax Fund or creating similar funds for other neighborhoods experiencing this displacement.

The Office of Atlanta City Councilmember Amir Farokhi

This project is prepared for the Office of Atlanta City Councilmember Amir Farokhi. He represents District 2, which includes the Old Fourth Ward and five other neighborhoods located in the "Heart of Atlanta." Councilmember Farokhi serves on three committees: Transportation, Committee on Council, and Zoning, of which he is Vice-Chair. He is one of sixteen councilmembers representing the City of Atlanta.

Councilmember Farokhi has worked to increase opportunities for Old Fourth Ward residents to get involved in their community. In November 2019, he launched Downtown Decides, a participatory budgeting (PB) program. PB sets aside a portion of the City budget for the community's spending discretion. Residents of the Old Fourth Ward who live in designated Downtown areas are eligible to participate in the PB process for how to spend $1 million in capital projects. This APP will recommend next steps for promoting economic mobility in the Old Fourth Ward.

Literature Review

This literature review explores the factors that promote or hinder economic mobility in more depth, focusing on racial and income segregation; income inequality; strength of social networks; and community involvement. It also overviews several innovative approaches to promoting economic mobility. These approaches consist of: universal basic income; universal basic services; and career pathways.

Racial Disparities in Economic Mobility

Isaacs (2008) finds that compared to white individuals, black individuals are more likely to stay in the same income quintile that they were born into or even move down quintiles in adulthood. Specifically, 54 percent of black children born into the bottom income quintile stay there in adulthood, compared to 31 percent of white children. Forty-five percent of black children born into the middle income quintile end up falling to the bottom quintile in adulthood, compared to 16 percent of white children. Forty-eight percent of black children fall from the second-to-bottom income quintile to the bottom quintile in adulthood, compared to 20 percent of white children. Overall, white children are twice as likely as black children to reach the top income quintile in adulthood.

To produce these findings, Isaacs uses data from the Panel Study of Income Dynamics, (PSID). The PSID tracked 2,367 children aged 0-18 in 1968 into adulthood. Isaacs compares the family income of these children between 1967 and 1971 to their adult family income between 1995 and 2002. The average age of the adult children was 39.4 years. However, Isaacs cautions that the data comes from the PSID, which "has been criticized for having insufficient documentation of the procedures used to sample low-income minority households" (2008). Further, her most recent data is from 17 years ago, which is pre-Great Recession. Her conclusions may fail to capture more current trends.

While Isaacs' research focuses on economic mobility at the individual level, Chetty et al. (2015) broaden their focus to the community level. They find that racial *shares*, not the race of the individual, correlate with community economic mobility. In other words, white people that are living in more predominantly black communities also experience lower rates of economic mobility. To explain this finding, Chetty et al. offer that larger black populations tend to be more segregated by income and race. This segregation can adversely affect both black and white low-income individuals.

Other Economic Mobility Correlates

In addition to segregation, Chetty et al. find that income inequality negatively correlates with economic mobility. To improve economic mobility, they suggest that policymakers focus on ameliorating factors that "erode the middle class" (2015).

Further, Chetty et al. find that social capital indices correlate strongly with economic mobility. These indices are proxies for the strength of social networks and community involvement in an area. For example, areas with greater participation in religious and/or civic organizations tend to have higher levels of economic mobility (2015).

On the community level, however, Chetty et al. (2015) find that access to higher education does not correlate with economic mobility. However, Haskins (2008) finds that higher education *does* correlate with economic mobility on the individual level. Without a college degree, 45 percent of individuals born into the lowest income quintile remain at the bottom quintile in adulthood, compared to 16 percent of individuals with a college degree. Fourteen percent of individuals without a college degree born into the bottom quintile reach the top two quintiles in adulthood, compared to 41 percent if they earn a college degree. Like Isaacs (2008), Haskins uses data from the PSID. Thus, the same limitations apply.

This concludes the discussion of the causes of economic mobility or immobility. The remainder of this literature review explores the viability of potential innovative solutions for improving economic mobility in Atlanta's Old Fourth Ward.

Universal Basic Income to Improve Economic Mobility

Universal Basic Income (UBI) would increase low-income individuals' income, thus shrinking the gap between their income and that of their higher-income counterparts. Theoretically, this would lower income inequality, one factor that correlates negatively with economic mobility. While UBI is not a new idea, previous experiments in the U.S. lack adequate data to determine whether it increases economic mobility.

Alaska Permanent Fund Dividend Program
The longest-standing UBI-like program in the U.S. is the Alaska Permanent Fund Dividend (PFD) program. The Alaska Legislature approved the PFD program in 1977. Since then, 25 percent of oil-related revenues go to a permanent trust fund. The Alaska Permanent Fund Corporation manages the Fund's assets, which are invested in the stock market and real estate. Today, the Fund is worth over $60 billion ("History," n.d.).

All Alaskan residents, including children, are eligible for the program ("Eligibility, n.d.). Since 1982 when Alaska sent out its first dividend checks, dividends have ranged from $331 per person in 1991 to $2,072 per person in 2015 ("Summary," n.d.). In 2019, the dividends were $1,606 per person. Residents apply online, and they receive their checks or direct deposits once a year (https://pfd.alaska.gov/).

Widerquist and Howard (2012) theorize that because an equal dividend provides a greater percentage increase to low-income households compared to higher-income, the PFD reduces income inequality. However, Kozminski and Baek (2017) find that the PFD has worsened income inequality in both the short- and long-run. Their findings align with theorists who suggest that the PFD worsens income inequality because it does not have any income eligibility component. Kozminski and Baek caution that their study analyzes a short period of time (1963-2012) relative to other inequality studies. However, two different methods of analysis yield the same results. Kozmiski and Baek offer that this design may mitigate the time concern.

While the PFD has worsened income inequality, Berman and Reamey (2016) find that it has reduced poverty statewide by 2.3 percentage points on average over the past five years. They estimate that 25 percent more people would have been below the poverty line without PFD. However, they warn that residents may underreport their PFD income, due to the timing of and wording on the American Community Survey. They warn that this underreporting may inflate official poverty rates. In addition to underreporting, income distribution can also bias the official poverty rates. For example, the PFD program reduced the number of people in poverty by 40 percent in 2000. However, more people were living close to the poverty threshold then, meaning that a small amount of money like the PFD could have a big effect on poverty rates.

Regardless, the PFD is effective at reducing poverty for children. Without the PFD program, poverty rates for Alaskans under the age of 18 would have increased by 50 percent since 1990 (Berman & Reamey 2016). This UBI-like program lays the foundation for testing a full UBI.

Y Combinator Experiment

Y Combinator, a Silicon Valley tech startup accelerator, was set to conduct the first ever UBI experiment in the U.S. However, the effort met a series of roadblocks that has delayed the project indefinitely. YC Research (YCR), Y Combinator's nonprofit research organization, released a study proposal in 2018 that provides insight into the company's motivation for experimenting with UBI. The report cites rising inequality and the shrinking middle class, two economic mobility correlates identified by Chetty et al. (2015).

If the experiment launches, it will involve 3,000 participants in two states. YCR will randomly assign 1,000 participants to receive $1,000 each month for three years. Eligible participants are between the ages of 21 and 40 with a total household income at or below the median income. YCR's goal is to "quantify the effects of providing basic income in the US" (Y Combinator Research, 2018). YCR asserts their study will generate evidence on the causal effect of income on economic mobility, as well as cognitive function and economic decision-making (2018).

YCR is partnering with the University of Michigan to manage the study. While YCR has not yet launched their large scale experiment, they conducted a one-year feasibility study in Oakland, CA, beginning in September 2016. This study included 10 participants who received $1,500 each month. Their second pilot study in 2018 included 80 participants. YCR cautions that the purpose of these pilots is "to test and improve the study procedures," not "generate meaningful insight into [their] research questions" (2018). They estimate the study will cost $60 million, which they will seek from individuals, national foundations, and local philanthropic groups (Tiku, 2018).

Stockton Economic Empowerment Demonstration
Eager UBI supporters and skeptics alike anticipate the results from the Stockton Economic Empowerment Demonstration (SEED). The Economic Security Project awarded a $1 million grant to the City of Stockton to fund SEED (Foster, 2017). All Stocktonian adults who live in a neighborhood with a median income at or below $46,033 were eligible for the program. SEED used a randomized selection process to choose 1,000 residences that would receive a preliminary invitation to participate in the study. Interested participants completed a consent form. Of those who completed the consent form, SEED randomly selected participants to receive the guaranteed income. Those not selected comprised of the control group (https://www.stocktondemonstration.org/).

The 125 participants have received a $500 debit card each month since February 2019. Participants receive benefits counseling to understand how the SEED income could interfere with their other benefits. Stockton is working with independent researchers to measure the outcomes of SEED, which will last 18 months. Their Pre-Analysis Plan details their methods of analysis for the experiment. One of their key research questions is, "How does [guaranteed income] generate agency over one's future?" (Martin-West et al., 2018).

Universal Basic Services to Improve Economic Mobility

Universal Basic Services (UBS) could be an alternative to UBI. While UBI allows individuals to spend funds however they want, UBS delivers specific collectively generated activities or provisions that serve the public interest. Gough suggests that UBS would provide a "package of need satisfiers," meaning that basic services are not interchangeable. Without them, individuals cannot successfully sustain themselves (Gough, 2019).

The University College London Institute for Global Prosperity (IGP), on the other hand, argues that UBS and UBI are complementary. UBS can provide the foundation for UBI, while UBI can add agency to UBS (2017). IGP defines Universal Basic Services (UBS) as "a collection of 7 free public services that enable every citizen to live a larger live by ensuring access to safety, opportunity, and participation" (2017). Like the US, the UK already has a free public education, democracy, and legal services. However, the UK also has a National Health Service. Thus, IGP advocates for elevating the remaining four services (shelter, food, transport, and information) to full basic services. This would mean increasing the public housing stock, fortifying food assistance programs, granting free public transit access to everyone, and covering the cost of basic phone, internet, and public broadcasting on television. The latter would be the most expensive, but IGP argues that a basic information service would "[deliver] universal value across all income groups and [keep] all citizens connected in our increasingly digital world" (2017).

Career Pathways to Improve Economic Mobility

While UBI could reduce income inequality by directly increasing the income of low-income individuals, career pathways programs could reduce income inequality by training low-income individuals to secure employment that would increase their income. Career pathways programs provide training in fields and occupations that demonstrate future need. These programs provide experiential learning and employment search assistance to participants (Gardiner & Juras, 2019). Moreover, career pathways programs have the potential to increase the social capital indices that Chetty et al. (2015) identify as economic mobility correlates. These training programs provide participants with the opportunity to tap into both the social network of the program itself and the social network of their future employment.

The Administration for Children and Families partnered with Abt Associates to complete the Pathways for Advancing Careers and Education (PACE) project. PACE evaluated strategies for "increasing employment and self-sufficiency among low-income families" ("Pathways," n.d.). For nine pathways programs across the country, PACE randomly assigned participants into treatment and control groups, then evaluated results 18 months later. Of the PACE programs, Year Up is the only one that has demonstrated an effect on earnings: average quarterly earnings increased by 53 percent. This is the largest earnings gain ever observed from random assignment studies on workforce training programs (Gardiner, 2019).

Unlike the other PACE programs, Year Up targets a specific age group: young adults aged 18 to 24 with a high school diploma or equivalent. Participants complete a one-year program that consists of 21 weeks of occupational training for careers in growing industries and full-time, six-month internships. Participants receive a weekly stipend ("earn while you learn"), advising, and other resources to support their participation in the program. In most program sites, the weekly stipend is $150 during the learning and development phase, and $220 during the internship phase. Their contract mandates that participants meet weekly with advisors. Contract infractions can reduce participants' stipends. For up to four months after participants complete the program, Year Up helps them secure employment in the occupational area in which they trained (Gardiner & Juras, 2019).

Year Up costs about $28,290 per participant. Fifty-nine percent of that amount comes from the employers themselves. The rest primarily comes from foundation grants, individual contributions, and corporate contributions (Gardiner, 2019). Year Up has program sites in Atlanta, the Bay Area, Boston, Chicago, the National Capital Region, New York City, Providence, and Seattle (Gardiner & Juras, 2019).

Discussion and Conclusion

Because relative economic mobility is a measure of intergenerational mobility, economists need access to decades of data. Only recently, studies have begun to quantify relative economic mobility. Chetty et al.'s economic mobility research at the community level breaks with previous economic mobility research at the individual level. While Chetty et al. offer key insights into what helps and hinders economic mobility on the community level, their research does not account for interactions between individual and community correlates. When this research becomes available, economists will be able to provide more complete insight into the nature of economic mobility.

Thus, potential ways to improve economic mobility are largely theoretical. While the PFD is not quite a UBI, it provides an example of unconditional cash transfers on a large scale. True UBI experiments *are* gaining traction in the United States, but rigorous data is not yet available. UBS, on the other hand, only emerged recently (in 2017) and has not yet been tested via randomized control trial. Regarding career pathways, Year Up has yielded promising data on earnings. However, its effects on economic mobility are only speculative. One must dive deeper to understand whether and/or how to replicate and scale the program.

Out of UBI, UBS, and Career Pathways, UBI emerges as the most promising fit for a two-year pilot study in District 2. While a UBI pilot could be conducted independently of other government functions, a UBS pilot would require an overhaul of government services. This may materialize into a viable option in the future, but a UBS pilot would be beyond the scope of this project. Scaling up a career pathways program like Year Up may also lend itself to future research. This APP moves forward with UBI as one alternative to increase economic mobility in the Old Fourth Ward, in addition to two other alternatives that expand on existing approaches to improve economic mobility in Atlanta.

Criteria

Based on the factors that promote or hinder economic mobility, in addition to the innovative approaches to promoting economic mobility that the literature review explored, this section evaluates three alternatives for increasing economic mobility in the Old Fourth Ward. I evaluate each alternative using these criteria: effectiveness; equity; cost; political feasibility; and administrative feasibility.

Effectiveness

The most effective alternative will best address the problem at hand. This means the most effective alternative will yield the most anticipated increases in economic mobility for Old Fourth Ward residents. Economic mobility is measured over generations, but I evaluate how well each alternative addresses the correlates of economic mobility. These include income equality, strength of social networks, community involvement, and segregation.

Equity

The goal of this APP is to increase the economic mobility of long-time residents and their families. Thus, I evaluate the extent to which this group of residents would benefit from each alternative, compared to other constituent groups in the Old Fourth Ward neighborhood. The most equitable alternative would ensure that low-income, long-time residents reap the most benefits.

Cost

Councilmember Farokhi is open to seeking outside funding to implement the recommended alternative. Thus, cost may involve money spent by Atlanta City Council and/or other government entities, outside funder(s), or both. I measure anticipated costs in dollars required to implement and maintain the alternative over a two-year pilot period. I use a two-year pilot period for my analysis because my client's goal is to test an alternative in the Old Fourth Ward that could be expanded to other parts of Atlanta in the future. I discount these monetary costs to calculate their present value.

Political Feasibility

I evaluate the extent to which each alternative would require Councilmember Farokhi to engage other government entities, such as other councilmembers, the Mayor, and the State of Georgia. The most politically feasible alternative would require the least engagement with government entities outside of the District 2 Office, especially those who would be unlikely to support his initiatives. Moreover, central to Councilmember Farokhi's mission is to think outside of the box as a policy innovator. The most politically feasible alternative in this case may be the most creative.

Administrative Feasibility

I evaluate the capacity of the District 2 Office to implement each alternative. Implementation includes securing funding for the alternative. I consider the extent to which the District 2 Office could implement the alternative using its preexisting personnel: full-time staff, interns, and volunteers. The most administratively feasible alternative would require the least amount of additional personnel or resources.

Alternatives

Alternative 1: Long-Time Homeowner Tax Fund

Cities such as Washington, D.C., Durham, N.C., Philadelphia, Pittsburgh, Chicago, and Boston offer property tax programs for low-income, long-time residents. These programs help lower the burden of rising property taxes in gentrifying neighborhoods. For example, homeowners in Washington, D.C., who have lived in their homes for the past seven years and make at or below 50 percent of the area median income, are eligible for the Lower Income, Long-Term Homeowners Tax Credit. These individuals receive a credit when their property taxes increase by more than five percent in one year ("Lower," n.d.). In Atlanta, the Westside Anti-Displacement Tax Fund covers the property tax increases of low-income legacy homeowners in designated Westside neighborhoods ("Anti-Displacement," 2018).

A program like this in the Old Fourth Ward would help long-time, low-income homeowners stay in their community despite rising property values. Twenty-one percent of Atlanta residents' property taxes goes to the City of Atlanta. Another 51 percent goes to Atlanta Public Schools (APS), 28 percent goes to Fulton County, and less than one percent goes to the State of Georgia ("The Tax Bill," 2015). Whereas a tax credit program would need the support of APS, Fulton County, and the State of Georgia, in addition to the City of Atlanta to be fully effective, a tax fund like the Westside Anti-Displacement Tax Fund would utilize private donations, rather than government dollars, to cover property tax increases. If Councilmember Farokhi can guarantee that their property taxes will stop rising, these residents would be more likely to stay in their community and put their money towards other necessities.

Alternative 1 Evaluation

Effectiveness: Low-Medium
In principle, this program would help long-time, low-income Old Fourth Ward homeowners stay in their community despite rising property values. Thus, households who benefit from this program would be able to maintain their community social network and level of community involvement. Further, this program would prevent long-time, low-income Old Fourth Ward homeowners from having to relocate to a neighborhood with lower property values, one that is more likely to be segregated by race and income. However, the effectiveness of this alternative depends on the extent to which property taxes actually increase. I discuss this in more detail in both the Cost section and Appendix A.

Equity: Medium
The income eligibility requirement would ensure that only low-income long-time homeowners and those who live in their household could benefit from this program. However, the program would only benefit homeowners, while renters make up 75.9% of the neighborhood's residents ("Neighborhood Statistical," 2018). Renters are more likely to be young, low-income, and single, than their homeowner counterparts ("Renter households," n.d.).

Cost: $902.84
A property tax fund would pay for all property tax increases of Old Fourth Ward homeowners at or below Area Median Income for the Atlanta Metropolitan Statistical Area, who have lived in their home since before January 1, 2012, and have a Homestead Exemption. Over a two-year pilot period, at an annual property tax increase rate of 3.6 percent, this alternative would cost under $1000. See Appendix A for additional details.

This amounts to almost negligible savings per household each year on average. Councilmember Farokhi could consider retroactively covering property tax increases over the past decade in addition to future increases. This would dramatically increase the cost of the alternative, but this would also theoretically boost its effectiveness. Like its effectiveness, the cost of this alternative moving forward depends on the rate at which property taxes actually increase.

Political Feasibility: High
Mayor Keisha Lance Bottoms' One Atlanta Housing Affordability plan pledges to "explore the feasibility of expanding the anti-displacement tax fund within rapidly developing neighborhoods" (2019). It suggests that "extending the [Westside Anti-Displacement Tax] Fund to or creating similar funds for other neighborhoods experiencing rapidly rising property values could help hundreds of people stay in their homes each year" (2019). Creating a tax fund program, rather than a tax credit program, would not rely on support from APS, Fulton County, or the State of Georgia. Likely support from the Mayor's administration increases the political feasibility of this alternative.

Administrative Feasibility: Medium
To implement this alternative, the District 2 Office would need to seek a funding partner. Because Mayor Keisha Lance Bottoms has expressed a desire to create similar funds for other neighborhoods, the District 2 Office could pursue a collaborative

endeavor with her administration and community organizations such as the Historic District Development Corporation (HDDC).

Alternative 2: Inclusive Participatory Budgeting

In November 2019, Councilmember Farokhi launched Downtown Decides, a participatory budgeting (PB) program. PB sets aside a portion of the City budget for the community's spending discretion. In this case, Councilmember Farokhi's office discovered $1 million in previously allocated money for Downtown that had gone unused. Thus, the residents of the Old Fourth Ward who live in the designated Downtown areas are eligible to participate in this PB program. The PB process involved an idea collection phase for how to spend $1 million in capital projects. Now, the District 2 Office is evaluating proposals. Voting will open in May ("2019 in review," 2019).

PB is one way to engage community members who are at risk of leaving their community. With proper outreach and inclusion efforts, these residents could become directly involved in the decision to fund a project that they requested. This would require Councilmember Farokhi and his staff to publicize and do outreach in the Old Fourth Ward for all phases of the PB process, from generating project ideas to voting for the final project. The District 2 Office would need to choose the PB event locations carefully to ensure that the spaces are welcoming and inclusive, and provide transit fare to and from the events. The District 2 Office would also provide food at these events and welcome residents who bring their children ("Making," 2018). The goal would be to increase community involvement, which correlates with higher economic mobility (Chetty et al., 2015). By becoming involved in the budgeting process, residents could propose projects that would help them indirectly increase their economic standing, such as a transportation improvement that will make commuting to work easier.

Councilmember Farokhi has already begun the PB process for the upcoming fiscal year. The District 2 Office would work to secure a full two-year inclusive PB pilot program.

Alternative 2 Evaluation

Effectiveness: Low
This alternative would only directly address the community involvement correlate, as it provides an avenue through which low-income Old Fourth Ward residents could participate in the decision making process for their community. Indirectly, however, this

alternative would provide residents an opportunity to propose projects that address other correlates.

Equity: Medium
This alternative would aim to increase outreach to and participation of low-income Old Fourth Ward residents. In its current iteration, Downtown Decides only involves the portion of O4W residents who live Downtown. The District 2 Office would continue to work to expand PB in the future so that more low-income Old Fourth Ward residents could participate in the decision making process.

Cost: $2,001,619.42
The District 2 Office would finance catering and transportation costs at the PB events during a two-year pilot period. The participatory budget itself would be an annual cost of $1 million. See Appendix A for additional details.

Political Feasibility: Medium
Councilmember Farokhi's constituents should continue to support the expansion of PB. Constituents are unlikely to oppose a program that encourages them to decide how to allocate government funds, all with free food and transportation. However, Councilmember Farokhi would require substantial support from City Council to secure the participatory budget. The political feasibility of this alternative hinges in part on the results of this first year of PB (Downtown Decides).

Administrative Feasibility: Medium
The District 2 Office would likely have to rework the office budget to cover the extra costs of catering and transportation. Another option would be to seek a funding partner to cover these costs. Working to secure $1 million in PB funding from the City budget would require sustained administrative capacity.

Alternative 3: Universal Basic Income

Councilmember Farokhi could propose a pilot program for Universal Basic Income (UBI). The program would give 125 randomly-selected Old Fourth Ward adult residents $500 each month to spend on whatever they choose, such as housing costs, child care, or transportation to work. To fund this program, Councilmember Farokhi would seek a partnership with an independent organization. He would also work with a research institution, such as Georgia Tech, to study the effectiveness of the pilot program. An independent study would help Councilmember Farokhi identify aspects of the program to improve before expanding it.

UBI would increase low-income Old Fourth Ward residents' income, thus shrinking the gap between their income and that of their higher-income counterparts. This could lower income inequality, one factor that correlates negatively with economic mobility (Chetty et al., 2015). This alternative would provide Old Fourth Ward residents with the extra income they need to improve their economic standing and stay in their community. Depending on how residents use their income, they could achieve these goals in both the short- and long-run.

Alternative 3 Evaluation

Effectiveness: High

This alternative would promote income equality because UBI payments would increase low-income Old Fourth Ward residents' income by a higher percentage than for their higher-income counterparts, thus shrinking the gap between their income and that of their counterparts. This alternative would indirectly promote community involvement, as residents would have more opportunities to get involved in their community if the UBI payment empowers them to drop their second or third job, for example. This extra time could also help residents strengthen their social networks. Residents could also use UBI payments to cover the rising cost of living in the Old Fourth Ward. They would not feel pressure to relocate to a neighborhood with a lower cost of living, one that is more likely to be segregated by race and income.

Equity: Medium

Using the Stockton Economic Empowerment Demonstration (SEED) as a precedent, all households in the Old Fourth Ward neighborhood would be eligible to receive UBI payments. Participants would receive benefits counseling to avoid an outcome where this alternative benefits higher-income participants while adversely affecting low-income participants.

Cost: $1,028,695.48

A two-year UBI pilot study would pay 125 Old Fourth Ward participants $500 each month for 18 months. The District 2 Office's funding partners would also need to finance a research team to design, implement, and evaluate the study. See Appendix A for additional details.

Political Feasibility: Medium

This alternative would require minimal engagement with other government entities but could receive pushback from constituents or other government entities regardless. UBI is not yet a widely-accepted policy. However, the District 2 Office would emphasize that this is a test-run to be seriously evaluated by an independent research team. By the end of the pilot, the District 2 Office would have preliminary data to demonstrate the program's effectiveness or lack thereof.

Administrative Feasibility: Low
This option would require substantial resources from the District 2 Office to secure both grant and research partners. The office would also need to arrange benefits counseling. They could utilize its volunteer base for this, but resources would still go into training the volunteers.

Outcomes Matrix

	Alternative 1: Long-Time Homeowner Tax Fund	**Alternative 2:** Inclusive Participatory Budgeting	**Alternative 3:** Universal Basic Income
Effectiveness	Low-Medium	Low	High
Equity	Medium	Medium	Medium
Cost	$902.84	$2,001,619.42	$1,028,695.48
Political Feasibility	High	Medium	Medium
Administrative Feasibility	Medium	Medium	Low

Recommendation: Universal Basic Income

I project Alternative 3, Universal Basic Income, to be the most effective at solving the problem at hand. While no alternative directly addresses every relevant economic mobility correlate, this option would work by decreasing income inequality and likely freeing up extra time and money that residents could utilize for other pressing obligations, or social and/or community involvement. While Alternative 1, Long-Time Homeowner Tax Fund, would empower homeowners, UBI would also equip renters with the choice to stay in the Old Fourth Ward.

Like the other alternatives, UBI scores Medium on Equity. All households would be eligible for the program, but only a random select few would actually be able to participate in the pilot iteration. The benefits counseling component would ensure that the District 2 Office prioritizes the interests of low-income Old Fourth Ward residents.

In terms of cost, UBI scores better than Inclusive Participatory Budgeting, but worse than Long-Time Homeowner Tax Fund. However, it is important to note that these are the costs of a four-year period rather than two, due to the need for careful planning and evaluation.

Alternative 1, Long-Time Homeowner Tax Fund, scores best on Political Feasibility. However, UBI is gaining traction and popularity. As SEED continues to release their data over the next two years, UBI will likely gain more legitimacy in policy circles.

UBI scores worst on Administrative Feasibility. However, the District 2 Office has already expressed excitement for an alternative like this, and it aligns with Councilmember Farokhi's stated goals. With sustained energy and effort from Councilmember Farokhi, his staff, and interns, the District 2 Office can realize this alternative.

Implementation

In the previous section, I recommend that the District 2 Office pursue a basic income pilot program to promote economic mobility in Atlanta's Old Fourth Ward neighborhood. Here, I propose an implementation strategy for this alternative. I model this strategy primarily after the Stockton Economic Empowerment Demonstration (SEED) basic income pilot. I organize the implementation steps into four phases, each lasting six months, with the exception of the 18-month pilot program duration (Phase 3). Noting the possibility of a new Councilmember taking the District 2 seat following the 2021 election, I emphasize the importance of securing independent funding, an independent community board, and an independent research team to ensure that the program can continue independently of the District 2 seat.

Figure 2: Timeline

Deadline	End of Month 6	End of Month 12	End of Month 30	End of Month 36
Phase	1: Preliminary Steps	2: Study Design and Preparation	3: Pilot Program	4: Evaluation and Next Steps

Phase 1: Preliminary Steps, Months 1-6

In the first six months, the District 2 Office should work to secure funding for both a research team and the pilot program itself. A potential funder could be the Economic Security Project, which funded SEED. Councilmember Farokhi can build excitement for and interest in the pilot by submitting op-eds, publishing a white paper on the District 2 website, and seizing opportunities for media coverage. The District 2 Office must at least secure funding for the research team, but can continue to seek funding for the pilot program itself during Phase 2 if necessary.

The office should also work to assemble an independent community board, composed of prominent community group representatives and leaders, and of course, Councilmember Farokhi. By committing to serve on this board, these individuals will have a personal stake in the success of this project, and thus help build support for and credibility of the project. The board's primary responsibility will be to maximize community engagement throughout the entire implementation process. As such, the board will work in congruence with the District 2 Office to design and conduct stakeholder sessions during this phase. The preliminary stakeholder sessions will help the District 2 Office best understand their residents’ desires for the program and anticipate potential roadblocks to conducting the pilot program.

These steps will help inform a Request For Proposal (RFP) that the District 2 Office will circulate in local research institutions, such as Georgia State and Georgia Tech. Ideally, the District 2 Office will secure funding for the research team during this RFP circulation process. By the conclusion of this phase, the District 2 Office will have secured funding for the research team, secured a research team, named the pilot program.

The District 2 Office will also utilize its fellowship program to hire a fellow who works exclusively on the basic income pilot. This fellow will be responsible for the design and upkeep of a public-facing website dedicated to the pilot. This website will be essential for fostering transparency throughout the entire implementation process. The fellow will also assist with community board meetings, stakeholder sessions, and finalizing the RFP. Throughout all phases, the fellow will also provide updates to constituents on the monthly District 2 newsletter. If this fellowship position follows the current model, the fellow would only stay for one term (a summer or semester). Thus, each fellow should keep careful records and save all of their work to a file that can be easily shared with the next fellow.

Phase 2: Study Design and Preparation, Months 7-12

In months six through twelve, the research team will design the study itself, taking the input of stakeholders, the community board, and Councilmember Farokhi into account. The fellow will publish the full study design document to the website, as well as a summary version that depicts the main aspects of the study in a way that is easy for constituents to engage with. Councilmember Farokhi will continue to seize opportunities for media coverage, and perhaps submit another op-ed.

The board will continue to work with the District 2 Office to conduct stakeholder sessions. The board will also help the office secure volunteers for benefits counselors, as well as an expert to train them. By the conclusion of this phase, the research team will select the sample of participants for this study. The team will work with the office to design and distribute invitations to participate in the study. They will also establish a system for sending out the monthly payments and collecting data. Throughout this phase, the fellow will continue to provide updates on the website and newsletters.

Phase 3: Pilot Program, Months 13-30

Throughout the 18-month study itself, the research team will help provide preliminary data and participant testimonials for the District 2 Office to publish on the basic income website. If a new Councilmember takes the District 2 seat in the 2021 election, they would take office in January 2022. Given that the pilot program is independently funded, with an independent community board and independent research team, it should be able to continue independent of the District 2 seat. Regardless, the District 2 Office should develop a plan ahead of time to minimize the impact of this potential change on the success of the pilot program.

The District 2 Office should also be in communication with other City Council district offices who may be interested in implementing a similar program in their district. If the preliminary results make a strong enough case for the program to continue, Councilmember Farokhi can advocate for expanding the program and securing City funding to do so. The board would work with the District 2 Office to gain stakeholder input for expanding the program.

Phase 4: Evaluation and Next Steps, Months 31-36

For the final sixth months, the research team will complete the evaluation of the pilot program and work with the District 2 Office to publish the final results. Next steps depend on whether the program will end or continue. If the results suggest that the program should continue, Councilmember Farokhi will finalize plans to expand the program to other districts, ideally securing City funding to do so. If the results suggest that the program should end, the District 2 Office should work closely with the benefits counselors to ensure that they connect participants with the resources they need to continue satisfying their economic needs in the absence of this program. Regardless, to maximize results for and minimize harm to the participants and community at large, the board and District 2 Office will continue to work closely with stakeholders.

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Appendix A: Cost Analysis

Alternative 1 Evaluation: Long-Time Homeowner Tax Program

Cost of this alternative depends on who is eligible for the program. Using similar eligibility requirements as those of Westside Future's Anti-Displacement Tax Fund, eligible homeowners would have an annual household income below 100% of the Area Median Income (AMI), have lived in their home prior to January 1, 2012, and have a Homestead Exemption (to demonstrate that they live in the home that they own). Homeowners and heirs who move in after this date who meet the other requirements would also be eligible if the home was enrolled in the program ("Anti-Displacement," 2018). I choose 2012 for the cutoff because it marks the opening of the Beltline Eastside Trail and subsequent surge in property values.

Between 2013 and 2017, the Old Fourth Ward was home to 8,161 households. 24.1 percent of those households were owner-occupied. 72.5 percent of Old Fourth Ward residents lived in the same residency the year prior ("Neighborhood Statistical," n.d.). For the purpose of this calculation, I assume that the same holds true for households. Median household income was $50,483, which is similar to the 2018 AMI of Atlanta Metropolitan Statistical Area (MSA) of $52,400 for 1 person ("Invest Atlanta," n.d.). Thus, I assume that roughly 50 percent of Old Fourth Ward households would be income-eligible for this program. Given these figures and assumptions, I estimate that (.241 x 8161 x .725 x .5) or roughly 713 households would be eligible for this program.

The following table shows my calculations for the average value of owner-occupied housing units and corresponding property tax estimates. The cost estimates do not include deductions from Homestead Exemptions, thus providing a conservative estimate. I calculate property tax estimates based on the total millage rate for Atlanta residents in 2015 ("The tax bill," 2015). Zillow predicts a 3.6 percent rise in Old Fourth Ward property taxes over the next year ("Old Fourth," n.d.).

Figure 3: Value of Owner-Occupied Housing Units and Property Tax Estimates

Property Values	Midpoint	Percent of Units	Property Value Estimates ($)	Annual Property Tax Estimates ($)
Less than $50,000	$25,000	1.2	$300	$13.41
$50,000 to $99,999	$75,000	12.5	$9,375	$419.17
$100,000 to $149,999	$125,000	18.2	$22,750	$1,017.18
$150,000 to $199,999	$175,000	17.3	$30,275	$1,353.63
$200,000 to $299,999	$250,000	17.3	$43,250	$1,933.75
$300,000 to $499,999	$400,000	21.1	$84,400	$3,773.61
$500,000 to $999,999	$750,000	11.9	$89,250	$3,990.46
$1,000,000 or more	$1,000,000*	0.5	$5,000	$223.56
Average			$284,600	$12,724.75

*I use the minimum threshold for this category, rather than midpoint, given that there is only one endpoint, and households in this category would be unlikely to qualify for the program.

If the program only covers property tax increases, based on these rough calculations, the program would cost $902.84 during a two-year pilot program. I make the assumption that the property value growth rate and number of eligible households remain constant. I use a conservative three percent discount rate.

Figure 4: Alternative 1 Costs by Year

	Year 0	Year 1	Total
Tax Increases	$458.09	$444.75	$902.84

Alternative 2 Evaluation: Inclusive Participatory Budgeting

I calculate the following costs with the assumption that the District 2 Office would host one event per month on average, each lasting an hour long, with 100 participants at each event. A round trip on MARTA costs $5. Assuming that the District 2 Office spends $8 per person on catering, each event would require $800 in catering costs and $500 in transportation fare subsidies. The annual total for catering costs would be $9,600, with an annual total for transportation fare subsidies of $6,000. The size of the participatory budget itself is $1 million. For the sake of consistency, I also evaluate the costs of this alternative using a two-year pilot program model. I use a conservative three percent discount rate.

Figure 5: Alternative 2 Costs by Year

	Year 0	Year 1	Total
Catering	$9,600	$9,320.39	$18,920.39
Transportation	$6,000	$5,825.24	$11,825.24
Participatory Budget	$1,000,000	$9,70873.79	$1,970,873.79
Total Costs			$2,001,619.42

Alternative 3 Evaluation: Universal Basic Income

To estimate the costs of this alternative, I make the assumption that the research and grant partners would want to conduct a study similar to SEED's model. In that case, 125 study participants would receive $500 UBI payments each month for 18 months. Based on SEED's Pre-Analysis plan, I make the assumption that this project would require a team of two senior PhD researchers and three junior research assistants. Based on the average salary for Assistant Professor at Georgia Tech, I make the assumption that the two senior researchers would require a full-time salary of $108,363 per year, at a total of (2 x 2.5 years x $108363) or $541,815. Based on the average salary for Research Scientist at Georgia Tech, I make the assumption that the three junior research assistants would require a full-time salary of $57,386 per year, at a total of (3 x 2.5 years x $57386) or $430,395 ("Georgia Tech," 2020).

These are conservative estimates that assume the entire research team would be working on this project full-time for the six-month Study Design and Preparation period (Phase 2 of Implementation), the 18-month Pilot Program (Phase 3 of Implementation), and the following six months for Evaluation and Next Steps (Phase 4 of Implementation), for a total of 2.5 years. I make the assumption that the benefits counselors would be an all-volunteer force and thus require no funding. I only include these two major cost categories in my analysis, while I acknowledge that there will be other smaller costs involved, such as postage and printing costs, as well as any other number of costs that arise throughout the four-year analysis period. I use a conservative three percent discount rate.

Figure 6: Alternative 3 Costs by Year

	Year 0	Year 1	Year 2	Total
Research Team	$194,442	$377,557.28	$366,560.47	$938,559.75
UBI Payments	$0	$60,679.61	$29,456.12	$90,135.73
Total Costs				$1,028,695.48