"Measuring the Impact of Clustered Housing Investment under the Federal Neighborhood Stabilization Program"

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Summary and Findings: In three separate allocations, Congress and HUD created the Neighborhood Stabilization Program (NSP). The intent of NSP is to mitigate the impact of abandoned and foreclosed housing stock that is destabilizing neighborhoods across the country. In this paper, we describe a methodology for identifying spatial clusters of NSP investment—neighborhood investment clusters (NICs)—and our strategy for systematically (and in an automated fashion) identifying comparable areas to those NICs for purposes of measuring progress toward reducing vacancy and stabilizing home prices. Our analysis describes the spatial distribution of NICs across the country and also in terms of the predominant NSP activity (such as demolition or rehabilitation). In addition, we explore whether the nature of the activity plays a role in an NIC's ability to achieve measurable progress. Finally, we explore whether NICs populated with NSP round 1 investments performed differently than NICs populated with NSP round 2 investments.

Implications for Policy and Practice: This research will help the federal government and recipients of federal NSP assistance (i.e., grantees) across the country understand the impact of NSP investment. As NSP is an ongoing program, this contemporaneous review of its impacts and outcomes can be used to adjust strategy. We also hope to make a contribution to the reasonably limited literature on the impact of clustered housing and community development investment.