Strong Cities, Strong Communities Initiative

1st Annual Report

White House Council on
Strong Cities, Strong Communities

April 2013

Letter from the Executive Director

Dear Director Muñoz and Secretary Donovan,

I am pleased to present you with the first Annual Report of the White House Council on Strong Cities, Strong Communities (SC2 Council). As you know, the Obama Administration launched the Strong Cities, Strong Communities (SC2) Initiative in 2011 as a unique partnership between the federal government and mayors of chronically distressed cities that have faced significant long-term challenges in developing and implementing their economic strategies.

Largely due to your vision and support, SC2 is part of the Administration's effort to make historic investments to build ladders of opportunity for those working hard to make it to the middle class. Through SC2 and other signature initiatives, the Administration is continuing to partner with communities that were hardest-hit by the recession to assist them as they get back on their feet. The recession, following decades of global economic change, created a fragile fiscal and economic environment for many American cities and their residents. Many continue to grapple with a host of issues, including a shrinking ability to maintain fiscal solvency and provide core services, an increasing need for services as individuals have dealt with an economic downturn, and an inability to respond to economic shocks by remaking or diversifying their economies, all of which accelerated trends in population loss and revenue decline.

During the past year and a half, SC2 piloted a strategy to provide direct support for distressed cities through interagency SC2 Community Solutions Teams (SC2 teams) of federal employees who partner with city leadership to provide tailored technical assistance and planning resources for economic development. When completed, the SC2 teams will have spent two years working alongside mayors to help them implement their economic development visions, make more effective and efficient use of taxpayer-funded federal resources, and build strategic partnerships between government and industry to create jobs and revitalize communities.

Seven cities currently receive intensive technical assistance from SC2 teams: Chester, PA; Cleveland, OH; Detroit, MI; Fresno, CA; Memphis, TN; New Orleans, LA; and Youngstown, OH. Three additional cities have been named as recipients of the SC2 Economic Visioning Challenge: Greensboro, NC; Hartford, CT; and Las Vegas, NV; the Challenge will help these communities develop a comprehensive economic development strategy.

The interagency SC2 teams are uniquely positioned to help municipal leaders navigate the federal system. They work together with their counterparts across agencies at the local and federal levels to better collaborate on issues that require comprehensive solutions. In doing so, SC2 has provided technical assistance and capacity building that have enabled communities to more effectively use more than $345 million in existing federal funds. As this report demonstrates, at a time when we must accomplish more with every dollar, SC2's

impact means that taxpayer dollars are now being put to more effective use to support better housing, transit, economic development, public health, and public safety outcomes. Although SC2 has been up and running for less than 2 years, a bipartisan group of mayors has commended the Administration[1] for adopting this new model that emphasizes local priorities and enables cities to utilize federal resources to best meet their needs.

SC2's work on the ground in communities has surfaced initial policy lessons and innovations that the Administration will disseminate as it develops and refines strategies to help cities meet their needs. The lessons discussed in this report highlight successes and innovations in job creation and economic development, improved alignment of federal programs, stronger partnerships with philanthropy, and best practices in cultivating a highly skilled and motivated federal workforce.

This is an exciting time for the SC2 Initiative. SC2 will continue to support the President's agenda to create jobs and strengthen the middle class. Working with local leadership, the President is proposing to align a number of his signature revitalization initiatives from the U.S. Departments of Education, Housing and Urban Development, Commerce, Health and Human Services, Justice, and Agriculture to ensure that federal programs and resources are focused intensely on 20 communities hardest hit by the recession.[2] As these Promise Zones are designated, the SC2 Council will support this effort by helping local leaders navigate federal programs, cut red tape, and use federal resources more effectively. In addition, in the coming months, the Administration will solicit mayors for their interest to be part of a second round of SC2 cities and select an administrator for the SC2 National Resource Network—a one-stop portal for communities seeking expertise to address their challenges.

Thank you for your ongoing leadership and dedication to the communities that have already benefited from this new model of collaboration.

Sincerely,

Mark Linton
Executive Director
White House Council on Strong Cities, Strong Communities

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[1] See U.S. Conference of Mayors Resolution no.93. pp.247-8
[2] See White House Fact Sheets: "The President's Plan to Ensure Hard Work Leads to a Decent Living" and "Building Ladders of Opportunity"

Reading this Report

This report serves to update the Co-Chairs and the public of the White House Council on Strong Cities, Strong Communities on the work of the SC2 Initiative.

Each section, outlined below, relates to SC2's work improving the way the federal government engages with and supports local communities to build local capacity to implement their economic development plans to achieve local goals.

The report ends with the next steps for the SC2 Initiative, which includes supporting the President's proposal to create Promise Zones to help communities hardest hit by the recession get back on their feet.

- Overview of the SC2 Initiative
- Accomplishments in the Seven Pilot Cities
- Policy Lessons and Innovations
- Next Steps for the SC2 Initiative

Overview of the
SC2 Initiative

"I want to underscore how important I think this effort is, Strong Cities, Strong Communities. It is one that takes tremendous ingenuity, and a determination to cut red tape and do government business better… We are living in a time when there will be limited resources. That is just a fact. Budgets are tight at the state level, at the local level, and at the federal level. And yet the need continues to be enormous. So the question is how to consistently get more bang for our buck."

President Barack Obama, March 15, 2012

Many American towns, cities, and regions are working to rebuild their economies in the aftermath of losing many of their traditional economic drivers over the past four decades. A key challenge and opportunity is to help distressed towns, cities, and regions rebuild and revitalize their economies.[3] The Strong Cities, Strong Communities (SC2) Initiative is dedicated to partnering with local leaders to support them as they face this challenge.

Too many American communities across the country are economically distressed due to shifts in the national and global economy, often resulting in job loss, population decline, and increased concentrated poverty.[4] The recession exacerbated these trends and created a difficult fiscal and economic reality for many American cities. As a result, local leaders are now working to respond to the increasing need for services even as they address their government's shrinking capacity to provide these services and work to revitalize and diversify their economies.

Budgetary pressures at the local, state and federal levels only make it more difficult to solve the challenges created by economic decline. With less funding available, cities are forced to perform equal, if not greater, functions to serve the public. Addressing these challenges requires identifying innovative approaches to accomplish more with less. Thus, these challenging times create an opportunity to better coordinate and design federal programs to provide catalytic support to these communities and to streamline regulations that can be unnecessarily burdensome for cities to navigate.[5] Similarly, federal technical assistance and capacity-building programs across federal agencies can achieve greater impact in communities when they are well coordinated and aligned.

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[3] See paper by Jennifer S. Vey, "Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities," Washington: Brookings Institution.

[4] See paper by Radhika Fox, Sarah Treuhaft, and Regan Douglass, "Shared Prosperity, Stronger Regions: An Agenda for Rebuilding America's Older Core Cities," funded by The Annie E. Casey Foundation, The Heinz Endowments, The John S. and James L. Knight Foundation, Surdna Foundation, and The William Penn Foundation.

[5] For example, a recent Government Accountability Office report highlighted examples of federal programs that can be better aligned or coordinated. See GAO's report, "2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue."

Recognizing this reality, the Administration pioneered an initiative to transform how the federal government partners with economically distressed communities, while learning valuable lessons with national applicability.

The SC2 Initiative was launched to pilot a new model of federal-local collaboration to improve how the federal government invests in and offers technical assistance to support locally driven economic development and job creation goals, while helping to coordinate funds at the local, state, and federal level. In doing so, SC2 helps cities cut through red-tape and ensure taxpayer dollars are invested as effectively as possible.

President Barack Obama, speaking at the White House SC2 Annual Convening on March 15th, 2012. Source: HUD photo by Stewart Sarkozy-Banoczy

On March 15, 2012, the President signed an Executive Order creating the White House Council on Strong Cities, Strong Communities (SC2 Council).[6] The SC2 Council leads the implementation of the various components of the SC2 Initiative, facilitates greater alignment between agencies to ensure communities have access to comprehensive, localized technical assistance and planning resources, and provides policy recommendations to the President and his Administration based on lessons learned through work on the ground in communities.

Philosophy and Goals of the SC2 Initiative

By partnering with a city to review its capacity, existing tools, and goals, an engaged federal government can help ensure that ongoing investments are made efficiently and in a manner that supports enduring economic growth in cities and regions. One primary way the federal government invests in communities – from states and large cities to small towns and neighborhoods – is through formula funding and competitive grants. The impact of these federal dollars on a community inherently depends on the ability of that community to effectively leverage these resources. To add to the complexity of the challenge, when deciding how to invest resources to best serve the public, communities must weigh their present needs against outcomes and changing trends they anticipate.[7]

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[6] The SC2 Council is co-chaired by the Secretary of Housing and Urban Development and the Assistant to the President for Domestic Policy. Other members of the council include Secretaries from the majority of domestic federal agencies and key members of the President's cabinet.

[7] For example, with demand for both freight and passenger transportation expected to more than double by 2050, the Administration's goal is to support the U.S. economy by fostering smart, strategic investments that will strengthen the nation's infrastructure, serve the traveling public and facilitate freight movement. To this end, cities with existing infrastructure and available labor can tap into Administration strategies for achieving maximum economic returns on policies and investments.

The SC2 Initiative was launched out of the recognition that the federal government is most effective at partnering with local communities when it is able to adapt to and better support the priorities and needs of each unique place. If the goal is to support the locally driven economic visions of towns, cities, and regions, the federal government must build a deeper understanding of on-the-ground realities within various local communities and tailor policies and programs accordingly. SC2 opens up meaningful lines of communication and direct partnership between the federal government and economically distressed communities. This two-way communication assists cities to more effectively tap into existing federal resources and create the groundwork for the federal government to identify best practices and design better-informed, evidence-based policies by working directly with community leaders.

The overall goals of the SC2 Initiative are to:

- Improve the relationship between local and federal governments
- Provide coordination and support across federal programs
- Partner for economic growth
- Enhance local capacity
- Encourage regional collaboration

The SC2 Initiative has and will continue to accomplish these goals by helping communities make more effective and efficient use of federal support. SC2 helps local leadership create the time and space, as well as access the expertise, to evaluate their city and region's assets, identify their competitive advantage, and build local visions to strengthen, or rebuild, their economies.

Components of the SC2 Initiative

The SC2 Council leads four current components of the SC2 Initiative that were developed to address the comprehensive economic needs of distressed communities. Together, these components reflect a combination of short and long-term engagement strategies that provide distressed communities with federal technical assistance, capacity support, and comprehensive planning to help them achieve their long-term economic goals. The four components are as follows:

- The deployment of federal inter-agency SC2 teams;
- An Economic Visioning Challenge prize competition to produce bottom-up; comprehensive economic development plans in other pilot locations;

> *"SC2 is not a new program – it's a new way. The frustration for all cities is that government needs to work better, whatever our party. SC2 has helped to breakdown stovepipes between federal agencies."*
>
> *- New Orleans Mayor Mitchell J. Landrieu*

- The establishment of the National Resource Network (SC2 Network), a one-stop portal for communities to access technical assistance; and
- The placement of philanthropically funded fellows in these pilot locations.

In addition to assisting specific pilot locations, the initiative seeks to identify and develop broader policy lessons that can improve federal program delivery and be disseminated to many other communities around the country.

Deployment of SC2 teams

As part of its long-term engagement strategy to better support distressed communities, interagency, federal SC2 teams have been deployed to work closely with city leadership for up to 24 months to support job creation and the city's economic development priorities. The SC2 teams improve coordination among federal agencies, programs, and investments in an effort to better leverage existing resources and identify new opportunities, including philanthropic partnerships and investments, in pilot locations. They provide needed technical advice and expertise, while taking a solutions-oriented approach that has received plaudits from local officials and national organizations alike.

By focusing on each community's priorities, SC2 teams have helped with planning efforts for downtown revitalization, assistance on transportation planning, delivery of national expertise on public health and public safety issues, and the resolution of regulatory barriers affecting the use of federal funds, among other areas. Just as importantly, SC2 team members have been called on to provide quick-turnaround assistance and guidance as local issues arise. The SC2 teams have been on the ground since September 2011[8] and, in most cases, will remain into the summer of 2013. The following cities are pilot locations:

- Chester, PA
- Cleveland, OH
- Detroit, MI
- Fresno, CA
- Memphis, TN
- New Orleans, LA
- Youngstown, OH

These cities were selected for the pilot by considering a number of criteria related to economic distress, including unemployment, population decline, fiscal distress, operational capacity, and local mayoral support and participation in the SC2 Initiative.

Fellowship Program

To supplement the work of the SC2 teams, the SC2 fellowship program is designed to help local governments rebuild their capacity by training and placing highly motivated early- to mid-career professionals into 2-year fellowships to work in the mayor's offices or local government agencies in the SC2 pilot cities. Fellows work on a broad range of strategic projects identified by each pilot city. The fellowship program aims to have fellows remain in their pilot city after their formal 2-year commitment is complete to

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[8] One exception is the Youngstown SC2 Team, which deployed in November 2012.

provide local capacity support, either as a staff member of the city or as part of an organization that closely partners with the city to deliver core services.

Developed by the U.S Department of Housing and Urban Development (HUD), the fellowship program is an important component of SC2's long-term capacity-building efforts because it directly provides human capital. The program was designed in broad recognition that distressed cities need highly skilled professionals with technical expertise to help revitalize their local economies. These cities, however, often have difficulty attracting, recruiting, and retaining skilled employees given their local resource and capacity constraints. Through a competitive process, HUD selected the German Marshall Fund (GMF) Partnership[9] in 2011 to manage and implement the fellowship program, which was funded by a gift from the Rockefeller Foundation. The fellowship program placed fellows in each of the seven SC2 pilot cities to take on strategic responsibilities and be immersed in the core operations of the city, engage in peer-to-peer learning opportunities and become active leaders in their city, and be intensely engaged and committed to redeveloping the city with the hope that fellows remain working in the city after the program ends.

Since September 2012, these fellows have worked in their city on a broad range of strategic projects that include the following:

- Helping to implement the coverage-expansion policy recommendations of the City of New Orleans Health Department's Greater New Orleans Primary Care Safety Net Access Plan, with the goal of ensuring all residents of New Orleans have access to health care.
- Serving as the coordinator and data manager for the Memphis's Performance Management System to analyze city trends and help advance the mayor's priority to improve local governance.
- Serving as a Special Projects Coordinator for Cleveland's Department of Economic Development to create and implement a communication strategy and oversee special events and projects.

> *"SC2 has been helpful in advancing our neighborhood development, land banking, workforce training, and small business innovation initiatives. It has been a fresh approach by the federal government to work in partnership with local government. While we set policies at the local level, SC2 has been instrumental in helping us to implement the policies by streamlining the red tape."*
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> *- Cleveland Mayor Frank G. Jackson*

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[9] The GMF Partnership is comprised of GMF, Cleveland State University, and the Virginia Polytechnic Institute and State University, with GMF serving as the lead entity.

SC2 Economic Visioning Challenge

One key strategy for helping distressed communities achieve their economic goals is for the federal government to support the development of local or regional comprehensive plans that can provide communities a roadmap to economic stability and growth. There-fore, in addition to supporting the seven current pilot sites with SC2 teams, there was broad recognition by the Administration that many other communities lacked a comprehensive plan to reach their job creation and economic development goals. In partnership with the White House and the SC2 Initiative, the U.S. Department of Commerce's Economic Development Administration (EDA) designed the SC2 Economic Visioning Challenge. The Visioning Challenge recently awarded three $1 million grants for economically distressed communities to produce comprehensive economic development strategies that are sourced through local prize competitions. This program aligns with the Administration's commitment to use prizes and challenges to promote innovation.[10] The winning communities were announced in September 2012:

> *"The hard work of strengthening American communities and our economy happens at the local level, and the Strong Cities, Strong Communities competition demonstrates the Obama Administration's commitment to improving cities and regions all across America. By challenging and encouraging experts in the field to come up with economic development plans for their individual cities, this grant program will support growth and create jobs in communities around the country."*
>
> *- Acting Secretary, U.S. Department of Commerce Rebecca Blank*

- Greensboro, North Carolina
- Hartford, Connecticut
- Las Vegas, Nevada

EDA partners with these communities to provide technical assistance as they design the prize competitions. All cities receiving these SC2 Visioning Challenge awards will also be eligible to receive an Operational Efficiency Assessment through the SC2 National Resource Network (see next section). These assessments are critical to helping communities identify key operational issues that, once addressed, will free up resources and create more efficient governance.

National Resource Network

The National Resource Network (SC2 Network) will apply the SC2 model of customized federal technical assistance to a much larger number of local governments. Unlike the SC2 teams and SC2 fellowship program that were developed for longer term engagements, the SC2 Network is a program that will supply communities with targeted technical assistance for up to 12 months. The SC2 Network—recognizing that there are

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[10] The White House Office of Science and Technology Policy launched an initiative to encourage and support Grand Challenges as a strategy to foster innovation. Grand Challenges are an important element of President Obama's Strategy for American Innovation.

some cities that could be helped with less-intensive engagements—provides flexibility within the initiative to supply a greater number of places with minimal, moderate or significant technical assistance. The SC2 Network will:

- Provide a single portal for economically distressed communities to access a wide array of short-term technical assistance (both operational and programmatic);
- Develop a one-stop clearinghouse of federal, state, and local technical assistance programs that will be used to directly connect distressed communities to programs that are tailored to address their economic challenges;
- Deliver more intensive technical assistance to a limited number of economically distressed communities to support local priorities, such as improving the municipality's credit rating, developing an economic development strategy, or updating workforce strategies to support small business development;
- Disseminate best practices, innovative solutions, and policy lessons across a range of leaders that can help shape or inform economic development, strategic planning, and program efforts; and
- Establish local resource networks and new public-private partnerships that will bring together cross-sector leadership and leverage existing community assets to help strengthen communities.

HUD set aside $10 million for the initial launch of the SC2 Network and will select one administrator for the SC2 Network by the summer of 2013. Based on its direct work with communities, the administrator will work closely with the SC2 Council to provide important data and feedback to the Administration about ongoing trends, barriers, and opportunities related to federal policy and technical assistance.

Accomplishments
in the Seven Pilot Cities

"…there are communities in this country where no matter how hard you work, it's virtually impossible to get ahead. Factory towns decimated from years of plants packing up. Inescapable pockets of poverty, urban and rural, where young adults are still fighting for their first job. America is not a place where chance of birth or circumstance should decide our destiny. And that is why we need to build new ladders of opportunity into the middle class for all who are willing to climb them."

-President Barack Obama, State of the Union Address, February 12, 2013

During the past year and a half, SC2 provided direct support to distressed cities that helped build the capacity and knowledge to cut through red tape and make the most of federal resources. To date, SC2 has provided technical assistance and capacity building that have enabled communities to more effectively use more than $345 million in existing federal funds. In addition, SC2 teams have developed more than 160 new cross-sector partnerships and more than 700 small businesses and other organizations have received technical assistance from SC2 in support of local economic development goals.

At the genesis of SC2, the potential impact of the initiative was uncertain. A little more than 1 year later, a bipartisan group of mayors sponsored and passed a resolution at the U.S. Conference of Mayors calling on the Administration to expand the SC2 Initiative.[11] In addition, according to a survey that asked all current and former federal SC2 team members for input on their experiences working on the Initiative, nearly 95 percent feel that their teams' efforts were effective.[12] They largely attribute this success to improved collaboration and on-the-ground implementation. This new local-federal partnership has allowed for more effective use of federal resources and a deeper understanding of the unique challenges and

> *"The Strong Cities, Strong Communities initiative is making a real impact as Fresno moves forward on our economic development and community revitalization vision. The SC2 team has been a terrific partner in contributing to the development of 'ground-up' solutions tailored to our needs, refining lasting partnerships with key local and regional stakeholders, and working to remove roadblocks accompanying federal programs that directly affect our city."*
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> *- Fresno Mayor Ashley Swearengin*

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[11] See the US Conference of Mayors Resolution No. 93: 247-248.
[12] See pg 30 of the *Enhance the Skills of Federal Employees* section of this report for more results from the survey.

opportunities of each individual city. The SC2 fellowship program has also helped further rebuild local government capacity by training and placing highly motivated early-to mid-career professionals in the mayors' offices or relevant local government agencies.

The U.S. Department of Health and Human Services (HHS), with support from several agencies, is leading a process to assess the overall work of the SC2 teams, how their activities have been implemented, the experience of SC2 participants and local partners, and what pilot participants have learned that can be used to enhance future program implementation.[13]

Mayors from SC2 pilot cities speak on a panel moderated by HUD Secretary Shaun Donovan. Pictured from left to right: Secretary Donovan, Mayor John Linder (Chester), Mayor A.C. Wharton Jr. (Memphis), Mayor Ashley Swearengin (Fresno), Mayor Dave Bing (Detroit), and Mayor Mitchell J. Landrieu (New Orleans). White House SC2 Annual Convening, March 15, 2012. Source: HUD photo by Stewart Sarkozy-Banoczy

SC2 Impact

Improve the relationship between local and federal governments

SC2 teams are building bridges between local and federal governments. The teams have provided technical assistance to the pilot cities, which has enabled them to more effectively use federal funds already committed to those cities and to access new federal and private resources. In some cases, these efforts have ensured that taxpayer dollars already invested in the community had an even greater impact.

- **In New Orleans**, through technical assistance from HUD, SC2 helped accelerate the launch of a $52 million homebuyer assistance and neighborhood redevelopment initiative. SC2's assistance reduced a significant amount of red tape, and helped get the funding out into the community; to date, more than 220 first-time homebuyers have closed on homes through the initiative.

- **In Detroit**, with the help of the SC2 team, the Detroit Housing Commission was able to access $6.5 million from HUD to demolish Frederick Douglass Homes, a public housing development spread over 18.5 acres that is a long-standing symbol of blight and a haven for serious crime in the city. Demolition of this property will start later this year. The SC2 team also worked with the city and DOJ to repurpose funds under an existing Community Oriented Policing Services (COPS) grant, which was originally designated for new hires, to retain approximately 108

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[13] For more information on the HHS evaluation, see the *Next Steps for SC2* section of this report.

officers that were in jeopardy of being laid off and help the city keep their streets safe.

- **In Fresno,** SC2 is supporting the city's goal to reconnect an 18-square-block street grid downtown near the proposed site of the high-speed rail station and the Fulton Pedestrian Mall—Fresno's historic Main Street. SC2 provided technical assistance and is facilitating environmental review coordination between the city of Fresno and the California Transportation Department. In August 2012, the U.S. Department of Transportation (DOT) announced that it will provide $1 million for the preconstruction phase for the environmental review and planning of this project, which will promote transit-oriented development in Fresno's downtown.

- **In Youngstown**, the SC2 team worked with the U.S. Department of Justice (DOJ) to establish a Diagnostic Center to improve public safety by using data to gauge the scope of community challenges, recognize trends, establish baselines, and determine data-driven strategies to increase public safety.[14]

- **In New Orleans,** working with the New Orleans Health Department (NOHD) and a variety of State and local partners, the SC2 team, through the Department of Health and Human Services (HHS) SAMHSA, helped lead the development of the city's behavioral health strategic framework. The framework outlines a path forward for addressing the behavioral health needs of area residents and represents the first comprehensive plan of its kind, in addition to establishing a Behavioral Health Interagency Council that will help successfully implement the plan. This newly established collaborative effort to improve system-wide service delivery has already helped create a 26% reduction in the number of emergency room patients awaiting mental

> *"When it comes to addressing the persistent needs and challenges facing our nation's distressed cities and communities, we cannot prosecute – or incarcerate – our way out of these problems. We must focus on prevention, intervention, community engagement, and other strategies that help people gain access to housing, health care, legal services, as well as educational and employment opportunities. By expanding federal and local partnerships through the Strong Cities, Strong Communities Initiative, we are providing unprecedented support for locally-driven visions for success – while building stronger, healthier, and safer communities nationwide."*
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> *- Attorney General of the United States Eric H. Holder, Jr.*

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[14]The mission of the Office of Justice Programs (OJP) is to increase public safety and improve the fair administration of justice through leadership and programs nationwide. To advance that mission, OJP launched the Diagnostic Center in the spring of 2012. In its first year of operation, the Diagnostic Center assisted more than a dozen communities, working with community leaders to implement evidence-based strategies to improve public safety and criminal justice outcomes. The Diagnostic Center's defining characteristic is its approach of first assembling and analyzing data from the community, which includes identifying stakeholders, gauging the scope of community challenges, recognizing trends, establishing baselines, and determining which data points can be moved by implementation of data-driven strategies. The Diagnostic Center promotes the integration and translation of data on what works into criminal justice and public safety solutions, working in coordination with partners and programs from across the DOJ to leverage available resources in communities where they are needed most.

health care since April 2012.[15]

- **In Memphis,** the city started a process to connect and revitalize their riverfront, designating it as the anchor and catalyst for economic development. Central to this revitalization was the purchase of the American Queen Riverboat. The combination of a complicated financing package and difficulty engaging key staff was threatening completion of the deal within the required timeframe. The DOT members of the SC2 team, with help from U.S. Representative Steve Cohen—who was able to secure an extension to complete the financing package—worked alongside stakeholders to solve the problem in the final days before closing the transaction. To this end, DOT Deputy Secretary John D. Porcari visited with Mayor A C Wharton Jr., and personally liaised between DOT's Maritime Administration and the city of Memphis to ensure the final deal was delivered.

Provide coordination and support among federal programs

- By dedicating interagency teams that work closely with local government, SC2 has increased coordination and collaboration across federal agencies and programs. The federal teams work alongside mayors and across city agencies and in doing so, breakdown silos on the local and federal levels.
- **In New Orleans,** SC2 helped establish a permanent supportive housing voucher for ex-offenders in collaboration with the City, the State of Louisiana, HUD, HHS Substance Abuse and Mental Health Services Administration (HHS-SAMHSA)[16] and DOJ. By providing ex-offenders with a better opportunity to find a place to live than before the program started, and helping them reintegrate into their communities, they are more likely to transition successfully into society and find a stable job.[17] This leads to the city winning economically and socially, and Federal agencies being able to better leverage their existing investments for greater impact.

> "*The honor of being selected for SC2 has brought Memphis into the center of the national conversation about cities – helping us to find solutions for long-standing problems, bringing our team a burst of energy and expertise, and cutting through red tape to improve our relationship with the federal government.*"
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> *- Memphis Mayor A C Wharton, Jr.*

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[15]In addition, as part of the behavioral health effort in New Orleans, with SC2 support the city has developed a comprehensive Behavioral Health Resource Guide, which is the first of its kind in the city and had been an important tool for connecting individuals and families to the help they need. For example, a social worker based out of the Tulane Medical Center Emergency Room routinely uses the Guide to make referrals to clients who come to the hospital for help. Because the guide contains information on insurance/Medicaid and services, the social worker is able to connect clients directly with providers who can best meet their behavioral health care and financial needs.

[16] See http://www.samhsa.gov/

[17] According to the White House Office of National Drug Control Policy (ONDCP), "In order to reduce their chances of committing new crimes, ex-offenders must be provided with an assortment of support services, ranging from education to accessible housing. Providing these individuals with an array of critical support services prepares them for reentry into society and helps them restore their lives." For more information, see ONDCP's "Preventing Recidivism by Supporting Reentry and Recovery" in Chapter 4 of the 2011 National Drug Control Strategy.

- **In Memphis,** SC2 has worked with the city and Shelby County to align the efforts of the U.S. Attorney General's *Defending Childhood Initiative*, the National Forum on Youth Violence Prevention, and local law enforcement initiatives. The alignment has enabled the city and county to better leverage resources and create a cohesive message improving the overall impact of the initiatives' efforts to reduce juvenile victimization and crime in Memphis.

- **In New Orleans,** SC2 helped prevent substantial reductions in service delivery in the city's community health clinic system. The team facilitated conversations among government officials at the federal, state, and city levels that extended the timeframe for submitting claims for reimbursement. This effort kept funding flowing to the clinics, kept them from drastically reducing services or closing down operations, and enabled them to continue to serve their communities. The SC2 team also collaborated on a longer term project to adjust how part of the $97.5 million was being invested in the system; these changes will better meet the community's needs and support the system's financial stability.

Partner for economic growth

SC2 efforts are connecting economic development strategies with public and private investments in infrastructure, planning, and redevelopment. As a result of the SC2 Initiative, 160 new cross-sector partnerships have been developed, involving philanthropic and nonprofit partners, businesses and other local anchor institutions working with municipal and federal staff.

- **In Detroit**, SC2 worked with the city and the M-1 Rail investors to facilitate partnerships and lay the groundwork for a light rail system along the Woodward Corridor. M-1 Rail is supported by a consortium of Detroit-area corporate business ventures, foundations, and public and private institutions that are committing more than $100 million in funding to build and operate a 3.3-mile modern streetcar system on Woodward Avenue, the region's primary north-south thoroughfare. DOT has also pledged $25 million towards construction of the project. The light rail will link downtown Detroit, the region's largest employment center, with the rapidly developing Midtown and New Center neighborhoods to the north.

> *"Through this collaboration and open communication, we've learned about new resources and new opportunities for our city from the Departments of Transportation, HUD, Justice, Energy and EPA and other agencies on the SC2 team, all working together to transform the city of Detroit."*
>
> *- Detroit Mayor Dave Bing*

- **In Cleveland,** through an SC2 partnership with the Manufacturing Advocacy and Growth Network (MAGNET), National Aeronautics and Space Administration (NASA) scientists and engineers are providing up to 400 hours of hands-on technical assistance to 9 medium-to-small manufacturing companies to help them create a product or solve a production problem. This will benefit the community through increased sales, business expansions, and new jobs. In addition, through

NASA's Strategic Partners for the Advancement of Collaborative Engineering (SPACE) initiative and a partnership with Case Western Reserve University, new curriculum and postsecondary credentials and degrees will be created for emerging industries, such as additive manufacturing.[18]

- **In New Orleans**, the Loyola Avenue-Union Passenger Terminal Streetcar Line opened after years of development. It has four new stations and travels through the city's business district and near the French Quarter and the Superdome. The line connects directly with Amtrak and intercity bus and streetcar service. The DOT members of the SC2 team provided extensive technical assistance and engaged in intensive, ongoing follow-up conversations. With $45 million invested through DOT's Transportation Investments Generating Economic Recovery (TIGER) program, SC2 support helped ensure that the streetcar line expansion was completed in time for use during the 2013 Super Bowl. In addition, the private sector contributed most of nearly $2.7 billion to build and renovate properties along or near the streetcar corridor, including hotels, offices and sports facilities damaged by Hurricane Katrina in 2005.

- **In Fresno,** SC2 provided an Environmental Protection Agency (EPA) technical assistance contract to the city to support the city's downtown revitalization efforts. EPA funded, administered, and delivered a report on opportunities for Fresno with policy options to attract and generate jobs and investment downtown, leveraging the physical and infrastructure improvements the city is planning while more deeply engaging with local anchor institutions.[19] SC2 is working with the mayor's office to implement the report's recommendations.

- **In Chester**, the SC2 team helped facilitate an investment by a Philadelphia-based food bank, Philabundance, to provide residents with low-cost, nutritious food in a supermarket-style food bank, which will help attract investment and growth in the community. The $4.5 million project broke ground in late September 2012 and will provide the first new grocery store in the City in over a decade. [20] Financing from two Community Development Finance Institutions (CDFIs)—the Nonprofit Finance Fund and The Reinvestment Fund (TRF)—was critical to helping Philabundance move forward. TRF was recently awarded a Treasury Department CDFI Fund Healthy Food Financing Initiative (HFFI) Financial Assistance (FA) grant, a CDFI Program FA grant, and a New Markets Tax Credit allocation.

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[18] This strategy is validated by economic research underscoring that the trajectory of the 21st century economy is knowledge based—from the technology and innovation sectors to high-tech manufacturing to the education and medical sectors. See Enrico Moretti. 2012. *The New Geography of Jobs.* New York: Houghton Mifflin Harcourt: 8, 215.
[19] For more information on the role of anchor institutions, see Steve Dubb and Ted Howard's "Leveraging Anchor Institutions for Local Job Creation and Wealth Building," and the CEO for Cities report, "The Role of Colleges and Universities in Urban Economic Development."
[20] For more information on Fare & Square, the new grocery store in Chester, see the Philabundance website.

Enhance local capacity

The SC2 teams and the 17 fellows are bolstering local government capacity through their long-term, on-the-ground engagements with the cities. The teams provide support on a wide-range of projects to help cities cut through red tape to access federal funding, receive more targeted technical assistance, and develop partnerships across government and across sectors.

- **In Fresno,** SC2 provided technical assistance to develop a strategy to expand neighborhood revitalization efforts to additional neighborhoods and helped bring together 13 public-sector, non-profit, and philanthropic partners to collaborate on the strategy. In August 2012, the DOJ announced that the city would receive support to initiate revitalization efforts in Fresno's Southwest and El Dorado Park neighborhoods. An interagency program among DOJ, U.S. Department of Education, and HUD is building capacity in these distressed neighborhoods through intensive training and technical assistance to community partners. The engagement, which will last for at least 20 months, will help these neighborhoods design and begin pursuing results-driven, sustainable revitalization plans.

- **In Youngstown,** as part of the pilot phase of the SC2 National Resource Network, HUD commissioned a contractor to review the regulations that complicate effective demolition activities in a city with a serious vacancy problem. The resulting reports will suggest regulatory changes at the local, state, and federal levels that will strengthen the city's capacity to better target demolition activities and more rapidly use existing resources.

- **In Detroit**, SC2 team members, along with local partners and outside organizations including Code for America and the Knight Foundation, supported the city's efforts to launch a new texting initiative, "Text My Bus," in early September 2012. The service will provide more reliable information on transportation schedules for Detroit residents with cell phone access in support of the mayor's Youth Violence Prevention Initiative and Safe Routes to School efforts.

- **In Chester,** the SC2 team provided technical support to the city as it applied for a Transportation, Community and System Preservation grant from DOT. The city was awarded $1 million to support planning, land use, and green building assessment activities related to developing the transportation center and the historic central business district.

> *"One of the most inspiring privileges of being granted SC2 status in the city of Chester, is the kinetic energy of self-governing in conjunction with capacity building and overarching sustainability plans."*
>
> *- Chester Mayor John Linder*

- **In Memphis**, local SC2 team members worked with the U.S. General Services Administration to revise and reissue a bid to procure space for a new court building

downtown that supported the mayor's focus on downtown revitalization. Initially, language for the bid had prevented downtown buildings from being eligible.

Encourage regional collaboration

New connections were formed between SC2 pilot sites and regional partners, including the anchor institutions, transit, agricultural and natural resources communities.

- **In Fresno,** the city is working to establish stronger connections to the regional economy in which it is anchored in the largely agricultural region of the San Joaquin Valley. The SC2 team including the U.S. Department of Agriculture (USDA), the EDA, and the U.S. Department of Energy is supporting this regional connection in two ways: (1) providing technical assistance through $95,000 from EDA to study expanding Fresno's value-added food sector by developing an existing industrial area into a food processing cluster to generate higher paying jobs[21]; and (2) supporting high-tech innovation in both agriculture production and the production of technologies used to support the agriculture economy through extension of broadband in the San Joaquin Valley.[22]

> "*USDA recognizes that the health of America's rural communities is connected to the health of America's cities. SC2 has allowed USDA to partner with agencies across the federal government to ensure that rural communities in the San Joaquin Valley of California are at the table and can benefit from the efforts to revitalize the city of Fresno. USDA has worked with smaller communities in the region to promote access to rural broadband, plan for opening markets for agriculture products in Fresno, and ensure that agriculture -- a significant portion of the regional economy -- are represented in Fresno's revitalization. SC2 is a great complement to USDA's Strike Force initiative, which aims to more efficiently deliver and leverage federal resources in rural communities.*"
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> *-Secretary, U.S. Department of Agriculture, Tom Vilsack*

- **In Detroit,** the SC2 team was central in developing Michigan's new Regional Transit Authority (RTA). Before establishing the RTA, Southeast Michigan was America's largest metropolitan area without a regional transportation authority despite numerous attempts. Legislation had been introduced 23 times since the 1970s without any success. SC2 team members from DOT provided technical assistance to the Michigan Governor's Office on the RTA legislation and the various aspects of creating a new transit organization, including establishing a

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[21] Agricultural production in the San Joaquin Valley has a value of $30.2 billion in 2011, and Fresno County is the largest agriculture-producing county in the United States, with a farm gate of $6.9 billion in 2011. Agriculture, however, receives only 10.1 percent of the average food dollar, while food processing and packaging receive 25 percent. Expansion of the value-added food processing sector in Fresno will allow the Fresno economy to capture more of the food dollar created by the region's agriculture, and it will create additional jobs.

[22] Agriculture and technology are two of California's core economic drivers. Early on, California agriculture adopted technology for meeting its needs to increase production and yield, improve efficiency in irrigation, open the potential of agriculture-based carbon trading and renewable energy production, and improve food safety with real-time-in-the-field diagnostics. Adoption of agriculture technology depends on a robust in-the-field infrastructure to transmit data, including through rural wireless broadband.

resource group of regional transit agency executives from across the United States to provide advice on regional transit advocacy, implementation, and operation. After the RTA is fully funded, the authority will build a regional Bus Rapid Transit (BRT) system, and SC2 is working with the National Bus Rapid Transit Institute to introduce state and local officials to BRT technologies and services.

- **In New Orleans,** supporting the efforts of the U.S. Attorney for the Eastern District of Louisiana, SC2, through HHS SAMHSA, worked with local stakeholders and community members to help develop a regional framework to address substance abuse. SC2 collaborated to create a needs assessment that revealed the impact of substance abuse in the region and where there are gaps in services. The needs assessment serves as the foundation of a multi-part plan to develop the larger substance abuse strategy.

Policy Lessons and Innovations

Through its work on the ground in communities, SC2 is in a unique position to elevate innovations, best practices, and barriers that can inform federal policy. The work of SC2 teams in pilot cities has demonstrated that areas exist in which programs can be better aligned, the regulatory climate can be more supportive, and new or reformed programs can better help distressed communities meet their needs. SC2 teams are helping each pilot city to think more creatively about how programs could better work together to help achieve local goals, and they are learning lessons and testing new approaches that have national applicability.

Create Jobs by Connecting Workforce to Economic Drivers

In addition to working with industry to spur growth and economic recovery, economic shifts often require communities to support retraining programs for workers to help them compete for new jobs. In distressed communities, it is critical to connect the workforce needs of local and regional economic drivers to the skill sets that are developed in public education, post-secondary education, and job training programs at all levels. SC2 teams are testing strategies that address the various gaps and mismatches that constrain the alignment of workforce supply and demand. These constraints may include skills gaps in which new job opportunities in emerging economies do not match with the skills of the workers; information gaps between prospective workers, who do not know about opportunities, and employers, who do not know about available workers; and location mismatches with job growth occurring in areas that are difficult for many prospective workers to access because of transportation barriers or move to because of family and community ties.[23]

President Barack Obama greets workers at a steel plant in Youngstown, Ohio. Source: Official White House photo by Pete Souza

For example, in Cleveland, the U.S. Departments of Labor (DOL) and Education are working together with the Cleveland/Cuyahoga Workforce Investment Board, and K-12 educators to improve worker readiness, connect learning opportunities to jobs, help

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[23] For more information on workforce development, see the Surdna Foundation's report "Building Pathways to Employment in America's Cities through Integrated Workforce and Community Development."

potential employers better define the skill sets they will need, and help educators create ways to train students for those skills. Specifically, a DOL SC2 team member facilitated the creation of workforce initiatives that are resulting in practical, action-oriented strategies to achieve better alignment between job training and education programs and the skills that employers seek. These strategies, developed collaboratively across industry sectors, will provide more than 1,000 students access to reliable, comprehensive career information and training for middle-skills jobs that pay good wages in driver industries. In addition, this effort led to the creation of a Veterans Employment Transition Team and the pursuit of resources to strengthen the local United Way 211 Line to improve employment assistance for hundreds of veterans.

Promote Strategies for Enduring Economic Growth

Time and space for comprehensive economic planning

Local and regional economic development requires tools and resources that will enable communities to diagnose their economic and community conditions and develop a strategy for economic recovery. Many communities that are able to successfully revitalize their economies do so, in part, because they have had the time and space to take stock of their assets and work toward remaking and diversifying their economies.[24] SC2's work during the past year has demonstrated that distressed cities do not often have the capacity to easily or efficiently do this without additional expertise to develop their strategies.[25] Without this capacity, the city may be forced to carry out a poorly run process that inadvertently reduces community buy-in and dampens investments to execute the plan. In contrast, SC2 teams have witnessed the difference good planning processes can make on the ground when they meaningfully involve and reflect the priorities of the community.

For example, in Fresno, where the downtown currently operates at 5 percent of its economic capacity,[26] Mayor Ashley Swearengin has made downtown revitalization a priority. As a result, the SC2 team facilitated the provision of expertise and capacity-building assistance from a contractor that outlined a strategy for attracting existing

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[24] There are many examples of communities that turn themselves around by using an asset-based approach to develop comprehensive revitalization strategies. For example, case studies developed by Smart Growth America for EPA contract number EP-W-11-011 show the following: a) In Dubuque, Iowa, a citizen led effort to reinvest in Main Street, reconnect to the Mississippi, redevelop brownfields, and prioritize sustainability helped create "Masterpiece of the Mississippi." As a result, the city is one of only 26 metropolitan areas out of 363 that have completely recovered jobs that were lost during the recession; b) Bend, Oregon is a former timber town that learned from past mistakes and the collapse of the housing market to refocus economic development efforts on attracting small businesses and entrepreneurs. Bend was named the most entrepreneurial city in the Nation by Entrepreneur Magazine in 2012. For more information, also see Hamm, Giselle and Norman Walzer. 2010 (April-June). "Community Visioning Programs: Processes and Outcomes" (Guest Editors' Introduction), Community Development 42: 2: 152–155.42:2, April-June, 152-155.

[25] Economic and community development literature supports the importance of developing these strategies. Pender, et al. write, "Strategic plans are designed to building on local assets, shore up local liabilities (where necessary), and exploit or achieve a comparative economic advantage that will lead to sustainable development." For more information, see Pender, John, Alexander Marre, and Richard Reeder. 2012. Rural Wealth Creation: Concepts, Strategies, and Measures. Economic Research Service Report No. 131. Washing-ton, DC: USDA: 22

[26] This calculation compares current property and sales tax revenues with potential property and sales tax revenues in downtown Fresno. For more information, see Fresno's "Economic Impact Study Listing of Fulton Mall on National Register of Historic Places."

economic drivers, including medical and education institutions, to locate and grow downtown. This strategy is also helping the city take advantage of the coming high-speed rail and other transportation investments, leverage previous investments in infrastructure, and begin to solve some existing fiscal and economic challenges through the redevelopment of vacant or under-used land downtown.[27]

The first year of SC2 has demonstrated the potential to further promote long-term economic development by emphasizing the importance of comprehensive economic development planning. SC2's Economic Visioning Challenge was developed to provide cities with the resources to craft city-specific economic development plans, accompanied by technical assistance from federal agencies. Other federal programs such as the EDA's support of the creation of Comprehensive Economic Development Strategies (CEDS)[28] and HUD's Regional Planning grants[29] can also provide the resources and incentives for communities to develop locally-driven revitalization strategies for enduring economic growth. Many of the places that use these programs as platforms to take stock of their economic assets and develop implementable visions for the future have seen great results.[30]

For example, Greensboro, one of the Economic Visioning Challenge cities, is showing that the CEDS process can be leveraged to effectively coordinate planning efforts across regions. Through its regional council, the Piedmont Triad Regional Council (PTRC), Greensboro is helping to develop a statewide CEDS (NC Tomorrow) built upon 16 integrated CEDS. North Carolina is using the CEDS process as an opportunity to synthesize the work of many different jurisdictions and previously disparate planning initiatives into a single set of guiding principles, vision, and regional goals.[31] However, there is a need to encourage more cities and regions to take full advantage of federal planning resources, instead of simply treating planning processes as a compliance box to be checked. The success that comes with fully utilizing federal planning resources indicates that significant potential exists for the Administration to build off these programs and work with distressed communities to create even more robust platforms for supporting enduring economic growth.

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[27] Numerous studies show the fiscal and economic benefits of infill development and revitalization. For more information, see a discussion on economic prosperity and smart growth in the Transit Cooperative Research Program report, "TCRP Report 74: Costs of Sprawl," and the Center for Community Progress report, "Restoring Properties, Rebuilding Communities," as compiled by Smart Growth America.

[28] Through EDA's Planning Program and network of approximately 380 Economic Development Districts, CEDS are locally-developed, strategy-driven plans for regional economic development designed to guide the economic prosperity and resiliency of an area. CEDS provide a coordinating mechanism for individuals, community organizations, local governments, non-profits and private industry to engage in a meaningful conversation about the economic direction of their region.

[29] The Sustainable Communities Regional Planning Grant Program supports metropolitan and multijurisdictional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments in a manner that empowers jurisdictions to consider the interdependent challenges.

[30] For more information on CEDS best practices, see the National Association of Development Organization's report, "Aligning Strategies for Impact."

[31] In Greensboro, the regional CEDS will complement the work of the EDA Visioning Challenge through, a) foundational information that provides regional context to Visioning Challenge applicants; b) the basis for demonstrating the relationship between the project and the regional goals; and c) additional support for implementation. For more information, see the NC Tomorrow Report, "Technical Report 2: Synthesis of Existing Plans."

Linking transit to long-term economic development

Each SC2 city has a need for public investment in transit, rail, sidewalks and bike paths that attract high-quality jobs and talent, as well as bring affordable housing closer to schools and other destinations. For example, in Detroit, SC2 has worked with the city to rethink and restructure the composition of its transportation system, helping the city access intensive technical assistance and facilitating new partnerships to support its transportation goals.[32]

These efforts are mirrored in Fresno, where the SC2 team recognized the opportunity to reroute the planned Bus Rapid Transit (BRT) lines through the city's top-priority downtown area. This supports Mayor Ashley Swearengin's vision to transform the city's downtown into a center for economic growth through the development of a vibrant transit corridor. Through a coordinated effort among the mayor's office, the SC2 team, and multiple federal agencies, including EPA, DOT and HUD, the BRT lines were realigned to be within a block of the center of downtown and less than a half mile from the high-speed rail station site. The new location will complement and reinforce the city's downtown revitalization activities and better leverage existing federal investments in Fresno.[33]

> *"The Strong Cities, Strong Communities initiative has allowed the opportunity for a bottom-up model to thrive in all seven cities. At the principal level, mayors are able to directly communicate their needs as the federal government follows their economic and community development plans."*
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> **-Deputy Secretary, U.S. Department of Transportation, John D. Porcari**

Transit-oriented development also plays a central role in Memphis, which received a two-part DOT TIGER grant that will improve connectivity to West Memphis via the old Harahan Railroad Bridge, in what is being called the "Main to Main Connector." The project will also include pedestrian and bike access on previously inaccessible roads,

New Orleans Mayor Mitchell J. Landrieu celebrates opening of Loyola Streetcar with the St. Augustine Purple Knights Marching Band Source: USDOT, January 2013

including the bridge. The grant requires an integrated approach with collaboration across

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[32] See pg 15 of the *Impacts and Accomplishments* section of this report for a detailed discussion of the work in support of the M-1 Rail project along the Woodward Corridor in Detroit.

[33] According to FHWA, "Had the SC2 team not initiated coordination when it did, the costs of making changes to the BRT alignment at a later date would have been high and the city would have missed a tremendous opportunity to leverage a $48 million investment—the largest transit investment in Fresno's history—to help revitalize key districts of its downtown." For more information on the Fresno BRT realignment, see DOT-FHWA's newsletter on the project.

state lines, EPA regions, and DOT Federal Highway Administration (FHWA) state offices and among city and county government agencies.[34] The project offered an opportunity for different agencies to come together to solve a transportation issue, support economic development and growth, and complement ongoing efforts via the county's green printing efforts and Regional Planning Grant. Through the ongoing provision of technical assistance, the SC2 team provided the city with additional capacity and expertise to make Memphis more competitive for the TIGER grant. After these resources were awarded to the city, the SC2 team helped identify federal teams that facilitated environmental approvals to meet project timelines.

Leveraging community-focused finance institutions to increase access to capital

Community Development Financial Institutions (CDFIs) play a significant role in distressed and economically recovering communities across the country by helping to increase access to capital to address a variety of needs.[35] The U.S. Department of the Treasury CDFI Fund promotes economic revitalization and community development through investment in and assistance to CDFIs to help finance community development projects, but also boost a lagging economy in many distressed communities by promoting private-sector investment in these projects. Awardees of financial and technical assistance funds from Treasury's CDFI Fund have reported leveraging their awards with private investments by an average ratio of 13:1—demonstrating a good return on federal investments in distressed, low and moderate income communities.

The SC2 team's work on the ground in Memphis demonstrates an opportunity for the federal government to deepen its ongoing work with strategic public and private-sector partners to strengthen CDFIs as a core economic development engine for change. The SC2 Memphis team and the city identified and worked with a local non-profit, Community LIFT[36], to incubate and launch a new CDFI, River City Capital Investment Corp. River City Capital will serve as a new financial resource for affordable loans and grants geared towards entrepreneurs and small business owners in three underserved, targeted neighborhoods - Binghampton, Frayser and South Memphis.

> *"The Treasury has demonstrated a strong commitment to Community Development Financial Institutions (CDFIs) as they work to spur economic opportunity and increase jobs in underserved communities, and it's important we continue this work. SC2 has provided an additional platform for the Treasury to build new relationships and strategic partnerships in distressed communities like Memphis, TN and Chester, PA that are showing a real impact."*
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> *-United States Treasurer Rosie Rios*

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[34] TIGER grants are administered by the Partnership for Sustainable Communities, an inter-agency initiative that aligns resources from DOT, EPA, and HUD.

[35] For more information on capital absorption, see Living Cities' publications, "The Capital Absorption Capacity of Places: A Self-Assessment Tool," and "Putting Dollars to Work in the Community: 9 Things Local Government Can Do to Harness Private Capital for Public Good."

[36] Community LIFT grew out of a sweeping strategic planning report, produced by a partnership of local foundations, city agencies, and development associations. It is designed to lead redevelopment on the neighborhood level.

Because of their ability to leverage loans from conventional banks, locally based investors like River City will provide local businesses with capital they need to spur investment in local businesses, create jobs, eradicate long-term blight, and reduce crime.

Through technical assistance and by partnering with the Treasury CDFI Fund, this new affiliate of Community LIFT was awarded nearly $100,000 from the Fund.[37] River City Capital anticipates leveraging its loan fund to approximately $1.9 million by year three for a possible total investment of $3.4 million and a total loan fund budget, including expenses and loan loss reserves, of almost $4.6 million.

Increase Regulatory Flexibility and Align Federal Programs

SC2 has demonstrated that alignment of federal resources and coordination among agencies can better leverage taxpayer-funded investments and support economic development priorities. Yet, federal rules and regulations can sometimes be at odds with the greater alignment of resources locally. Even in situations in which federal waivers or other flexibilities do exist, localities are often unaware of them. Addressing this information gap between local and federal governments and across federal agencies could decrease the chances of wasting federal, state and local resources, increase the ability to benefit from existing programs, and better align programs. Going forward, the SC2 Council will work to disseminate the best practices outlined below to many other communities around the country.

Increase awareness of existing flexibilities and resources

In New Orleans, the SC2 team identified a rarely invoked hardship policy that enabled the pairing of federal and local resources to remove a rental-assistance barrier for homeless individuals. The local homelessness provider paired HHS Substance Abuse and Mental Health Services Administration (HHS-SAMHSA) grant resources with Housing Choice Vouchers administered by the local housing authority. Simply by invoking this existing hardship policy, approximately 50 homeless individuals have qualified for vouchers who otherwise would not have been able to meet minimum rent requirements. With more than 3,000 housing authorities nationwide, significant potential exists to ensure that other communities make use of this policy to support housing options for the homeless.

Also in New Orleans, $4 million of support for a $32 million redevelopment project was almost stalled because of a lack of awareness about an important DOT flexibility on local hiring. As part of the redevelopment, the city wanted to make use of FHWA and HUD Community Development Block Grants (CDBG). However, through CDBGs, HUD promotes a local hiring preference for vendors, while DOT restricts such a local hiring preference. As a result, the city had almost abandoned an effort to merge the two funding streams under a single contract. SC2 team members were able to identify a DOT pilot

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[37] River City Capital anticipates its loan fund will grow to $1.9 million by the third year for a possible total investment of $3.4 million and a total loan fund budget, including expenses and loan loss reserves, of nearly $4.6 million. See Memphis Business Journal's article, "River City Capital has resources to lift urban redevelopment."

program, Special Experimental Projects No. 14 (SEP-14), which would allow FHWA dollars to be used under HUD CDBG guidelines. Because many cities are using CDBG funding for repairing roadways, expanding the use of SEP-14 and similar pilot programs and making them permanent, for specific kinds of projects, could be helpful to cities across the country and help promote local hiring. This innovation has not only enabled New Orleans to move ahead on a major infrastructure project that will create jobs, but it also provided DOT with the opportunity to test this new flexibility – which had not yet been applied to another community – with an eye toward learning about its effect on the competitive bid process and offering it to other communities around the country.

Align federal resources

With the help of the SC2 team, Memphis is tackling the interconnected challenges of economic decline, high unemployment, and high rates of juvenile violence, especially in several poverty-stricken neighborhoods by coordinating interagency investments in priority neighborhoods. The SC2 team helped support the mayor's 25-block neighborhood revitalization strategy to reduce blight and improve public safety, making the city more competitive to receive and align additional federal resources. As a result, the city successfully competed to receive additional technical assistance from DOJ, in collaboration with the Department of Education and HUD, to build capacity in the neighborhoods of Frayser and Binghampton. All part of the Greater Memphis Partnership, led by Community LIFT[38], this interagency grant will focus on revitalizing Frayser and Binghampton through improvements in education, employment, safety, and housing, all with an emphasis on increasing stakeholder and community engagement.[39] As discussed above, Community LIFT also received technical assistance delivered through SC2, which has enabled it to incubate and launch a CDFI that will target these same neighborhoods.[40]

Increase regulatory certainty

The federal government plays a key role in helping communities address the challenge of vacant and blighted properties, which often require demolition. Important demolition regulations at the federal as well as state and local level vary and thus can be made more accessible and easy-to-follow for cities and developers by providing more consistent

> *"Communities across the country are looking for ways to improve environmental, economic, and public health outcomes. When the Environmental Protection Agency works with local communities on the investments in water infrastructure or the cleanup and redevelopment of previously used or contaminated sites, these investments produce both economic and environmental benefits. Strong Cities, Strong Communities has allowed EPA and its federal partners to work even more directly with communities to help achieve results. SC2 has allowed us to employ local solutions to meet national challenges."*
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> *- Acting and Deputy Administrator, U.S. Environmental Protection Agency, Bob Perciasepe*

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[38] As discussed on pp. 23-24 of this report, Community LIFT is a Memphis non-profit that partnered with SC2 and the Treasury Department to incubate and launch a new CDFI, River City Capital Investment Corp.
[39] For more information, see the Memphis Business Journal article, "Revitalization dollars flow in for Frayser, Binghampton."
[40] For more information, see pg 21-25 in previous section of this report, *Promote Strategies for Enduring Economic Growth.*

guidance. In recognition of this fact, as part of the SC2 deployment in Cleveland, EPA partnered with the Cuyahoga County Land Reutilization Corporation in Cleveland to conduct field tests of improved residential demolition specifications for those bidding to perform the demolitions. The specification language and best practices are being developed to help organizations responsible for these demolitions to limit negative environmental impacts and increase community health through improved environmental outcomes. The results of this field test have aided EPA in the evaluation of different specification language and best practices that will improve its residential demolition guidance for communities around the country. The improved specs will create a climate of predictability for localities and prospective end-users of the properties by supporting a consistent standard for demolitions, which enables communities to better develop land reuse and neighborhood revitalization strategies. EPA is currently working to complete the resulting product from this work for use nationwide.

Deepen Partnerships with Philanthropy

At the core of SC2 is the recognition that federal, state and local governments need to develop a more integrated approach and build new partnerships to effectively address the interdisciplinary challenges facing distressed communities. Because SC2 is designed to find new ways to coordinate within government and with external stakeholders, partners in the philanthropic sector continue to be fundamental to the success of the initiative.

Unlike governments, philanthropic organizations have greater flexibility to support local efforts by piloting new and innovative approaches that can inform both local decision-making efforts and the design of federal programs. Private funders support cross-sector collaborations through their unique strengths in providing community leadership and local expertise, alignment and leverage of resources, capacity building and learning and innovation for scaling best practices.[41] Often funders – community and national foundations alike – involved in place-based efforts are institutional anchors that engage in a combination of these roles.

> *"As a result of the Strong Cities, Strong Communities engagement with the City of Youngstown, we have been able to build capacity in the areas of community and economic development as well as help put a solid financial plan in place for the next five years and improve accountability in all departments throughout city hall."*
>
> *-Youngstown Mayor*
> *Charles Sammarone*

Enhancing community leadership

In Detroit, for example, the Kresge Foundation along with other partners including the Ford Foundation has supported the city's participatory planning exercise that resulted in

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[41] Business is also playing a key role in helping Mayors develop new solutions to address priority challenges. For example, IBM has donated $50 million worth of its employees' time in support of its Smarter Cities Challenges grant program, a three-year, 100-city initiative. Teams of experts deploy to "help cities formulate strategies for improving the quality of life and the prospects of their citizens." See IBM Smarter Cities White Paper: "How to Reinvent a City: Mayors' Lessons from the Smarter Cities Challenge." January 2013. p.3. Available: http://smartercitieschallenge.org/executive_reports/IBM-SCC-How-to-Reinvent-a-City-Jan-2013-v2.pdf

the Detroit Future City framework. The framework provides a comprehensive assessment of the city's assets and opportunities and includes recommendations for revitalization that will unfold over several decades. In addition to supporting the city's plan, the Kresge Foundation will provide an additional $150 million to support its implementation.[42] Such community-driven efforts can provide an important blueprint for federal government partners to support the local vision for economic revitalization. The SC2 team is evaluating the recently released Detroit Future City framework to determine how to best support some of the priorities with federal technical expertise.

Developing initiatives that align and leverage federal dollars

In Memphis, a partnership between philanthropy, government, and socially minded private investors has created a new program that could improve outcomes for the community. The SC2 team provided information that enabled the BioWorks Foundation to apply for EPA funding to examine how Social Impact Bonds (SIBs), or the Pay for Success model,[43] could be used to implement effective green jobs training programs. EPA funded approximately $60,000 worth of technical assistance for Memphis to develop and implement SIBs to create more job training opportunities and to implement recycling and organics recovery programs.

Providing resources for municipal capacity building

Philanthropy plays a key role in strengthening a community's capacity and skills to address its challenges and articulate a vision for its future. For example, the Surdna Foundation emphasizes the importance of peer learning, sharing of best practices, and supporting local capacity to foster communities "distinguished by healthy environments, strong local economies and thriving cultures."[44] Surdna has funded and partnered with the German Marshall Fund to run technical assistance "bootcamps" in the various SC2 pilot locations. The bootcamps will bring together local practitioners, government leaders, and non-profit organizations to discuss and develop strategies and practical approaches to address a broad range of issues such as economic development and strategic planning. Other community foundations provide financial and technical support directly to public sector institutions, for example the partnerships that the Raymond John Wean Foundation has forged with the City of Youngstown to address a number of priorities facing the community.[45] The Wean Foundation provided insight and expertise based on its work on the ground during the SC2 assessment phase in Youngstown.

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[42] For more information about Detroit Future City and the Kresge Foundation's role, see Kresge's news release on the project. For information about the Ford Foundation's role in Detroit Future City, see the Ford Foundation's news release
[43] Pay for Success is a market-driven approach to address the lack of results often achieved by governments and non-profits for social programs, while engaging investors and philanthropies in a new framework that funds the achievement of measurable outcomes. For more information, see the Center for American Progress report, "Social Impact Bonds: A Promising New Financing Model to Accelerate Social Innovation and Improve Government Performance" and the WhiteHouse.gov page on "Paying for Success."
[44] See Surdna Foundation's website: http://www.surdna.org/what-we-fund/funding-overview.html
[45] See the Raymond John Wean Foundation's website: https://www.rjweanfdn.org/CommunityInvestment.aspx

Finally, well-established federal service programs, such as AmeriCorps VISTA (Volunteers in Service to America), work in partnership with philanthropy and community organizations to offer some unique resources that can help communities add to their bench of expertise and capacity by recruiting young- to mid-career professionals. Municipalities often may not be aware that they can work directly with the Corporation for National and Community Service's (CNCS's) state offices to apply for and acquire VISTA service members who also possess skill sets in budgeting, city management, or planning. SC2 teams have already helped cities partner with CNCS. In addition, both Fresno and Memphis have leveraged these programs through partnerships with local nonprofits to expand their own capacity to tackle local issues while putting in place long-term plans to sustain the work after national service members end their service term. In these and other localities, the cities are exploring how to deploy VISTA volunteers to help support other priority needs.

> *"One of the greatest strengths of the Strong Cities, Strong Communities Initiative is that it is based on listening to local communities about their needs and building collaborative partnerships to achieve results. AmeriCorps, Senior Corps and AmeriCorps VISTA national service programs and citizen volunteers are part of on-the-ground solutions that are both innovative and sustainable. At a time when resources are scarce, the active participation of community members and volunteers allows many cities to better meet the most pressing needs of business and resident alike."*
>
> *-Chief Executive Officer, Corporation for National and Community Service, Wendy Spencer*

Supporting learning and innovation

By supporting new and innovative ideas, philanthropy also funds critical projects that have been pilot tested and can inform the design of federal programs. For example, the lessons and best practices from philanthropic work informed the design of the SC2 fellowship program, which is funded with a $2.5 million donation from the Rockefeller Foundation and administered by a consortium led by the German Marshall Fund of the United States.[46] The SC2 fellowship program was modeled in part from the University of Pennsylvania's Center for Urban Redevelopment Excellence (CUREx), which placed young professionals in redevelopment agencies across the nation for 2-year engagements. CUREx was developed to create a pipeline of talent into the urban and community redevelopment field. The success of the program led to the creation of the Rockefeller Foundation Fellowship, a similar program that provided fellows to help improve the conditions for New Orleans after Hurricane Katrina. During the course of several months, HUD engaged the creators of CUREx and other stakeholders to learn from the model and adapt it to help meet the needs of the SC2 pilot cities.

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[46] See GMF's website: http://www.gmfus.org/programs/urban-and-regional-policy-program/strong-cities-strong-communities-fellowship/

Enhance the Skills of Federal Employees

The federal staff who comprised the SC2 teams, more than 90 percent of whom are career federal employees, have broadly praised the SC2 experience in terms of professional development. According to a survey conducted among all federal SC2 team members, more than 65 percent of SC2 members are very satisfied with their job, compared to just 28 percent who reported being very satisfied before their SC2 engagement, and 89 percent of respondents would recommend joining an SC2 team to a colleague. Team members say their SC2 experience provided important professional development opportunities, made them more productive, and enabled them to better understand and be more sensitive to the needs of local governments.

Employee Satisfaction Among Full-Time SC2 Team Members
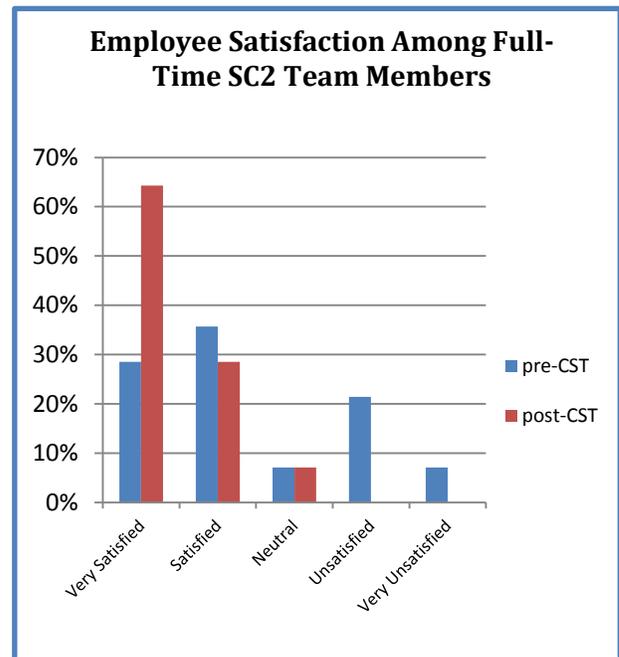
Participating federal agencies have also benefited from devoting staff to SC2. Managers at these agencies have expressed the benefit of having programmatic and policy staff gain invaluable field experience that is disseminated when they return to their regular assignments. Participants return from the experience energized, with more skills, and a new perspective that encourages innovation and greater responsiveness to local needs in federal agency policymaking. At a critical time for the federal government to recruit and retain talented and energetic employees, and to do more with less, SC2 is providing an important model to pursue staff developmental rotations and then disseminate that learning. The SC2 Council is exploring avenues with senior leadership at various agencies to make future SC2 team positions for federal staff more widely available as a complement to recruitment, retention, and skills development strategies.

What Federal Employees Are Saying About Their SC2 Experience

"It has allowed me to better understand local government and its interaction with county, state and federal government. It will help me do my job better by being more sensitive to the working environment of local government."

"This was an experience of a lifetime. I have had the opportunity to work on complex problems…from the city's perspective. I hope to stay engaged with the city and continue seeking solutions to the complex range of difficulties and changes facing my assigned city."

"This is the best job that I've ever had. It's centered on helping people, it's entrepreneurial — fully what you make it — and it's educational. I've learned a lot."

Next Steps for the SC2 Initiative

SC2 is planning to expand its reach and policy work in order to continue to transform the way federal government partners with economically distressed communities. During the next year, SC2 will continue to grow in a number of key areas:

Create ladders of opportunity and invest in Promise Zones

Working with local leadership, President Obama is proposing to align a number of his signature revitalization initiatives from U.S. Departments of Education, Housing and Urban Development, Commerce, Health and Human Services, Justice, and Agriculture to ensure that federal programs and resources are focused intensely on 20 communities hardest hit by the recession.[47] The Administration will designate each of these areas as Promise Zones through a transparent, competitive process that will bring a number of programs to bear, including targeted investments to transform high poverty communities into places of opportunity, tax incentives to stimulate growth, and increased partnerships with local leadership. As these Promise Zones are designated, the SC2 Council will continue to support this effort, especially by helping local leaders navigate federal programs, cut red tape, and use federal resources more effectively.

Select second round of pilot communities to receive SC2 teams

The work in the first cohort of SC2 pilot sites has demonstrated the increased efficiency and responsiveness that result from embedding seasoned federal employees in a limited number of municipal governments to help address capacity through technical advice, best-practice sharing, and peer-to-peer learning. It has also demonstrated the need for better information-sharing in communities about available federal resources and regulatory flexibility. In addition, the work in the first cohort has provided a rich learning opportunity not only for pilot locations but also for the federal government to improve its programs and practices. In light of these ongoing benefits, SC2 will be inviting an additional number of economically distressed communities to apply to receive a SC2 team later in calendar year 2013. Partnering with a second round of SC2 communities will expand the reach of the initiative's impact while providing an additional set of locations from which to draw important lessons related to technical assistance delivery and federal policy. This expansion to new sites will be in addition to the support that SC2 provides to Promise Zones after those locations are competitively selected.

Build SC2 Network to promote best practices and peer learning

The SC2 National Resource Network will apply the SC2 model of customized federal technical assistance to a larger number of local governments. The SC2 Network will (1) provide a single portal for economically distressed communities to access a wide array of

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[47] See "Fact Sheet: The President's Plan to Ensure Hard Work Leads to a Decent Living"

short-term technical assistance (both operational and programmatic); (2) disseminate best practices and promote peer-to-peer learning; and (3) establish local resource networks, establishing new public-private partnerships, to better leverage existing community assets. Based on the SC2 Network's work in communities, the Network administrator will work closely with the SC2 Council to provide important feedback to the Administration about ongoing trends, barriers and opportunities related to federal policy and investments in technical assistance.

Transition SC2 Team Roles and Skills to City Staff and Fellows in Pilot Cities

As the work of the SC2 teams winds down in the current seven pilot locations by the summer or fall 2013, the SC2 Council will be working with each SC2 team to plan for a responsible transition of roles and skills to the fellows who will remain behind in each city. The SC2 teams will be working closely with their city counterparts to put in place a plan so that, as "alumni" of the SC2 Initiative, the current pilot locations continue to have access to tailored technical assistance facilitated by the SC2 Council staff and the National Resource Network after the teams exit.

Continue to Identify Regulatory Barriers, Innovations and Best Practices

As discussed in the *Policy Lessons and Innovations* section, the pilot phase of SC2 surfaced important lessons and innovations pertaining to better alignment of federal resources, regulatory barriers, and public-private partnerships, among other areas. The SC2 Council will continue to consider and elevate these lessons as the Administration formulates policies to support economically distressed communities.

Deepen Federal Partnerships with Philanthropy

SC2 has illustrated that when the federal government adopts some of the best practices and models tested in the philanthropic and private sectors, it can have a transformative impact on its traditional approaches to partnering with local communities. SC2 will continue to pursue opportunities for deeper philanthropic partnerships and peer-learning.

Lessons Learned from SC2 Pilots

As mentioned previously, an evaluation of the SC2 teams is currently underway. Federal agencies are collaboratively funding a third-party evaluator to assess the overall work of the SC2 teams, how their activities have been implemented, the experience of SC2 team participants and local partners, and what participants have learned that can be used to enhance future program implementation. The evaluation will achieve these goals through key informant interviews, site visits, and focus groups, and by analyzing other relevant information. These results will be incorporated to improve the design and work of the SC2 Initiative going forward.

In addition to participating in the formal evaluation, returning SC2 team members continuously provide valuable feedback that will help future teams increase their impact on the ground. The first cohort made it clear that having direct relationships between key

city officials and federal staff in Washington increases efficiency and facilitates quick action, but that relationships with program staff with in-depth on-the-ground knowledge are also critical. Similarly, to understand what works and does not work, team members thought it was critical to listen to and collaborate with those who are already working on combining funding streams at the local level. The SC2 Council will continue to seek feedback from SC2 team members improve the program, increase the benefits it brings to distressed cities, and improve the design of the next round of Community Solution Teams deployed.

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