The U.S. 20/20 Habitat III Report

Letter From the Secretary

At the United Nations 2016 Habitat III Conference, leaders from the United States will gather with representatives from as many as 193 countries to reaffirm our shared commitment to advancing inclusive and sustainable urban development.

Our international community has achieved great progress in the 20 years since the last Habitat Conference. We have cut extreme poverty by more than half, provided over 50 million children with the chance to enter school, and saved more than 40 million lives from malaria and tuberculosis. We have also invested in the future of our planet, as renewable resources now account for nearly 20 percent of the world's energy consumption.

Now, it is our responsibility to build on these accomplishments and to find solutions that address today's most pressing problems. Countries throughout the world face rising income inequality and housing costs, conditions that exacerbate existing tensions caused by deprivation and discrimination. These barriers prevent too many people from achieving a better life and sow the seeds of conflict that threaten our collective security.

The need for decisive action is clear. More than ever, our urban centers must lead the global effort to expand opportunity.

We are living in a "Century of Cities." By the year 2050, 75 percent of America's population growth is expected to take place in cities. Over this same time period, the world's urban population is estimated to nearly double—the highest rate of urbanization in human history.

In order to tackle the great challenges of our time, we must transform our cities into incubators for bold solutions. They should be places where technology improves civic engagement, economic inclusion, educational attainment, and access to health care. They also can serve as platforms for collaboration that disrupt the status quo and connect innovators from every sector of our society.

We can only achieve these objectives through international cooperation and understanding. So I am honored to join Secretary of State John Kerry in co-chairing the United States Committee to the Habitat III Conference.

The U.S. Department of Housing and Urban Development (HUD) and the Department of State are leading a broad coalition of stakeholders. Our Habitat III National Committee is comprised of more than 40 organizations representing federal, state, and local government; academia; philanthropy; nongovernmental organizations; and private industry. We are focused on promoting inclusive growth in the United States, raising awareness on the importance of fostering national and international development, and uplifting best practices produced by communities across America.

As part of this ongoing effort, I am proud to introduce *The U.S. 20/20 Habitat III Report*. It captures HUD's experiences over the past 20 years, prepares our National Committee for the upcoming Habitat III Conference, and sets forth our vision for the next 20 years.

The U.S. 20/20 Habitat III Report concentrates on three different themes. The first outlines our mission to promote upward mobility for underserved Americans by strengthening local economies, expanding employment and educational resources, and investing in community institutions. The second theme addresses our efforts to create greater housing opportunity, including our work to end homelessness in the United States and to promote affordable homeownership. The third discusses our goal of building neighborhoods that are more resilient in the face of challenges like climate change, natural disasters, and economic downturns.

At Habitat III, the United States Committee will join leaders from around the world in sharing the lessons we have learned and the strategies we have developed. Through partnership and perseverance, we will seize this moment to maintain our global journey down a path of progress. Together, we can help ensure this path is paved with opportunity for every man, woman, and child living in this Century of Cities.

Julián Castro
Secretary

Julián Castro serves as the 16th Secretary of the U.S. Department of Housing and Urban Development. In this role, he oversees 8,000 employees and a budget of approximately $47 billion, using a performance-driven approach to make HUD "The Department of Opportunity." As Secretary, he is helping more responsible Americans achieve the dream of homeownership, fighting for causes such as fair housing, and expanding access to high-speed Internet for students in HUD-assisted housing. Before becoming HUD Secretary, Secretary Castro served as mayor of the city of San Antonio and, in 2010, was named to the World Economic Forum's list of Young Global Leaders.

The U.S. 20/20 Habitat III Report

Acknowledgments

This report could not have been accomplished without the leadership and assistance of many people. This has been a labor of love by several individuals within the U.S. Department of Housing and Urban Development (HUD's) Office of Policy Development and Research, from the early days of the Habitat III U.S. preparations in 2014 with Larry Handerhan and Solomon Greene to the substantial infrastructure setting in 2015 by Katrina Durbak and Leo Wetula. The continuation of this thoughtful management that has touched every aspect of Habitat III in 2016 was led by the Office for International and Philanthropic Innovation team and includes Cindy Campbell, Yennie Tse, Katrina Durbak, Raabia Budhwani, and Justin Scheid. A special note of thanks goes to Yennie Tse for her faithful attention as manager on this report. We also want to express thanks to all of the essayists whose work in chapters 2 through 4 helped frame what the future might look like over the next 20 years. Their contributions, and the other inputs of subcommittee members, helped us generate a report that we believe is inclusive of the range of U.S. perspectives and voices.

This report got a great start in April 2015 with the production and submission of the National Report, a response to UN-Habitat's template. The National Report product and process was executed to perfection by Lynn Ross, Deputy Assistant Secretary for Policy Development; Pamela Lee; and a team of writers, including Nathan Hurwitz, Chase Sackett, Claire Desjardins, Luis Borray, and Robert Peterson. We have also benefited greatly from the contributions and insight of Jane Vincent, Regional Administrator for HUD Region III, and the team within the Office of Field Policy and Management. We also appreciate the contributions of Ransford Osafo-Danso, Michael Beale, Michelle Matuga, and Rachelle Levitt. Finally, we would not have been able to get to this point without the leadership of Secretary Julián Castro, Chief of Staff Nealin Parker, and Assistant Secretary Katherine O'Regan.

Finally, HUD is indebted to all of the authors and organizations for volunteering their time and expertise to support this effort with their insightful work.

Disclaimer

The third-party essays published as part of this report are the views of the external partners and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. government.

Preface

For those of us who have served President Barack Obama in this historic Administration, we look toward another milestone—Habitat III, the last United Nations conference of the Administration. Twenty years have passed since Habitat II in Istanbul, Turkey, when world leaders paused to take stock of the opportunities and challenges of urbanization, sustainable development, economic mobility, and growth and of their effects on place. At the beginning of this Administration, we were in the throes of a worldwide economic recession, with housing at the center of the crisis. While much progress has been made to recover, much work remains to ensure that all people and places have the opportunities to succeed and prosper.

The U.S. 20/20 Habitat III Report is one of several products that have come out of our march to the Habitat III Conference at Quito, Ecuador, in October 2016. In this report's analysis, we reflect on the last 20 years while we look forward to another 20 years. In September 2014, when the U.S. Department of Housing and Urban Development (HUD) partnered with the U.S. Department of State in facilitating the U.S. preparation for Habitat III, we knew we wanted the process to be broad and inclusive. With the National Report submission to UN-Habitat in April 2015, National Committee meetings, active subcommittees, domestic regional and foreign policy convenings, and a variety of other engagements, we arrive at this report contribution having listened widely and assessed critically about where we are headed as a country in this Century of Cities.

The chapters ahead outline the critical themes that will define the U.S. Habitat agenda for the next 20 years with case studies that highlight local examples. While several policy and program ideas receive thoughtful analysis individually, it is the interrelationship among policies and programs that will be the hallmark of future approaches to sustainable development and urbanization. Similarly, interventions that align and produce multiple benefits (e.g., housing investments that yield positive housing and health outcomes) will be preferable to those focused on a narrow band of outcomes. We invite you to consider where we have gone and where we can go further with public and private interventions, investments, partnerships, and innovations.

For a domestic agency like HUD, international preparatory processes may be difficult to navigate. This is not the case with Habitat III. Here, we have a process and a purpose that aligns with the core mission of HUD. We are often referred to as the "cities" agency, and resilient and inclusive communities are our business. The last 20 years of U.S. policy, program, and practice since Habitat II have been—along with cities and states—the history of HUD, and we expect the next 20 years after Habitat III to mirror our narrative as well. Let us hope that those who tell our story with Habitat IV will tell a story of greater access to opportunity realized by all people and places.

Salin Geevarghese serves as Deputy Assistant Secretary for the Office of International and Philanthropic Innovation within the Office of Policy Development and Research at the U.S. Department of Housing and Urban Development. He has been HUD Secretary Julián Castro's principal lead on the U.S. preparations for Habitat III. Geevarghese came to the Obama Administration in 2009 as a founding leader of its flagship place-based initiatives with the Partnership for Sustainable Communities (HUD-DOT-EPA) in HUD's Office of Sustainable Housing and Communities.

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Acronyms

AAAS	American Association for the Advancement of Science
AFFH	Affirmatively Furthering Fair Housing
AMI	Area Median Income
ARRA	American Recovery and Reinvestment Act
BCJI	Byrne Criminal Justice Innovation
BEDI	Brownfields Economic Development Initiative
BCC	Boston Community Capital
BCC SEA	Boston Community Capital Solar Energy Advantage
BLS	Bureau of Labor Statistics
CAFE	Corporate Average Fuel Economy
CAP	Climate Action Plan
CAPNA	Community Action Partnership of North Alabama
CDBG	Community Development Block Grant
CDFI	Community Development Financial Institution
CFPB	Consumer Financial Protection Bureau
CIAIP	Community Innovations for Aging in Place
CoC PSH	Continuum of Care Permanent Supportive Housing
COG	Metropolitan Washington Council of Governments
COP21	Conference of Parties 21
COPS	Community Oriented Policing Services
CPLC	Chicanos Por La Causa
CWSRF	Clean Water State Revolving Fund
DHS	U.S. Department of Homeland Security
DOJ	U.S. Department of Justice
DOL	U.S. Department of Labor
DOT	U.S. Department of Transportation
DWSRF	Drinking Water State Revolving Fund
ECAP	Ethnically Concentrated Area of Poverty
EDA	U.S. Economic Development Administration
EPA	U.S. Environmental Protection Agency
ETA	Employment and Training Administration
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FHEA	Fair Housing and Equity Assessment
FOC	Financial Opportunity Center
GHG	greenhouse gas
GSE	government-sponsored enterprise
HAMP	Home Affordable Modification Program
HCV	Housing Choice Voucher
HHS	U.S. Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
HUD-VASH	Housing and Urban Development-Veterans Affairs Supportive Housing
HVAC	heating, ventilation, and air-conditioning

IHBG	Indian Housing Block Grant
ITF	Infrastructure Task Force
IZ	inclusionary zoning
LEED	Leadership in Energy and Environmental Design
LGBT	lesbian, gay, bisexual, and transgender
LIHEAP	Low-Income Home Energy Assistance Program
LIHTC	low-income housing tax credit
LISC	Local Initiatives Support Corporation
JCHS	Joint Center for Housing Studies of Harvard University
kW	kilowatts
MBK	My Brother's Keeper
MCPN	Macon Children's Promise Neighborhood
NAHASDA	Native American Housing Assistance and Self Determination Act of 1996
NEA	National Endowment for the Arts
NIMS	National Incident Management System
NORCs	Naturally occurring retirement communities
NRI	Neighborhood Revitalization Initiative
NTAS	National Terrorism Advisory System
OMB	Office of Management and Budget
PACE	Programs of All-Inclusive Care for the Elderly
PACE	Property Assessed Clean Energy
PAH	Permanently Affordable Housing
PD&R	Office of Policy Development and Research
PPA	power purchase agreement
PTC	Production Tax Credit
RAD	Rental Assistance Demonstration
RCAPs	Racially Concentrated Area of Poverty
RCI	Resilience Capacity Index
RGGI	Regional Greenhouse Gas Initiative
ROC	Resident Owned Communities
RR	Rapid Re-housing
RUS	Rural Utilities Service
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SC2	White House Council on Strong Cities, Strong Communities
SDG	Sustainable Development Goals
SSVF	Supportive Services for Veteran Families
SRF	State Revolving Fund
THA	Tacoma Housing Authority
USDA	U.S. Department of Agriculture
USICH	United States Interagency Council on Homelessness
UN	United Nations
UNFCCC	UN Framework Convention on Climate Change
VA	U.S. Department of Veterans Affairs
VAWA	Violence Against Women Act
WIOA	Workforce Innovation and Opportunity Act

Chapter 1

Setting the U.S. Context

In the United States, which has a federal system of governance, the federal government maintains power over issues of national and interstate concern, and states, counties, and municipalities have jurisdiction over issues of local concern. While cities and states produce legislation that directly affects their local policies, both Congress and localities can enact policies and regulations to improve urban development. Legislation often articulates the relationships between local, state, and federal actors. Key federal legislation over the last 20 years tells a story of how the country has grappled with its urban development challenges across a range of policy outcomes.

Improving Municipal and Local Finance

There are 50 states, 7 territories, 1 federal district, and approximately 90,000 localities, including counties, cities, and special jurisdictions created for specific purposes (such as school districts). State and local governments are generally responsible for providing access to education, health/public welfare, transportation, and public safety, though states and localities differ substantially in the delivery and financing of services. Such services are principally financed through five major sources: federal government grants, sales taxes, property taxes, user fees, and income taxes. States and localities also can issue bonds to finance certain public investments, and repayments to bondholders are made either from general revenues or dedicated revenue streams. The U.S. governance system often maximizes local experimentation and innovation by way of how policy is implemented and investment is deployed.

The largest categories of state and local expenditures are, in order, education, public welfare, and transportation. Spending on elementary and secondary education has traditionally been the single costliest activity of state and local governments.[1] States rely primarily on income and sales taxes for elementary-secondary education funding, which is generally distributed by formula. Property taxes are the major local source for education funding. As of 2014, states have been providing less funding for elementary and secondary education than prior to the Great Recession, further burdening localities that have faced postrecession declines in property taxes.[2]

Public welfare services form the next largest category of state and local spending. Spending in this area rose 26 percent between 2007 and 2012 (in contrast to a 6-percent increase for education in the same period), largely driven by the escalating costs of health care, which has been the subject of numerous national-level reforms, including the 2010 Patient Protection and Affordable Care Act. A large portion of state spending for Medicaid, an insurance program for low-income individuals, is funded by grants from the federal government.

Transportation, the next largest single category of state and local spending, accounts for a much smaller share of total spending than education and public welfare. Expenditures on new roads and highways have not increased over time, though maintenance costs have. The principal sources of revenue for transportation funds are gas taxes and user fees (such as tolls).

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[1] Census Bureau. "2012 Census of Governments—Survey of School System Finances." Accessed March 30, 2015. http://www2.census.gov/govs/school/current_spending.pdf.

[2] Michael Leachman and Chris Mai. "Most States Still Funding Schools Less than Before the Recession." Washington, DC: Center for Budget and Policy Priorities, October 14, 2014. Accessed January 12, 2015. http://www.cbpp.org/files/10-16-14sfp.pdf.

One of the most flexible sources of financing for states and localities is the federal block grant, which provides a set amount of funds to support national objectives. Recipients have great discretion over how they can spend allocated funds. For example, the U.S. Department of Housing and Urban Development's (HUD's) Community Development Block Grant (CDBG) program funds local community development activities, including affordable housing, antipoverty programs, and economic development, among a range of other activities. There were 21 funded block grants, totaling about $51 billion, in 2014.[3]

Improving Urban Legislation

Following the housing crisis, federal legislation sought to mitigate the impact of the ensuing economic recession on people and places. In 2008, Congress passed the Housing and Economic Recovery Act to restructure the government-sponsored enterprises (Fannie Mae and Freddie Mac), which play an important role in the mortgage market, and introduce federal foreclosure assistance and prevention programs.

In response to the Great Recession, in 2009, the American Recovery and Reinvestment Act (ARRA) provided temporary relief for programs most impacted by the recession, investing in infrastructure, education, health, and renewable energy. The increase in government spending benefited states and localities, and it helped prevent further economic deterioration as a result of the crisis. The approximate impact of ARRA between 2009 and 2019 is estimated at $831 billion, although close to half of that impact occurred in 2010.[4] The stimulus spending included significant funding for housing and urban development programs.

Other notable federal legislation since Habitat II:

- The Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996 reorganized Native American housing grant programs into a single program, the Indian Housing Block Grant.

- The Multifamily Assisted Housing Reform and Affordability Act of 1997 authorized the Mark-to-Market program, which sought to preserve low-income rental housing affordability while reducing the long-term costs of federal rental assistance.

- The Quality Housing and Work Responsibility Act of 1998, also known as public housing reform, introduced major changes to public housing, deregulating public housing authorities, creating incentives for residents to become self-sufficient, and introducing the HOPE VI mixed-income development program.

- The Community Renewal Tax Relief Act of 2000 offered tax incentives for businesses to locate and hire residents in urban and rural areas to encourage economic growth, and it created the New Markets Tax Credit Program, which offered tax incentives in exchange for investments in qualified businesses located in low-income communities.

- The Small Business Liability Relief and Brownfields Revitalization Act of 2002 amended the Comprehensive Environmental Response, Compensation, and Liability Act (or Superfund) by providing funds to assess and clean up brownfields.

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[3] Robert J. Dilger and Eugene Boyd. *Block Grants: Perspectives and Controversies*. Washington DC: Congressional Research Service, July 15, 2014. Accessed March 30, 2015. http://fas.org/sgp/crs/misc/R40486.pdf.

[4] CBO. *Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from October 2011 through December 2011*. Washington DC: CBO, February 2012. Accessed March 30, 2015. http://www.cbo.gov/sites/default/files/cbofiles/attachments/02-22-ARRA.pdf.

- The Energy Policy Act of 2005 authorized subsidies for wind and other alternative forms of energy production, and it created the Energy-Efficient Commercial Buildings tax deduction, among other reforms.

- The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005 included traditional transportation improvements, as well as the New Starts program to support new public transportation services and public transportation alternatives for persons with disabilities. Clean Air Act amendments in 2005 introduced Renewable Fuel Standard regulations.

- The 2006 reauthorization of the Older Americans Act introduced the Community Innovations for Aging in Place Initiative to assist communities' efforts to enable older adults to sustain their independence and age in place.

- The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 restructured federal homelessness policy, introducing a new definition for "homelessness" and "chronic homelessness," and increased resources for homelessness prevention.

- The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 reformed financial regulations.

- The Patient Protection and Affordable Care Act of 2010 increased the quality and affordability of health insurance, lowered the uninsured rate by expanding public and private insurance coverage, and reduced the costs of health care.

- The Moving Ahead for Progress in the 21st Century Act of 2012 funded traditional transportation improvements, as well as efforts to improve commercial vehicle safety.

- The 2014 Workforce Innovation and Opportunity Act reauthorized the primary federal funding source providing investments and support to workers seeking employment, education, training, and related services.

Since Habitat II, states and localities have also adopted innovative strategies to promote affordable housing and economic opportunity, such as land banks, community land trusts, and inclusionary zoning. Land banks, first established in the United States in the 1970s, are government or nonprofit entities authorized to enforce municipal codes, demolish vacant structures, and refurbish and sell properties to responsible owners, depending on the enabling legislation. Land banks enable communities to flexibly return properties to active use while reducing blight, stabilizing communities, and rehabilitating properties. Since 2000, state and local laws have given land banks more power and autonomy, including independent funding. Many land banks now have the ability to work at a regional level, as opposed to within a single municipality.[5]

Community land trusts, local nonprofit organizations that hold property for the benefit of communities and residents, have increased in popularity over the past 20 years. They provide residents with housing options that are often kept affordable through resale price restrictions, such as a trust's right of first refusal. Under these provisions, owners receive a fair return on investment while the trust ensures the property remains permanently affordable. A number of cities have actively supported land trust development through legislation, particularly by ensuring dedicated funding streams.

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[5] HUD. "Countrywide Land Banks Tackle Vacancy and Blight." *Evidence Matters*, Winter 2014. Accessed March 29, 2015. http://www.huduser.org/portal/periodicals/em/winter14/highlight3.html.

Inclusionary zoning (IZ) ordinances require or encourage market-rate housing developers to provide affordable housing. Inclusionary zoning programs vary in their structure; they can be mandatory or voluntary and have different set-aside requirements, affordability levels, and control periods. Most IZ programs offer developers incentives such as density bonuses, expedited approval, and fee waivers. Since Habitat II, IZ has become an increasingly popular tool for American municipalities. To date, the largest IZ program, which is located in Montgomery County, Maryland, has produced over 13,000 units of affordable housing. This is in comparison to other programs that are thought to be much smaller, typically having produced dozens to hundreds of IZ homes per jurisdiction.[6] However, inclusionary zoning can also be controversial, and some programs have come under fire for producing few new units and reaching only a small portion of the population IZ is intended to help.

Cities have also taken steps to increase density, which is linked to increased productivity, walkability, and bikeability, which in turn reduces transportation use and costs. State policies to permit construction of higher density and multifamily housing near transit and community centers allow cities to increase their density and productivity. For example, the Massachusetts State Legislature adopted the Smart Growth Zoning and Housing Production Act, Chapter 40R, which is a smart growth zoning statute that provides incentives for concentrated development and mandates that districts meet certain density, affordability, and location requirements. Chapter 40S provides additional state funding directed to cities and towns that establish a 40R district to cover the costs of educating any school-age children who move into such districts.[7]

Decentralization and Strengthening of Local Authorities

Since the mid-1970s, states and local authorities have had significant autonomy in applying formula funds issued by federal agencies, such as HUD, the U.S. Department of Transportation (DOT), and the U.S. Department of Health and Human Services (HHS). The CDBG program, administered by HUD, provides localities with funds to address a range of community development needs, from affordable housing to job creation. The HOME Investment Partnerships Program, also administered by HUD, provides state and local governments with flexible funding for affordable housing and direct rental assistance. Treasury's low-income housing tax credit (LIHTC), the primary program for affordable housing production, allows states to target certain areas for affordable housing production.

Since Habitat II, federal policy has aimed to further empower local authorities. In 1994, the Riegle Community Development and Regulatory Improvement Act established the Community Development Financial Institution (CDFI) fund, in recognition of the important role that community organizations and local institutions play in local development. Housed in the U.S. Department of the Treasury (Treasury), the CDFI fund invests in and provides assistance to CDFIs, which are private nongovernmental financial institutions dedicated to community development. CDFIs share a broad mission of delivering responsible, affordable lending to low-income, low-wealth, and disadvantaged communities. Since its creation, the CDFI fund has certified over 950 CDFIs and awarded over $2 billion to community development organizations and financial institutions.

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[6] Heather Schwartz, Liisa Ecola, Kristin Leuschner, and Aaron Kofner. *Is Inclusionary Zoning Inclusionary? A Guide for Practitioners*. Santa Monica, CA: RAND Corporation, 2012. Accessed March 29, 2015. http://www.rand.org/pubs/technical_reports/TR1231.html.

[7] Smart Growth America. "Policy Guide: Encourage cities and counties to permit more multifamily and higher density housing." Accessed March 29, 2015. http://www.smartgrowthamerica.org/guides/smart-growth-at-the-state-and-local-level/housing-policy/encourage-cities-and-counties-to-permit-more-multifamily-and-higher-density-housing/.

As part of efforts to provide localities with more discretion over public housing authorities' operations, Congress passed the Quality Housing and Work Responsibility Act of 1998, which deregulated public housing and provided local decisionmakers with greater flexibility regarding waitlists, mixed-income financing, and use of capital funds.

Tribal sovereignty in the United States is the inherent authority of indigenous tribes to govern themselves within U.S. borders. Congress has emphasized self-determination regarding housing and urban development in Native American communities. The Native American Housing Assistance and Self Determination Act of 1996 (NAHASDA) reorganized several Native American housing grants into one Indian Housing Block Grant (IHBG). This grant now flows directly to tribal agencies and no longer flows through HUD-approved Indian Housing Authorities. The grant can be applied to an array of "housing-related activities," providing tribal communities with autonomy to address local needs.

Chapter 2

Investing in People and Communities for Upward Mobility

An unfortunate reality is that life expectancy in the United States can be predicted by ZIP Code. Place matters and, over the last 20 years, the United States has come to know much more about the interaction of people and place in shaping economic opportunities. Although the importance of adequate and affordable housing and housing stability cannot be overstated, researchers, nonprofits, and increasingly government and private companies are looking beyond housing to the larger goal of empowering residents and communities to access economic and social opportunities. Housing and neighborhoods serve as platforms through which governments and other organizations channel services to low-income and underserved communities.

Education and Workforce Opportunities

Improving Educational Outcomes

In recent decades, overall educational attainment has varied by age. Among adults aged 65 and older, 84 percent had completed at least high school, compared to 91 percent of adults aged 25 to 34 and 89 percent of adults aged 35 to 44 or 45 to 64. Educational attainment also varies by race. Non-Hispanic Whites report the highest percentage of adults with at least a high school education, while Hispanics report the lowest percentage

Box 1. Mercer University and Community Partners Implement Macon Children's Promise Neighborhood Plan[a]

In 2011, a $500,000 Promise Neighborhoods planning grant from the U.S. Department of Education brought together more than two dozen groups in Macon, Georgia—including civic groups such as the United Way and Big Brothers Big Sisters, schools such as Mercer University and the local public school district, public health institutions, and the city's transit and housing authorities—to identify the most-needed educational, health,

Mercer University's anchor activities in Macon, Georgia, included collaborations to implement the Macon Children's Promise Neighborhood plan. Credit: Mercer University.

economic, and other interventions in this city of 93,000. The data these stakeholders gathered illustrated the significant challenges facing Macon Children's Promise Neighborhood (MCPN), an area south of downtown Macon with a population of 10,600. In MCPN's two target communities, Tindall Heights and Unionville, nearly half of the households lived below the federal poverty level and 63 percent of adults lacked a high school diploma. Students at the neighborhood schools were falling behind. More than a third of students at one of the schools, Ingram-Pye Elementary, did not meet state standards for reading, and more than half failed to meet state standards for math. Only about a third of high school

[a] HUD User Case Studies. "Mercer University and Community Partners Implement Macon Children's Promise Neighborhood Plan." Released November 30, 2015. Accessed March 29, 2015. https://www.huduser.gov/portal/casestudies/study_11302015_1.html

at every level from high school graduate (67 percent) to advanced degrees (5 percent).[8]

To reduce educational disparities and improve developmental outcomes for youth in America's most-distressed communities, President Obama launched the Promise Neighborhoods initiative in 2010. The place-based program, administered by the U.S. Department of Education, focuses on education and recognizes the role an entire community plays in a child's education. It relies on a "cradle-to-career" continuum of services that partners with diverse community-based organizations to coalesce multiple investments toward the same goal.

While many middle-class U.S. students go home to Internet access, allowing them to do research, write papers, and communicate digitally with their teachers and other students, too many lower-income children go unplugged every afternoon when school ends. This "homework gap" runs the risk of widening the achievement gap, denying hardworking students the benefit of a technology-enriched education. In 2015, HUD launched ConnectHome, a public-private collaboration to narrow the digital divide for families with school-age children who live in HUD-assisted housing. This effort is part of President Obama's continued efforts in what is referred to as the ConnectED initiative, which aims to connect 99 percent of K–12 students to high-speed Internet in their classrooms and libraries over a 5-year period. ConnectHome was

Credit: HUD. Originally published at http://blog. ed.gov/topic/promise-neighborhoods/.

students were graduating. "It was a wake-up call" for the MCPN groups and the community at large, says Mary Alice Morgan, senior vice-provost at Mercer University.

With the Promise Neighborhoods grant, the groups developed common goals to improve student performance and designed evidence-based strategies to achieve them. These goals included ensuring that students are reading at grade level by third grade; increasing the number of students enrolling in and graduating from post-secondary education; and improving the community's

Mercer students and Ingram-Pye students gain knowledge through the robust tutoring program. Credit: Mercer University.

quality of life through improved economic, employment, and job-readiness opportunities. Although the federal government has discontinued additional Promise Neighborhoods implementation grants, the groups are making progress on achieving these goals. "We were determined that this was not a plan that was going to sit on the shelves," says Morgan.

Some of the most transformative programs directly addressing MCPN's goals are taking place at Ingram-Pye Elementary School, with 313 students from pre-kindergarten through fifth grade. In 2013, Mercer University's Tift College of Education began placing all of its student teachers at Ingram-Pye for their teaching practicums. Also, as a result of this professional development partnership, Ingram-Pye faculty have gained access to resources at Mercer, including workshops on co-teaching.

[8] Census Bureau. "Educational Attainment in the United States: 2015." Accessed May 20, 2016. http://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf

piloted in 27 cities and one tribal nation to initially reach over 275,000 low-income households—and nearly 200,000 children—providing the support they need to access the Internet at home. Internet service providers, nonprofits, and the private sector will offer broadband access, technical training, digital literacy programs, and devices for residents in assisted housing units.

Creating Decent Jobs and Livelihoods

In response to severe job losses during the Great Recession, and to help stop further economic deterioration, the federal government passed the American Recovery and Reinvestment Act of 2009 to create or save millions of jobs. By some estimates, the $787 billion economic stimulus package — a combination of government spending, tax incentives, and expanded welfare programs — created or saved 1.6 million jobs annually between enactment and 2012.[9] In the seven years since the end of the recession, unemployment rates declined from a 26-year high of 10 percent in 2009 to 4.7 percent by May 2016.[10]

While the unemployment rate has declined and the economic outlook has improved, far too many U.S. workers still confront challenges in the labor market. For example, unemployment rates for subpopulations remain elevated. The May 2016 unemployment rates for African American and Hispanic workers were 8.2 percent and 5.6 percent respectively. Similarly, the unemployment rate for youth ages 16 to 24 was 10.4 percent.[11] The President remains committed to helping these and other Americans get back to work.

The preliminary results of this new program suggest that Ingram-Pye students are benefiting from the student teachers in their classrooms. Third graders in classrooms with student teachers are scoring at least 30 percent higher on state tests in science, math, social studies, and reading than those in classes without student teachers. Although the partnership has not been able to fund new positions identified in the MCPN plan, including liaisons who maintain the relationship between the two schools, faculty at both institutions have taken on these tasks, says Kelly Reffitt, associate dean of the Tift College of Education.

During tours of the Mercer campus, Ingram-Pye students see the possibility of their becoming college students. Credit: Dr. Sybil Keebury.

Mercer's commitment to implementing the MCPN plan is just one of the university's activities as an anchor institution. In recent years, Mercer has invested significant resources in the Beall's Hill neighborhood adjacent to the campus, which once struggled with disinvestment and blight. Mercer received Community Outreach Partnership Center grants from HUD in 1999 and 2002 that helped the university forge relationships with the civic, business, philanthropic, and public groups that together laid the groundwork for the successful redevelopment of Beall's Hill. The project's success reflects Mercer's approach to fulfilling the goals of Promise Neighborhoods and shows that, once again, the school and the community are united in their efforts to improve the quality of life for all of the city's residents.

[9] Executive Office of the President – Council of Economic Advisers. *The Economic Impact of the American Recovery and Reinvestment Act Five Years Later: Final Report to Congress*. Washington DC: White House, February 2014. Accessed March 30, 2015. http://www.whitehouse.gov/sites/default/files/docs/cea_arra_report.pdf.

[10] BLS. "Labor Force Statistics from the Current Population Survey: (SEAS) Unemployment Rate." Accessed June 24, 2016. http://data.bls.gov/timeseries/LNS14000000. The unemployment rate reached 10 percent in October 2009.

[11] BLS. Databases, Tables, and Calculators by Subject. Accessed June 24, 2016. http://www.bls.gov/data/.

As part of his job creation legislative agenda, the President signed the Workforce Innovation and Opportunity Act (WIOA) into law on July 22, 2014. WIOA represents a transformation of the public workforce system to deliver integrated, job-driven services to job seekers and to match employers with the skilled workers they need to compete in the global economy.

The Employment and Training Administration (ETA), an agency of the Department of Labor (DOL), distributes WIOA Title I Adult, Dislocated Worker, and Youth formula funds and Wagner-Peyser Employment Service funds to state workforce agencies. These funds allow regional Workforce Development Boards to run about 2,500 American Job Centers around the country that offer employment services and job training according to local needs. Collectively, these centers served about 18.6 million people in 2012.[12]

WIOA empowers State and local elected officials and private sector-led workforce boards to engage with employers to ensure that workforce programs train potential workers on skills needed in the labor market. A growing volume of jobs require higher education and specialized skills; by some estimates, by 2020, 65 percent of jobs will require a postsecondary education.[13] To address this need, the federal government provides support for adults who have dropped out of school or require further education. This is important for addressing racial disparities in dropout rates and, thus, employability. The Department of Education's Adult Education and Literacy program provides grants to states to fund local programs for adults and out-of-school youths. The agency estimates that these programs assist nearly 2 million people per year, though waitlists are long and an estimated 36 million adults qualify for the program's services.

Even with additional training and job-search assistance, many Americans aren't seeing meaningful wage growth. In fact, the disconnect between productivity, growth, and compensation remains a decades long problem. There are a host of policies that would help close the gap between productivity growth and wage growth. One policy solution is raising the minimum wage.[14] In 2013, the President called on Congress to increase the federal minimum wage. Today, the President continues to support increasing the minimum wage from $7.25 to $12.00 per hour and phasing out the tipped minimum wage. Though the federal minimum wage remains unchanged as of January 1, 2016, 29 states and the District of Columbia have a state minimum wage higher than the federal minimum.[15]

Local Economies

The United States has a relatively decentralized approach to economic development. Agencies dedicated to economic development activities, such as job creation and economic growth, primarily exist at the state and local levels. While specific economic development strategies are numerous and varied, they broadly rely on two strategies: targeted assistance to businesses, and adjustments to government tax, spending, and regulatory policies. For example, states or cities may choose to forego taxes to attract businesses. Such strategies often rely on partnerships with local chambers of commerce, private businesses, foundations, and community-based organizations and are supplemented by federal programs to support local development.

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[12] White House. *Ready to Work: Job-Driven Training and American Opportunity.* Washington DC: White House, July 2014. Accessed March 30, 2015. http://www.whitehouse.gov/sites/default/files/skills_report_072014_2.pdf.

[13] Anthony P. Carnevale and Nicole Smith. *A Decade Behind: Breaking Out of the Low-Skill Trap in the Southern Economy.* Washington DC: Georgetown Public Policy Institute, July 2012. Accessed March 30, 2015. https://cew.georgetown.edu/south.

[14] Bivens, Josh and Mishel, Lawrence. Economic Policy Institute *Understanding the Historic Divergence between Productivity and the Typical Worker's Pay.* Accessed June 24, 2016. http://www.epi.org/publication/understanding-the-historic-divergence-between-productivity-and-a-typical-workers-pay-why-it-matters-and-why-its-real/.

[15] The White House, *2013 State of the Union.* Accessed June 24, 2016. https://www.whitehouse.gov/speech/sotu-2013. See also, The White House, *Raise the Wage.* Accessed June 24, 2016. https://www.whitehouse.gov/raise-the-wage. See also, U.S. Department of Labor Wage and Hour Division, *Minimum Wage Laws in the States — January 1, 2016.* Accessed on June 24, 2016. https://www.dol.gov/whd/minwage/america.htm#Consolidated.

At the federal level, the U.S. Economic Development Administration (EDA) plays a key role in fostering economic development through grants and technical assistance programs designed to improve quality of life. In 2013, the agency awarded $360 million to 670 projects across the country.[16] EDA also leads several cross-agency initiatives that invest in "industry clusters" as catalysts for regional or local economic development. These include Make it in America and the Investing in Manufacturing Communities Partnership, launched in 2013 to help communities attract global manufacturing investment,[17] and the 2014 Regional Innovation Strategies Program, which supports regional development of high-growth industries.[18] SelectUSA is a federal-state-local partnership launched in 2011 to promote foreign-direct investment in the United States.[19] Also, EDA has one of the most flexible federal planning requirements with its Comprehensive Economic Development Strategy, enabling equivalent submissions from non-EDA grantees who often put forward integrated approaches across housing, transportation, and jobs.

In recent years, President Obama has launched several place-based initiatives to reduce economic inequality and promote local development. Strong Cities, Strong Communities, launched in 2011, leverages federal funds and expertise to help localities improve fiscal effectiveness and efficiency. Also, in 2014 and 2015, the President announced the designation of 13 Promise Zones,[20] targeted zones that will rely on preference in federal grants and other resources to spur economic development and reduce poverty through job creation, affordable housing, and education support. By June 2016, the President had designated a total of 20 Promise Zones.

The President has also prioritized efforts to transform neighborhoods of concentrated poverty through programs such as the Neighborhood Revitalization Initiative (NRI). Launched in 2008, the NRI engages key federal agencies to work together to leverage resources in distressed communities. Key NRI programs include Choice Neighborhoods, which supports local strategies to address struggling neighborhoods with distressed public or federally assisted housing; Promise Neighborhoods, which is based on the model of the Harlem Children's Zone and is designed to create a continuum of education and community supports centered around schools in the country's most distressed communities; and the Byrne Criminal Justice Innovation grant, a community-based strategy to control and prevent crime.

HUD also provides support for local economic development. Since 1974, HUD's Community Development Block Grant (CDBG) program has invested $144 billion in diverse community development activities. For example, between 2007 and 2013, CDBG helped more than 232,000 businesses expand economic opportunities for low- and moderate-income Americans.[21]

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[16] EDA. *Economic Development Administration Fiscal Year 2013 Annual Report*. Washington DC: Department of Commerce, June 2014. Accessed March 30, 2015. http://www.eda.gov/annual-reports/files/fy2013/EDA-FY2013-Annual-Report-full.pdf.

[17] Ibid.

[18] EDA. "Frequently Asked Questions for the Regional Innovation Strategies Program." Last updated on October 22, 2014. Accessed on March 30, 2015. http://www.eda.gov/oie/files/2014-risp-faq.pdf.

[19] Jeff Zients and Secretary Penny Pritzker. "SelectUSA: Investing in the United States, Creating Jobs, and Spurring Economic Growth." *The White House Blog*, April 10, 2014. Accessed March 30, 2015. http://www.whitehouse.gov/blog/2014/04/10/selectusa-investing-united-states-creating-jobs-and-spurring-economic-growth.

[20] In 2014: parts of San Antonio, Texas; Philadelphia, Pennsylvania; Los Angeles, California; Southeastern Kentucky; and the Choctaw Nation of Oklahoma. In 2015: Camden, New Jersey; Hartford, Connecticut; Indianapolis, Indiana; Minneapolis, Minnesota; St. Louis, Missouri; South Carolina Low Country; and Pine Ridge Indian Reservation in South Dakota.

[21] HUD. "The CDBG Program—Frequently Asked Questions." Accessed March 30, 2015. https://www.hudexchange.info/onecpd/assets/File/The-Community-Development-Block-Grant-FAQ.pdf.

A provision of CDBG, Section 108, allows grantees to borrow private funding amounts up to five times their annual CDBG allocation, with CDBG funds used as a security for the loan. This allows communities to access private capital at below-market rates to fund larger projects than would be possible given their smaller CDBG allocations. In the past, in conjunction with Section 108 loans, communities could also qualify for Brownfields Economic Development Initiative (BEDI) funds from EPA, to redevelop environmentally contaminated industrial and commercial sites.

Community Infrastructure
Enhancing Urban Safety and Security

The past 20 years have seen tremendous improvements in urban safety and security in the United States. From 1990 to 2008, violent crime rates in cities decreased by nearly 30 percent, while property crime rates dropped by 46 percent.[22] In 2010, the U.S. homicide rate fell to 4.2 homicides per 100,000 residents, the lowest in 40 years.[23]

Figure 1: Violent and Property Crime Rates in 100 Largest U.S. Metropolitan Areas, 1990–2008

	Year 1990	Year 2008	Change from Year 1990	1990-2000-2008
Violent Crime Incidents	1,776	1,402	-21%	
Murder	11	6	-46%	
Rape	41	26	-38%	
Robbery	353	182	-48%	
Aggravated Assault	477	281	-41%	
Simple Assault	894	908	2%	
Property Crime Incidents	5,644	3,210	-42%	
Burglary	1,314	706	-46%	
Larceny	3,359	2,131	-37%	
Motor Vehicle Theft	871	373	-57%	

incidents per 100,000 residents

The federal government has taken steps to make the criminal justice process fairer and more efficient. In 2013, the U.S. Department of Justice (DOJ) performed a comprehensive review of criminal justice practices. This review led to the Smart on Crime Initiative, which has established five evidence-based principles for criminal justice reform:

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[22] Elizabeth Kneebone and Steven Raphael. *City and Suburban Crime Trends in Metropolitan America*. Washington DC: Brookings, May 2011. Accessed March 29, 2015. http://www.brookings.edu/~/media/research/files/papers/2011/5/26%20metropolitan%20crime%20 kneebone%20raphael/0526_metropolitan_crime_kneebone_raphael.pdf.

[23] Alexia Cooper and Eric L. Smith. *Homicide Trends in the United States, 1980-2008*. Washington DC: DOJ, 2011. Accessed March 29, 2015. http://www.bjs.gov/content/pub/pdf/htus8008.pdf.

1. Prioritize prosecutions to focus on the most serious cases.

2. Reform sentencing to eliminate unfair disparities and reduce overburdened prisons.

3. Pursue alternatives to incarceration for low-level, nonviolent crime.

4. Improve reentry to curb repeat offenses and victimization.

5. "Surge" resources to prevent violence and protect the most vulnerable populations.[24]

DOJ has taken actions to implement these principles, including through the Office of Community Oriented Policing Services (COPS). Since 1994, COPS has empowered police and community stakeholders to partner in working towards solving America's crime challenges. The benefits of these principles are already apparent. A year after key sentencing reforms were enacted, the federal prison population decreased for the first time in three decades.[25]

In 2012, as part of the NRI, the federal government launched the Byrne Criminal Justice Innovation (BCJI) program, which aims to reduce crime and improve neighborhood safety. Research suggests that violent and serious crime clustered in "hot spots" accounts for a disproportionate amount of crime and disorder in many communities. BCJI sites convene diverse partners including local law enforcement, researchers, and residents to analyze drivers of crime and pursue strategies that improve safety and build community-police collaboration. The BCJI approach is data driven, evidence informed, and community led. It is intended to spur revitalization by building partnerships to address community needs. Since 2012, BCJI has funded 60 sites in both urban and rural areas.
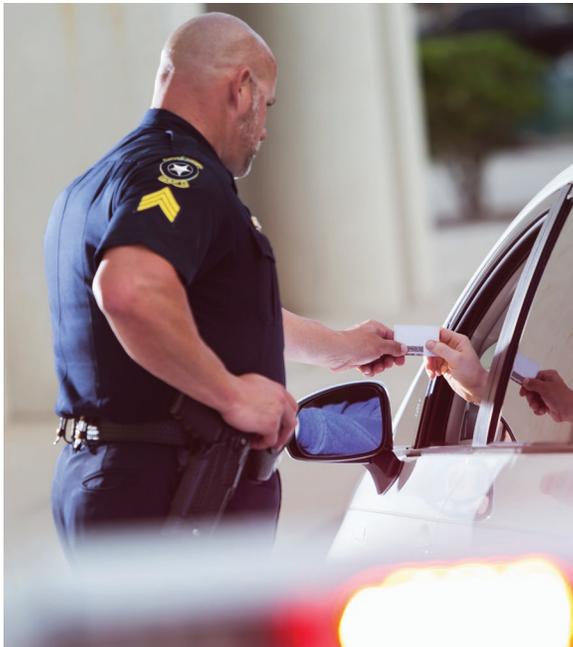
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[24] DOJ. *Smart on Crime: Reforming the Criminal Justice System for the 21st Century.* Washington DC: DOJ, 2013. Accessed March 29, 2015. http://www.justice.gov/sites/default/files/ag/legacy/2013/08/12/smart-on-crime.pdf.

[25] DOJ. "One Year After Launching Key Sentencing Reforms, Attorney General Holder Announces First Drop In Federal Prison Population in More Than Three Decades." Last updated September 23, 2014. Accessed March 29, 2015. http://www.justice.gov/opa/pr/one-year-after-launching-key-setencing-reforms-attorney-general-holder-annoues-first-drop-0.

Box 2. Drexel University and West Philadelphia: Growing Together[a]

Drexel University is dedicated to building strong partnerships with communities in West Philadelphia. Since taking over as president of the university, John A. Fry has worked to ensure that civic engagement and respect for the needs of Drexel's neighbors are among the university's core principles. Drexel has worked with local organizations and civic groups to improve employment, education, health, safety, and housing conditions in the neighborhoods near the university to benefit both area residents and the institution. The university has also been actively engaged in building partnerships with federal entities—including HUD—as a means of garnering national support for its neighboring communities. These efforts include submitting a Choice Neighborhoods plan and attaining a Promise Zone designation.

Chestnut Square, a $97.6 million mixed-use development, brings additional student housing and 23,000 square of retail space to Drexel University. Credit: Drexel University

Engaging Neighbors

Drexel is surrounded by several neighborhoods encompassing eight census tracts. With a population of 35,300, the area has an average poverty rate of 50.8 percent with one census tract reaching 80 percent, compared with an average poverty rate of 26.9 percent for Philadelphia as a whole. Residents of this section of West Philadelphia have a low rate of educational attainment, even when counting Drexel students; at least 20 percent of the population in 7 of the census tracts lacks a high school diploma.

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[a] https://www.huduser.gov/portal/casestudies/study_03232015_1.html.

More recently, President Obama launched the My Brother's Keeper (MBK) initiative in partnership with philanthropy and the private sector. The initiative aims to address persistent opportunity gaps faced by boys and young men of color. The MBK Task Force has identified recommendations for reform; for example, it has recommended encouraging law enforcement and neighborhoods to work hand in hand and reducing violence in high-risk communities by integrating public health approaches.

Credit: HUD. Originally published at http://blog.hud.gov/index.php/2015/02/25/giving-young-person-path-reach-potential/

Using the Place-Based Approach

In 2009, only five federal agencies were working on interagency place-based approaches (through the Empowerment Zones designated by Congress since 1994) in 38 communities. Today, more than 15 government agencies are executing coordinated place-based initiatives in 1,800 communities nationwide, saving local and federal time and money and improving both local capacity and outcomes. Federal agencies have worked to scale evidence-based approaches to working in partnership with communities. The ultimate goal of the place-based approach is to build a federal government that is more effective because it is a smarter, more-collaborative partner in response to locally identified needs and goals.

To address the problems of concentrated poverty, Choice Neighborhoods was launched in 2010 as a competitive grant program that provides flexible resources for local leaders to help transform high-poverty, distressed neighborhoods into mixed-income neighborhoods with affordable housing, safe streets, and good schools.

In addition to an unemployment rate of 13.6 percent and a long-term housing vacancy rate of 14.5 percent, the community had a Part I crime rate of about 472 per 10,000 people in 2012. Despite these challenges, the area's proximity to the Philadelphia Zoo, Fairmount Park, public transit options, and two major universities offers the potential for improved employment opportunity and quality of life. In addition, several local organizations and community associations are dedicated to the success of their neighborhoods. Recognizing the primacy of its role in addressing these challenges and helping to build on the opportunities, Drexel University has become actively involved in supporting the area's success. In his 2010 convocation speech, Fry called for comprehensive action to address these community issues. "[M]y aspiration for Drexel University," said Fry, "is for it to be the most civically engaged university in the United States, across all three dimensions of engagement: academic, student and employee volunteerism, and institutionally supported neighborhood investment." In 2011, Fry ensured that his vision would be implemented and ingrained in the university's operations by hiring Lucy Kerman as the first vice provost for university and community partnerships—a cabinet-level position—and creating a committee on the board of trustees that focuses on the university's community work.

With these institutional structures in place, Drexel needed to build trust in the community and demonstrate that the university would not overpower other stakeholders. For example, Drexel participated in the existing planning efforts of West Philadelphia neighborhoods including Mantua, a neighborhood of 6,200 residents north of the university campus, rather than develop its own revitalization plans. The Philadelphia Local Initiatives Support Corporation (LISC) facilitated the planning process to ensure that the university, civic groups, and community development organizations collaborated as equals. "Keeping the table balanced was an ongoing exercise," observes Andrew Frishkoff, executive director of Philadelphia LISC. "Part of it was to make sure the agenda

Federal initiatives also support regional partnerships to address issues related to rapid urbanization. Many of these initiatives are focused on ensuring that people in different agencies and departments work together to pursue broader goals and overcome siloes. The Partnership for Sustainable Communities, launched in 2009, is made up of HUD, DOT, and EPA. The Partnership encourages regional approaches to sustainable development and works to align federal housing, transportation, economic development, water, and other infrastructure investments to make

neighborhoods more prosperous, allow people to live closer to jobs, and reduce pollution. The Partnership also identifies best practices, coordinates technical assistance, and maintains a catalog of sustainability indicators that can be used by areas experiencing rapid urbanization to measure their success toward sustainability objectives. Through these efforts, more than 1,000 communities in all 50 states, Washington, D.C., and Puerto Rico have received more than $4 billion in grants and technical assistance to help

setting was mutual and part of it was to understand how resources could most effectively create community benefit."

Choice Neighborhoods

In 2011, the Mantua planning effort was funded by a $250,000 HUD Choice Neighborhoods Planning Grant to the nonprofit owner of the Mt. Vernon Apartments, a 125-unit affordable housing development built in 1978 with HUD Section 236 funds. Drexel joined a team tasked with identifying neighborhood assets, generating a community dialogue about potential improvements, and developing an action plan. "We Are Mantua!"—the resulting transformation plan—sets community goals for the revitalization of the Mt. Vernon Apartments, as well as health and wellness, safety, education, physical, and aesthetic improvements for the surrounding area. One outcome of the plan has been the awarding of a Byrne Criminal Justice Innovation grant from the U.S. Department of Justice for implementation.

Promise Zone

Drexel's work with the Mantua planning process, along with the relationships it has built with leaders in other neighborhoods, helped Drexel establish trust within the broader community. This trust enabled Drexel and its allies to submit an application for the federal government's Promise Zone initiative, and in early 2014, a two-square-mile, multi-neighborhood area of West Philadelphia was named one of the first five Promise Zones.

The Promise Zone designation provides increased competitiveness for federal funding. According to Kerman, the designation also serves as a platform for the area's anchor institutions to improve coordination and increase contracting and employment opportunities for local residents. Through the Promise Zone framework, city and community partners are focused on enhancing educational opportunities, addressing crime, improving housing, and attracting employment and business opportunities. A committee has been established to address each of the four policy areas; Drexel is a member of all the committees and, with the school district, serves as a co-leader of the

them grow and improve their quality of life.[26]

To help cities facing economic and development challenges, President Obama signed an Executive order launching the White House Council on Strong Cities, Strong Communities (SC2) in 2011. SC2 coordinates federal efforts to ensure communities have access to comprehensive technical assistance and provides policy recommendations on ways to strengthen local economies, streamline federal resources and regulations, and disseminate best practices. In order to assist communities hit hard by the recession and facing population loss and industrial decline, SC2 deploys federal interagency teams to offer technical advice and expertise. In 2014, SC2 established a new cohort of seven cities and deployed teams to St. Louis, Missouri; Gary, Indiana; Flint, Michigan; Brownsville, Texas; Rockford, Illinois; Macon, Georgia; and Rocky Mount, North Carolina.

These teams partner with the mayor and city leadership to support the community's vision for economic development. Their primary mandate is to align federal programs and help communities more effectively invest existing resources.

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[26] Partnership for Sustainable Communities. "Five Years of Learning from Communities and Coordinating Federal Investments." Accessed June 19, 2016. https://www.sustainablecommunities.gov/sites/sustainablecommunities.gov/files/docs/partnership-accomplishments-report-2014-reduced-size.pdf.

educational opportunities committee. The education committee is working to secure resources for a cradle-to-career pipeline to ensure student success.

By creating a pipeline, Kerman and Drexel hope that more neighborhood students will become eligible for admission to the university and compete for the Drexel Liberty Scholars program, which awards full scholarships to the university to 50 Philadelphia high school graduates each year. To further support career attainment, the Promise Zone is also focused on attracting more business activity to West Philadelphia.

Meeting Community Needs
In addition to participating in these programs and partnerships, Drexel is providing services that integrate with existing efforts in surrounding communities. The recently opened Dana and David Dornsife Center for Neighborhood Partnerships is an extension of the campus in which schools within the university provide services and engage residents through service learning programs. Drexel is also dedicated to developing its campus in a way that serves both its students and existing residents. One recent example, which opened in 2013, is Chestnut Square, a $97.6 million mixed-use development that includes 25,000 square feet of retail space and 200 two-, three-, and four-bedroom student apartments.

Although Chestnut Square brought construction and retail jobs to the area, these jobs did not immediately result in expanded opportunities for local residents. Chestnut Square demonstrated to the university the importance of holding developers and contractors accountable for hiring local residents. As a result of this lesson, Drexel is committed to ensuring that new developments and renovations on its campus translate into jobs for local residents. The university's development contracts now have targets for inclusion based on both diversity and local residence.

Building a Mutual Future
The joint planning and development by Drexel and its partners have helped ensure that the community receives the services and

In addition to Choice Neighborhoods and NRI programs, Promise Zones were launched in 2013 by President Obama with a focus on neighborhood revitalization. Promise Zones are high-poverty communities where the federal government partners with local leaders to increase economic activity, improve educational opportunities, leverage private investment, reduce violent crime, enhance public health, and address other priorities identified by the community. Promise Zones were selected through three rounds of national competition, in which teams of organizations in each city demonstrated a consensus vision for a neighborhood and its residents, the capacity to carry it out, and a shared commitment to specific, measurable results. The Promise Zones approach draws from decades of federal experience in community revitalization. From Empowerment Zones, Enterprise Communities, and Renewal Communities, the Promise Zones program takes an understanding that strong, durable local government commitment to the project is essential, in addition to the practice of establishing preferences in an array of relevant programs across multiple

Promise Zone Communities
www.hud.gov/promisezones

FIRST ROUND
Los Angeles
Philadelphia
San Antonio
Kentucky Highlands
Choctaw Nation
SECOND ROUND
Camden
Indianapolis
Minneapolis
North Hartford
Sacramento
St. Louis
Pine Ridge Indian Reservation
South Carolina Low Country
THIRD ROUND
Atlanta
Los Angeles
San Diego
Nashville
Evansville
Southwest Florida
Roosevelt Roads
Spokane
Turtle Mountain Band

URBAN   RURAL   TRIBAL
● First Round ▲ Second Round ■ Third Round

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Credit: HUD. Originally published at http://portal.hud.gov/hudportal/HUD?src=/program_ offices/comm_planning/economicdevelopment/programs/pz.

agencies. The federal partnership accelerates the progress of these local collaborations by providing preferential access to grants and technical assistance from programs selected by 13 agencies to be the most relevant for work in distressed urban communities.

opportunities it needs, but they also help Drexel remain competitive as an educational institution. The university's focus on attracting new businesses to West Philadelphia is aimed at providing Drexel students with service learning opportunities that will give them real-world experience. Drexel is also creating housing opportunities and schools in its surrounding neighborhoods to encourage faculty and staff to live closer to campus. The university also believes its own interests are well served when area residents can continue to afford housing in the neighborhood and benefit from the changes around them. Partnerships have been developed with local community development corporations and organizations such as Philadelphia LISC, Habitat for Humanity, and Rebuilding Together Philadelphia to make sure that the changes in the neighborhood benefit both the residents and Drexel University.
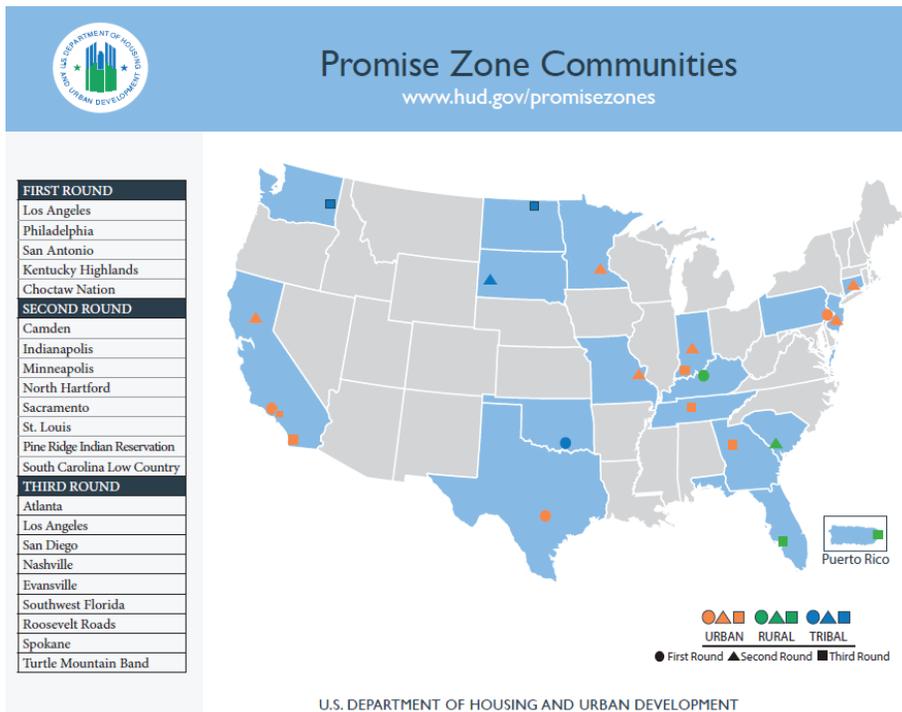
Consistent with President John A. Fry's vision for a truly engaged university, Drexel faculty and students undertake service projects to revitalize the surrounding neighborhoods. Credit: Drexel University.

Concurrently, to visibly demonstrate the impact of this approach, the Community Solutions Task Force at the Office of Management and Budget (OMB) has worked with agencies to drill down in a subset of communities that represent the breadth of this work. The 7 communities selected represent case studies of urban, rural, and tribal high- and low-capacity regions. Those 7 places are Baltimore, Maryland; Detroit, Michigan; eastern Kentucky; Fresno, California; New Orleans, Louisiana; Pine Ridge, South Dakota; and Seattle, Washington. In addition, OMB has organized training for federal staff to increase the ability to do place-based work.

Equity and Inclusionary Planning

The Fair Housing Act not only prohibits discrimination in housing-related activities and transactions but imposes a duty on municipalities that receive federal funds known as Affirmatively Furthering Fair Housing (AFFH). In 2015, HUD issued a regulation that sets out a framework for local governments, states, and public housing authorities[27] to take meaningful actions to address

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[27] This rule responds to a Government Accountability Office report that found the existing AFFH framework required more oversight. See Government Accountability Office. *Housing and Community Grants: HUD Needs to Enhance Its Requirements and Oversight of Jurisdictions' Fair Housing Plans*. Washington DC: GAO, September 2010. Accessed March 29, 2015. http://www.gao.gov/new.items/d10905.pdf.

Box 3. Central Corridor Light Rail in Minneapolis-St. Paul, Minnesota[a]

The Central Corridor, a new 11-mile light rail line, will connect the central business districts of Minneapolis and St. Paul with connections to the University of Minnesota, the State Capitol complex, and neighborhoods along Washington and University Avenues. The second light rail line in the region, the Central Corridor will extend the service network by providing connections to the Hiawatha Line (light rail) and the Northstar (commuter rail).

The Central Corridor will run in existing street right-of-way, serving 18 new stations and 5 stations in downtown Minneapolis already served by the Hiawatha Line. Community-based Station Area Land Use Plans, with support from numerous local partners and federal agencies, promote transit-oriented, mixed-use development and innovative energy initiatives, such as recycling industrial waste heat to serve new development. The transit investments are also attracting other private and public investments to the corridor.

Building upon existing planning and transit investments, the Metropolitan Council and partners were awarded a HUD Sustainable Communities Regional Planning grant for activities including community outreach; comprehensive planning and support along transit corridors; economic/workforce development, alternative energy, housing energy efficiency, and green infrastructure; strategies for affordable housing along transitways; data collection and evaluation; and visualization and scenario planning. The grant is for $5 million; total cost, including local and leveraged funds, would be $32.6 million.

Community Outreach

More than 25,000 people have participated in 1,150 public meetings since September 2006. There have been outreach efforts in English, Hmong, Somali, Spanish, French, Vietnamese, Oromo, and American Sign

[a] https://www.sustainablecommunities.gov/sites/sustainablecommunities.gov/files/docs/Region5_Minneapolis.pdf.

significant disparities in housing needs and in access to opportunity. The AFFH rule aims at replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity and fostering and maintaining compliance with civil rights and fair housing laws.[28] HUD provides technical guidance, data, and mapping tools for state and local government funding recipients in order to help them complete an Assessment of Fair Housing Transportation plays a critical role in connecting people and communities to opportunity. In fact, connectivity and accessibility are critically important for providing equitable opportunities for all. Federal agencies are finding new ways to support local and state governments in tackling these challenges.

Language. The public has shaped the project and helped improve pedestrian access and enhance station-area safety and security. Sustained community activism ensured service to low-income neighborhoods.

MetroTransit will continue outreach during construction to support business owners and maintain pedestrian and bicycle access. The partners will explore ways to continue outreach to ensure that development in the corridor extends equitably to all neighborhoods and businesses.

Project Highlights

- **Provide more transportation choices.** The rail line provides a new transportation option for residents and businesses to access central Minneapolis, St. Paul, and other destinations in the two cities, connecting to the broader metropolitan area. Corridor plans emphasize nonmotorized transportation and safety, including sidewalk construction and tree planting.

- **Promote equitable, affordable housing.** Improved transit lowers household transportation costs, benefitting all residents and supporting environmental justice principles. There are ongoing efforts by state, regional, and local governments to retain and increase options for affordable and mixed-income housing in the Central Corridor. Affordable housing near transit and reduced barriers to location- and energy-efficient mortgages support fair and equitable housing.

- **Enhance economic competitiveness.** The light rail will benefit employers and job seekers, linking workforce centers, businesses, job training, and local residents, especially minorities and low-income people with corridor job opportunities, emerging industry, and small-business development. It will also connect to recreational, health, and other services. A proposed corridorwide district energy system to distribute alternative energy serving multifamily residences and commercial buildings would enhance community sustainability.

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[28] For more information, *see* the main AFFH website (available at: https://www.hudexchange.info/programs/affh/).

The KC Workforce Connex Project in Kansas City, Missouri, recently received funding from DOT to engage the community to improve job-housing connectivity via public transit. Only 17 percent of the jobs in the region were in the central business district and only 18 percent were reachable via transit in 90 minutes or less. The project analyzed job access challenges and opportunities, studied existing and potential corridors, conducted extensive public engagement and outreach, and used technical tools and scenario planning to develop specific recommendations. This is built on previous work funded by HUD and DOT (in 2009 and 2010) to double the number of jobs accessible by transit in greater Kansas City. In

- **Support existing communities.** Proposed efforts to improve housing affordability and energy efficiency focus on existing structures and affordable infill housing that maintains the character of existing residential areas.

- **Coordinate policies and leverage investment.** Investments by DOT, HUD, and EPA, as well as state, regional, and local agencies, foundations, and the private sector are being leveraged for optimal outcomes "beyond the rail." Coordinated investments maximize the potential of transit and other development to support community goals.

- **Value communities and neighborhoods.** The corridor plan focuses on high-quality transit service, preservation of the existing residential neighborhoods, and environmental innovations. Best Management Practices are under way for stormwater management to provide a neighborhood amenity, while facilitating high-quality development and a sustainable, pleasant pedestrian environment.

Henrico County, Virginia, the Broad Street Bus Rapid Transit project received $24.9 million from DOT in 2014 to connect residents in growing areas in and around Henrico County, 27 percent of whom live in poverty, with 77,000 opportunities for employment in the Richmond area, as well as education, retail, and services.[29] These investments also stimulate redevelopment in transit corridors and provide additional jobs in the construction and operation of these projects.

Improving Engagement in Urban Development

All levels of government are harnessing new technologies to facilitate citizen participation and transparency in urban development. Many federal, state, and city agencies have social media platforms to engage constituents and share information. Online engagement allows government agencies and civil society to reach audiences that may have been unable to participate in traditional ways. Digital
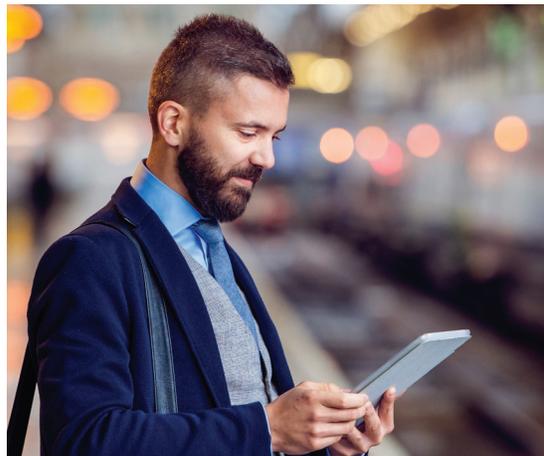
Box 4. Choice, Place, and Opportunity: An Equity Assessment of the Twin Cities Region[a]

The Partnership for Sustainable Communities provided Sustainable Communities Regional Planning Grants to support locally led collaborative efforts that bring together diverse interests from many municipalities in a region to create a more inclusive conversation around regional issues. Through this process, there is particular emphasis on engaging those who have traditionally been marginalized from the community planning process. One way to address these disparities is the Fair Housing and Equity Assessment (FHEA) that grantees are required to complete.

To complete the FHEA, grantees used data provided by HUD and supplemental local data to examine regional access to opportunity based on an analysis of the following components: segregated areas and areas of increasing diversity and/or racial/ethnic integration; Racially Concentrated Areas of Poverty (RCAPs) and Ethnically Concentrated Areas of Poverty (ECAPs); access to existing areas of high opportunity; major public investments; and fair housing issues, services, and activities. The FHEA provided a historical and cultural context for current fair housing challenges and highlighted the legacy of land use decisions, investments, and policies that may have limited or enhanced opportunity for different parts of the region.

In the seven-county Minneapolis-St. Paul (Twin Cities) metropolitan area, the Metropolitan Council, a regional planning organization, and its partners were awarded a Sustainable Communities Regional Planning Grant to promote regional cooperation around its transit system. As the coordinating grantee, the Metropolitan Council began work on its FHEA in 2012, assessing an area encompassing 3 million people, seven counties, 182 communities, and nearly 3,000 square miles. After consulting with external stakeholders and community members, the Council released two draft versions for public comment.

[a] http://portal.hud.gov/idc/groups/public/documents/document/fheacasestudies_colvers.pdf.pdf.

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[29] Ladders of Opportunity through the TIGER 2014 Discretionary Grant Program. https://www.transportation.gov/sites/dot.gov/files/docs/TIGER14_Ladders_FactSheet.pdf

participation is on the rise; a recent Pew study found that 39 percent of adults participate in political or civic activities on social networking sites.[30] One of the ways the federal government is increasing digital engagement is through Challenge.gov, which lists competitions across agencies that generate innovative solutions and attract talent to solve mission-centric problems.

Themes that emerged from the FHEA process were useful for advancing implementation of the Metropolitan Council's long-range plan for the region, Thrive MSP 2040 Regional Plan.

Findings

From the FHEA analysis, the Metropolitan Council learned the following about its region:

- **Racial diversity and racial segregation were growing in the region.** The racial composition of residents living in poverty changed over the last 20 years. In 1990, just over one in three residents living in poverty were people of color; in contrast, in 2010 over half of the region's residents living in poverty were people of color. The racial concentration of people of color increased even as the region was getting more diverse. The number of census tracts where more than half the residents were persons of color climbed from 33 in 1990, to 66 in 2000, and to 97 in 2010.

- **Poverty had spread to the suburbs.** Areas of concentrated poverty expanded from the urban core of the two central cities to the region's suburbs.

- **Opportunities in the region varied by geography and race.** In the region as whole, opportunities such as jobs, high-performing schools, and safe neighborhoods were unevenly distributed. Where people lived influenced their access to opportunities.

Actions and Outcomes

Based on the findings of the FHEA, the Council decided to use its resources, including investments in transit, infrastructure, and redevelopment, to help create and preserve racially integrated, mixed-income neighborhoods across the region. To this end, it added an equity criterion to its transit funding formula in 2014. The formula incentivizes projects that benefit "low-income populations, people of color, children, people with disabilities, the elderly," and people in RCAPs. This was the first change to the region's transit formula in over two decades.

[30] Aaron Smith. "Civic Engagement in the Digital Age." *Pew Research Center*, April 25, 2013. Accessed March 29, 2015. http://www.pewinternet.org/2013/04/25/civic-engagement-in-the-digital-age/.

Contributed Essays: Insights on Investing in People and Communities for Upward Mobility

Why Education and Workforce Initiatives Must Align With Financial Coaching To Promote Economic Mobility in Low-Income Communities

Seung Kim, Senior Program Director of Family Income & Wealth Building, Local Initiatives Support Corporation (LISC)

LISC is a nonprofit Community Development Financial Institution (CDFI) that supports community development corporations in urban areas and rural areas in the United States on issue areas such as housing, health, education, public safety, and employment. Since 1980, LISC has invested $16.2 billion in local communities, leveraging $48.5 billion in total development.

A thriving neighborhood is made up of prospering people—those who feel confident about their economic futures. While employment may seem to provide a direct path to alleviating poverty for individuals and communities, financial stability still proves elusive for many low-skilled, low-wage earners in many communities. The good news is that an increased focus on cross-sector and data-driven approaches and place-based strategies has opened the door for some promising new practices to not only connect people to living-wage jobs, but also to opportunities for economic mobility.

While no single solution can address all of a struggling neighborhood's needs, investing in overlapping program areas—like affordable housing, education, economic development, safety, health, and financial stability—can help revitalize local economies and struggling communities. With more than 35 years' experience building and restoring neighborhoods, the Local Initiatives Support Corporation (LISC) knows that disinvested places must be revived on multiple fronts and that healthy, sustainable communities are a complex system of interconnected moving parts. Improving infrastructure, attracting business, and creating jobs will only improve the quality of life in a community if the investments and jobs offer residents a path to financial stability.

Charting this path requires partnerships beyond the traditional relationships between economic development and housing. Partnerships must be formed to consider both the physical and skill investments needed to connect residents to employment and the full benefit of community improvements. Simply making employment opportunities available is insufficient to provide financial stability or address economic inequality.

Bundled Services

Recognizing the changes in the nature and wages of jobs created since the Great Recession, Financial Opportunity Centers (FOCs) have emerged as critical. FOCs are trusted, culturally competent, community-based organizations that deliver an integrated (or "bundled") set of economic opportunity services to connect low-income families to the financial and labor market mainstream.

The FOC model incorporates employment, financial, and income support services delivered as a seamlessly integrated package; a "coaching" approach in which participants set financial and life goals and work toward them with accountability to their coaches, a rigorous commitment to data, and peer learning for continuous program enhancement. FOCs attempt to address the whole individual to ensure forward movement, and

these mutually reinforcing program components help motivated neighborhood residents change their lives and improve their economic prospects.

Addressing the Skills Gap

Data have shown that the FOCs' integration of workforce services, financial coaching, and access to income supports helps improve job placement, job retention, and financial outcomes—but this stability is often tenuous and fleeting, and low earnings significantly limit the impact of these integrated services, particularly for workers who lack relevant skills or an industry-recognized credential.

"Middle skills" jobs (occupations that require some education beyond high school but less than a 4-year college degree) have become a buzzword in workforce development—but are far from a silver bullet for alleviating poverty. Too many low-income neighborhood residents are locked out of middle-skills training programs because of basic skills gaps. This problem is especially acute in communities where struggling and historically disinvested public school systems have not adequately prepared graduates for postsecondary training or higher education—and it is compounded for unemployed and underemployed adults who may be years removed from the classroom and academic learning. FOCs have found that even many residents who did earn a high school diploma or GED often do not test at the minimum reading or math levels (typically seventh to ninth grade) needed to qualify for middle-skills training courses. Most community colleges do offer traditional remedial education, but it can be overly time consuming, disconnected from practical application, and discouraging, particularly for low-income adult learners who need to acquire skills and stable-wage employment quickly in order to support their families.

Industry-contextualized basic education and career planning can provide a "fast track" to skills and

credentials sought by employers and also provide unemployed and underemployed adults the tools, motivation, and know-how to boost earnings, build credit, reduce expenses, and make sound financial decisions for asset building. Employers must be a key partner in closing the skills gap, not only for the job opportunities they can provide, but for their industry expertise. Service providers and educational institutions must develop partnerships with local and national employers to understand what jobs are or will be in demand, and the skills and characteristics—both technical *and* "soft"—that employers seek.

These close collaborations produce a win-win: living-wage, high-growth job opportunities for residents and a pipeline of motivated, well-trained candidates for employers. Additionally, these employer and training provider partnerships offer a unique opportunity to promote racial and gender diversity in the workforce. FOC clients that connect to "nontraditional" occupations also serve as mentors and role models to peers in their communities. Whether the industry is health care, the trades, or information technology, successful new employees proliferate the connections to their social networks in the community, providing insights into industries or jobs that may have once seemed unfamiliar and unattainable.

Equity in Access to Credit and Financial Products

Access to credit and mainstream financial products and services are important for upward mobility for lower-income/lower-wealth individuals and families—yet many individuals have no credit score. For instance, research has found that 40 percent of FOC participants do not have a credit score (due to no credit history, lack of current activity, or a thin file), and the majority of the remainder have poor credit scores (average score is 590). For better or for worse, credit has become a popular screening tool for prospective employers, landlords, and car insurance companies, in addition to the traditional uses of credit scores in mortgage

and automobile lending and credit card applications. In minority and low-wealth communities where many residents have poor or nonexistent credit, the increasing emphasis on credit scores can further exacerbate inequality in access to opportunity.

Financial coaches can work with individuals to build positive credit activity by having accounts that report to the credit bureaus and paying those accounts on time. Improving credit scores can take time. FOC experience has found success in a multipronged approach that helps individuals take the right steps toward positive credit profiles, through both intensive one-on-one financial coaching as well as access to financial products in Twin Accounts, an innovative credit-building loan that offers an entry point into building credit for low-income working individuals. An individual's financial situation, when in distress, can be a significant mental strain on

individuals. The more one stabilizes work, finances, family, and other areas of life which are important to them, the more they can focus on moving ahead.

For low-skilled workers, simply finding a job is not enough to sustain a family budget. This is a message that families have expressed time and time again in community planning processes. Integrating financial coaching and workforce services, and access to benefits for a time, to help low-income workers should be a key component of neighborhood revitalization strategies. To provide a meaningful and lasting path to financial stability, public and private partners must collaborate to identify workforce needs and align them with practical education and training and financial coaching that serves residents in their communities.

Creative Placemaking: The Role of Arts in Strengthening Community Infrastructure

Jason Schupbach, Director of Design Programs, National Endowment for the Arts (NEA)

Established by Congress in 1965, the NEA is the independent federal agency whose funding and support gives Americans the opportunity to participate in the arts, exercise their imaginations, and develop their creative capacities. Through partnerships with state arts agencies, local leaders, other federal agencies, and the philanthropic sector, the NEA supports arts learning, affirms and celebrates America's rich and diverse cultural heritage, and extends its work to promote equal access to the arts in every community across America.

One of the fundamentals of community development is building a community where people want to live—not just work, but live—in a convenient, safe, and experience-filled way. To achieve this, one must pursue many different strategies at once—a jobs strategy, safety strategy, land use strategy, transportation strategy, education strategy, housing strategy, etc.—to be successful. This essay will outline the United States' recent approaches to incorporating one of the most underused sets of tools in equitable development—the arts. The National Endowment for the Arts (NEA) is a federal agency that supports the role of arts in making communities better, and we call that work "creative placemaking."

The Arts and Community Development

Creative placemaking involves strategically engaging the arts in development priorities through a set of cultural policies that are well established but are typically not well understood in the field of community development. The economic impact of the arts is also less understood. The U.S. Department of Commerce's Bureau of Economic Analysis recently showed that arts and cultural production contributed over $698 billion to the U.S. economy, or 4.32 percent to the U.S. Gross Domestic Product—more than construction ($586.7 billion) or transportation and warehousing ($464.1 billion).

For the past 6 years, the NEA has been building support for creative placemaking in America. The NEA has invested over $30 million in communities in all 50 states and Puerto Rico through the Our Town grant program,

helped to create a funders collaborative called ArtPlace America, and established partnerships with other federal agencies.

Prior to this effort, the support for this kind of work had primarily been from the local or state level and took on many different names, including "creative economy." The current effort is to try to provide a policy framework by which new funding and partnerships might bring art-based workers into the community development table.

One of the policy efforts has been to clarify what exactly creative placemaking activities are. Currently, the NEA has grouped them into four basic strategies—anchoring, activating, fixing, and planning and belonging.[31]

> #### Anchoring
> Anchoring refers to when an arts organization acts as the key institution in a neighborhood, providing community identity and/or generating area foot traffic and business. This strategy is probably the most commonly understood and proven creative placemaking technique. If you build the museum, restore the theater, or open the digital studio/maker space, residents and tourists will come and spend money in the surrounding restaurants and shops.

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[31] Jamie Bennett, "Creative Placemaking in Community Planning and Development: An Introduction to ArtPlace America," (San Francisco, CA: Federal Reserve Bank of San Francisco's Community Development Investment Review on Creative Placemaking), http://www.frbsf.org/community-development/files/cdir-10-02-final.pdf.

Activating

Activating is when communities bring the arts (visual and performing) to public spaces, making public spaces more attractive, exciting, and safe. So many wonderful examples of this type of work exist, with festivals and events happening all over the world, and artists are mashing up all kinds of events with other sectors—science, food, health, etc.

Fixing

Fixing is reimagining the use of vacant and blighted spaces through arts and design and how communities use these spaces to connect people to opportunities. For years now, one well-known fixing strategy has been to fill empty storefronts with new businesses run by artists or designers on a temporary basis. Using public funds, communities typically cover insurance and startup costs. In many cases, these temporary rentals are continued beyond the subsidized program timeline, creating new permanent businesses in the districts.

Lately, however, many people are using "tactical urbanism"—or "pop-ups"—as a strategy to rethink spaces. These kinds of activities include temporary public art and parklets, testing new ideas for design and public art prototypes. The hope is that, through feedback, the pop-ups will inform longer-term projects for temporary or permanent installation under the city's major infrastructure projects.

Planning and Belonging

Planning activities are essential for the development of all communities. Incorporating artists and designers early in the community planning process strengthens outreach and awareness of development issues. If you want to avoid boring public meetings, try involving theater, dance, and visual artists in planning, data collection, and conducting the gatherings. Artists can engage the public in this process. Moreover, as previously mentioned, artists can be the bearers of local cultural practices and traditions and should have seats at the planning table. These artists can make sure that plans have outcomes that include a sense of belonging for community members.

Many communities use a combination of these four strategies at different stages and places in their development process. It is quite common to see temporary public art used in tandem with a festival to prepare a site for a permanent cultural facility that will anchor the neighborhood. Creative placemaking is complex, partnership-driven work, and in the past 6 years the field has learned a lot about what works and what does not.[32]

Challenges and the Future of Art-Based Community Development in the United States.

Funding the arts is different in the United States than in most countries. While the United States has federal, state, and local arts agencies that fund the arts, they are typically not at a cabinet level. No one ministry of culture exists at the federal level—about 60 agencies handle cultural activities for the federal government. This dispersed, but well-organized, system is working in partnership with a coalition of foundations and NGOs on growing and supporting the field of creative placemaking. Beyond challenges one might expect in doing any kind of arts-based work, including lack of funding or capacity of organizations to execute, the biggest challenge is that cultural policy has been left out of the community development conversation in the United States for over 50 years. Very few urban planning or public policy schools teach it and, up until recently, the community development field had not embraced it.

The lack of the community development field's understanding of creative placemaking techniques

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[32] For more on just how to get started using the techniques, please do visit Exploring Our Town—a case study database we created of Our Town investments at https://www.arts.gov/exploring-our-town/. It also includes many lessons learned from the case studies and links out to the best American resources on this work

is beginning to change for the better, through new investments to major community development institutions such as the American Planning Association, Local Initiatives Support Corporation, Enterprise Community Partners, the International Downtown Association, Transportation for America, PolicyLink, the Trust for Public Land, and many more. They are working hard to help their constituencies understand how to incorporate arts policies into their work and hence into the community development field writ large. Also, other federal agencies have welcomed the arts with open arms to try to understand how creative placemaking might assist their efforts.

As with the spread of any kind of innovative community development policy, the work will be incremental and difficult. However, current upward trends in acceptance of the arts as viable tools to help places bode well for the future. Habitat III is the perfect time to reemphasize the importance of culture as essential to all of our communities and to invite artists and arts organizations to the community development table as partners.

Neighborhoods as Infrastructure for the Nation

Barbara J. Lipman,[33] Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System

The Board of Governors is the main governing body of the Federal Reserve System. The Division of Consumer and Community Affairs of the Board of Governors supports the Federal Reserve System's economic growth objectives by promoting stable, sustainable communities along with fair and impartial access to credit.

[33] The views and opinions expressed in this essay are those of the author. They do not represent an official position of the Federal Reserve Board or of the Federal Reserve System.

While it may seem counterintuitive in an age of globalization, neighborhoods are as important as ever. Thriving neighborhoods provide decent homes, rented or owned, on streets that are cared for and where people feel safe. Children attend quality schools and are surrounded by adults who serve as role models. Public services are reliable—utilities flow, trash is collected, health care is available for the sick, and cultural facilities and parks provide recreation for people of all ages. Most crucially, jobs are within reasonable commuting distance by automobile, by public transportation, on foot, or by bicycle lane. In these important ways, infrastructure—in all its shapes and forms—underpins the neighborhood and the productivity and prospects of those who live there.

Disconnected Neighborhoods

This picture contrasts sharply with neighborhoods where such infrastructure is absent. As a growing body of research attests, households' income and wealth and the future prospects of their children are largely determined by their ZIP Code.[34] By this measure, many neighborhoods and their residents remain largely disconnected from broader economic prosperity.

Some neighborhoods are disconnected physically. Many worldwide participants in Habitat III may be surprised to learn that the United States is home to unserved settlements such as the colonias on the Texas-Mexico border. According to a Federal Reserve Bank of Dallas

report, more than 300 communities in 2014 lacked access to municipal services such as drinking water, sewage systems, paved roads, drainage systems, or formal boundaries.[35]

Other neighborhoods, particularly communities of color, are disconnected economically and socially. Poor-quality schools, neglected roads and street lighting, inadequate health facilities, and limited access to private capital all signify entrenched inequities. Some of these same neighborhoods host municipal landfills and industrial facilities that pose health hazards to residents. The disconnect may be most acute in the labor market, where lack of access to education and jobs limits the future prospects of residents in rural areas and in the urban core alike. As some observers have noted, disadvantage, much like wealth, is inherited; and in some neighborhoods, it persists and endures.[36]

A Future of Linked Neighborhoods

However, disconnectedness need not be the scenario for the next 20 years, especially as issues of inequality and disparity gain prominence in public discourse. Habitat III highlights the imperative of ensuring that all neighborhoods are served with both the physical and institutional infrastructure they need to enhance the quality of life of residents. Viewed from an entirely

[34] See the Opportunity Index, Measure America and the Social Science Research Council: http://opportunityindex.org.

[35] Las Colonias in the 21st Century: Progress Along the Texas-Mexico Border, Federal Reserve Bank of Dallas, April 2015.

[36] See, for example: Patrick Sharkey, *Stuck in Place: Urban Neighborhoods and the End of Progress toward Racial Equality*, University of Chicago, 2013. Also, Williams Shanks, T. R. et. al. "Wealth Building in Communities of Color" in R. Bangs & L. Davis (Eds.), *Race and Social Problems: Restructuring Inequality*, Springer Publishing, 2014.

different perspective, we might think of neighborhoods *themselves* as part of our national infrastructure. After all, they provide the pathways for social mobility, the pipelines to tap the productivity of its residents, and the portals through which to educate the next generation.

Sweeping demographic changes over the next two decades might well seed the ground for more diversity within and across our neighborhoods. More metropolitan areas will encompass a proliferation of neighborhoods where a variety of people, languages, architecture, local producers, retail establishments, social organizations, and community institutions coexist and flourish.

Digital technology may provide ways to boost the connectedness of neighborhoods. For example, the Internet, which is increasingly accessed by mobile phone, provides consumers with the ability to open savings accounts (some for the first time), borrow money for education or personal needs through marketplace (peer-to-peer) lending, obtain online insurance to protect their assets, secure part-time employment in the gig or sharing economy, or obtain capital to start or expand a business—and that is just a short list of the possibilities.[37] Such digital services abound with potential to improve access to finance, education, and jobs for low-income households, rural and other underserved consumers, and communities.

That said, it is important to understand both the opportunities and limitations presented by these technological advances. First, their potential is only available to those who are reached. For example, about 70 percent of White households report having broadband access at home, while the same is true of only about half of Hispanic and Black households.[38] The full benefits of new types of infrastructure will not materialize unless all citizens are provided access.

Second, technology is not, and never will be, a perfect substitute for investments in traditional infrastructure or investments in people. Technology may provide distance learning and open doors for educational opportunities, but is not a substitute for investment in neighborhood schools and stellar teachers. The Internet enables access to financial services but may not be suitable for consumers who prefer to seek credit or financial expertise from a mainstream financial institution. Online options for startup or working capital are exciting prospects but not necessarily the most cost-effective option for some businesses. In addition, the ability to participate in the sharing economy does not replace access to employment centers that provide full-time jobs with benefits.

[37] The "gig" and "sharing" economy refers to the borrowing or renting of assets, including labor, often, although not exclusively, enabled by the Internet. See also: Consultative Group to Assist the Poor (CGAP), "Digital Financial Services." Available at: http://www.cgap.org/topics/digital-financial-services.

[38] Pew Research Center, December 21, 2015, "Home Broadband 2015." Available at: http://www.pewinternet.org/2015/12/21/2015/Home-Broadband-2015/.

Fair Housing and Community Development: A "Both/And" Approach

Terri Ludwig, President and CEO, Enterprise Community Partners, Inc.

Enterprise's mission is to create opportunity for low- and moderate-income people through affordable housing in diverse, thriving communities. Since 1982, Enterprise has worked with partners in communities nationwide to bring together the people and resources to create affordable housing in strong neighborhoods.

In many ways, 2015 was a pivotal year for the fair housing movement in the United States. In June, the Supreme Court upheld "disparate impact" as a legal tool for fair housing complaints, reinforcing that housing discrimination does not have to be intentional to be illegal. A few weeks later, the Obama Administration released its long-awaited final rule on Affirmatively Furthering Fair Housing, clarifying the obligations of state and municipal governments under the federal Fair Housing Act.[39]

International and even some domestic readers may not fully appreciate the significance of these actions. Strong fair housing laws are essential to creating inclusive communities that give families living in poverty a fair shot at climbing the income ladder. The fair housing debate in the United States has often focused on a critical question: How can we help more low-income and minority families move to affluent neighborhoods with access to safe streets, good schools, jobs, transit, and other essential resources?

Ensuring broad access to high-opportunity neighborhoods must be a central part of any strategy to create a more equitable and inclusive communities. That is especially true in light of recent research from Raj Chetty, which found a direct link between where children grow up and the opportunities they get in life. One of Chetty's studies found that each year children spend in a high-poverty neighborhood—as opposed to a lower-poverty neighborhood with more opportunities— decreases their chances of going to college, increases

their chances of becoming single parents, and decreases their expected earnings as adults.[40]

Fair housing is about much more than neighborhood access, however. Federal, state, and local resources should be distributed in a way that enables low-income people to make housing choices that are best for themselves and their families. These resources should be devoted to creating and promoting options for mobility, building and preserving affordable homes in high-opportunity neighborhoods, and revitalizing neighborhoods of concentrated poverty that have long suffered from disinvestment and neglect.

Enterprise and other organizations in the field call this the "both/and" approach to fair housing. We need to both ensure broad access to high-opportunity communities and allocate the resources necessary to transform distressed neighborhoods into vibrant, diverse communities of opportunity—neighborhoods that people live in by choice, not by necessity. These strategies, of course, are not mutually exclusive; in fact, they must be pursued in tandem.

How can we achieve these dual goals of mobility and revitalization? We need a variety of tools to advance fair housing, and policymakers at all levels of government need to play a crucial role in the solution.

In February 2016, Enterprise published An Investment in Opportunity, a platform for long-term change that lays out the federal, state, and local policy changes

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[39] For more information on the Supreme Court case and the AFFH rule, see: http://blog.enterprisecommunity.com/2015/07/community-development-approach.

[40] Raj Chetty, Nathaniel Hendren, Lawrence F. Katz, "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment," *Harvard University and National Bureau of Economic Research* (August 2015): http://www.equality-of-opportunity.org/images/mto_paper.pdf.

necessary to address America's rental housing crisis and create communities of opportunity across the United States.[41] The platform includes 23 discrete policy recommendations built around four strategies for reform:

Ensure broad access to high-opportunity neighborhoods.

Certain housing programs, such as Section 8 Housing Choice Vouchers and the Low-Income Housing Tax Credit program, have long track records of success in creating stable and affordable housing options for low-income families.[42] More must be done, however, to ensure that families who benefit from these programs have access to neighborhoods with good schools, job opportunities, public transit, and other resources. At the same time, we need to ensure that local zoning rules, building regulations, and transportation plans encourage—or at least do not discourage—lower-income families to live in high-opportunity communities.[43]

Promote comprehensive public and private investments in low-income neighborhoods.

Even as we promote better access to neighborhoods with good schools, to jobs, and to other opportunities, public policies must also encourage the public and private investments that are necessary to transform neighborhoods of concentrated poverty into communities of opportunity. Affordable housing is often a catalyst for these investments, but housing often is not enough on its own. This strategy also requires significant, long-term investments into local businesses, schools, public safety, healthy food, health services, and other essential resources.

Recalibrate our priorities in housing policy and target scarce subsidy dollars where they are needed most. In order to meet the growing demand for affordable rental housing in all communities, we must target limited subsidy dollars to where they are most needed. After a series of federal budget cuts in recent years, only 23 percent of households currently eligible for federal rental assistance actually receive it, leading to decade-long waiting lists and lotteries for rare openings.[44] At the same time, developers requested more than three times the amount of low-income housing tax credits than were available in 2013, meaning hundreds of viable developments that would serve low-income families in need are left on the drawing board because of the scarcity of tax credits.[45] Meanwhile, tens of billions of public dollars each year subsidize the mortgages of high-income families who do not need government support to remain stably housed.[46]

Improve the overall financial stability of low-income households.

In order for families to remain stably housed in a decent neighborhood, they need to earn an income that reflects the actual cost of living in that community. Nowhere in the United States can a full-time minimum-wage worker afford a typical one-bedroom apartment at Fair Market Rent.[47] After adjusting for inflation, the typical American renter's income has fallen by more than 10 percent since 2001, while the median rent has increased by 5 percent.[48] As a result, families are spending a bigger and bigger share of their take-home pay on rent, forcing them to

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[41] To read the full policy platform, visit www.investmentinopportunity.org.

[42] U.S. Department of Housing and Urban Development, *Family Options Study: Short-Term Impacts of Housing and Services Interventions for Homeless Families*, HUD's Office of Policy Development and Research (July 2015): http://www.huduser.org/portal/publications/affhsg/family_options_study.html.

[43] For more on how state and local regulations can stifle the development of multifamily housing, see: http://www.enterprisecommunity.com/resources/ResourceDetails?ID=0086703.

[44] Robert Collinson, Ingrid Gould Ellen, Jens Ludwig, "Low-Income Housing Policy," *National Bureau of Economic Research* (April 2015): http://www.nber.org/papers/w21071.

[45] National Council of State Housing Agencies, 2013 Fact Book (2015): https://www.ncsha.org/resource-center/bookstore.

[46] Will Fischer, Chye-Ching Huang, "Mortgage Interest Deduction Is Ripe for Reform," Center on Budget and Policy Priorities (June 2013): http://www.cbpp.org/research/mortgage-interest-deduction-is-ripe-for-reform.

[47] National Low Income Housing Coalition, *Out of Reach 2015* (June 2015): http://nlihc.org/sites/default/files/oor/OOR2015_Min-Wage-Map.pdf.

[48] Enterprise Community Partners and the Harvard Joint Center for Housing Studies, *Projecting Trends in Severely Cost-Burdened Renters: 2015–2025* (September 2015): http://www.enterprisecommunity.com/resources/ResourceDetails?ID=0100886.

make deep cuts elsewhere in their budgets. One result is that it becomes virtually impossible for many low-income families to save for a rainy day or longer-term financial goals.[49]

Many of the proposals in this platform already have broad bipartisan support—in fact, many were also offered by the Bipartisan Policy Center's Housing Commission in 2013.[50] In addition, the majority of the policies can be implemented with little or no long-term cost to taxpayers. Some of the policies will carry significant costs, but the size and scale of the problem requires bold action. As we weigh the costs and benefits of each proposal, we must also consider the high cost of inaction—the price of allowing millions of Americans to remain stuck in communities without access to good schools, jobs, and other opportunities.[51]

Habitat III offers us an opportunity to commit to making good on the promise of the Fair Housing Act: ensuring that every American lives in a community rich with opportunity. The challenges we face—rising rents, stagnant incomes, a shortage of affordable rental options—are not intractable. Indeed, we already have many of the tools needed to solve them. The key questions are whether we have the political will to strengthen those tools where they are needed and to make the investments necessary to address the problem at the scale at which it exists. When we look back in 20 years, I hope the answers will be a resounding yes. Habitat III offers us an opportunity to commit to making good on the promise of the Fair Housing Act: ensuring that every American lives in a community rich with opportunity. The

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[49] NeighborWorks America, "Consumer Finance Survey Results" (July 2015): http://www.neighborworks.org/Homes-Finances/Financial-Security/Survey-results.

[50] Bipartisan Policy Center Housing Commission, *Housing America's Future: New Directions for National Policy* (February 2013): http://bipartisanpolicy.org/wp-content/uploads/sites/default/files/BPC_Housing%20Report_web_0.pdf.

[51] For example, according to a recent study of high-cost cities like New York, San Francisco and San Jose, the dearth of affordable housing options costs the U.S. economy an estimated $1.6 trillion each year in lost wages and productivity alone. See: http://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf.

Chapter 3

Securing Housing Options For All

Providing fair and accessible housing options requires a variety of approaches and policies to respond to different needs, contexts, and preferences. A comprehensive approach to housing encompasses the full spectrum of housing needs: from basic shelter, to housing options for the homeless and a mix of subsidies, rental assistance, or price controls for low-, moderate-, and middle-income residents, to equitable mortgage policies, and finally to a stable housing market. With each of these approaches, additional care must also be given to ensuring fairness and equity in provision, access, and accessibility for all residents—as well as appropriate choices available to accommodate different cultural preferences and physical contexts.

Fairness and Equity

Improving Social Inclusion and Equity

The United States strives to address residential segregation and disparities in access to opportunity based on the neighborhoods where people live. Although racial segregation in America's cities and metropolitan areas has generally declined over the past 30 years, many areas remain highly segregated.[52] Black-White racial segregation is particularly high for school-aged children.[53] Over the past 60 years, the intergenerational income mobility for children in segregated regions of the United States has consistently been lower than in most other developed countries. The children who experience greater mobility tend to grow up in less-segregated areas.[54]

A long history of discrimination by both public and private entities has played a large role in contributing to the racial and economic disparities that persist today. In the United States, a system of *de jure* segregation emerged in the early 20th century as local governments adopted racially restrictive zoning ordinances, and homeowners used racially restrictive covenants, to prohibit minorities from residing in the same buildings and neighborhoods as Whites.[55] Areas with minority populations were redlined by the federal government, as well as by private lenders and commercial investors, as ineligible for federally insured mortgages.

Although the most blatant forms of racial housing discrimination have declined since the first decennial national study was conducted in 1977, a 2012 study[56] that examined prospective applicants based on race suggests that racial discrimination persists. The 2012 study found that less-obvious forms of racial discrimination are now more common, such as minority homeseekers being told about or shown fewer units[57] and a decrease in housing options for both renters and prospective homebuyers.

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[52] See Zachary McDade and Margery Austin Turner, *Broad Improvements Mask Stark Differences in Metropolitan Racial Segregation* (available at*:* http://metrotrends.org/commentary/segregation.cfm). In the most segregated areas, more than 80 percent of African-Americans would have to move to be equally represented in all neighborhoods.

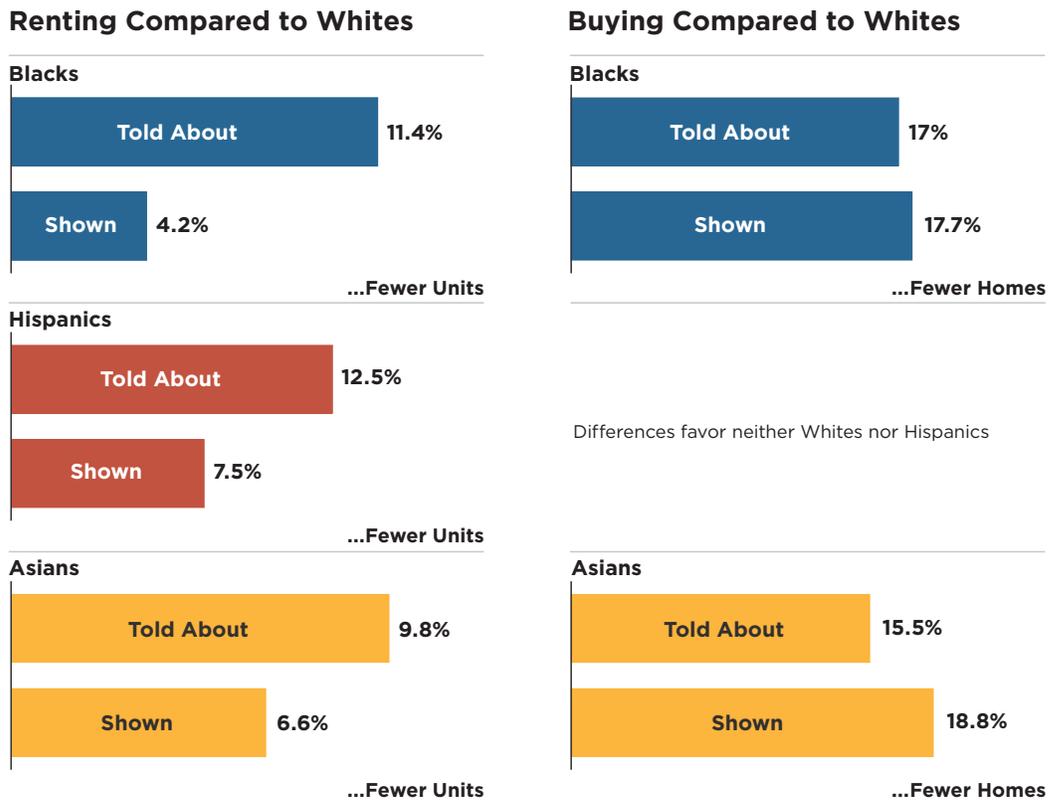[53] https://www.washingtonpost.com/news/wonk/wp/2014/05/15/housing-segregation-is-holding-back-the-promise-of-brown-v-board-of-education/. Also see, Richard Rothstein, *Urban Poor Shall Inherit Poverty*, Jan. 7, 2014 (available at: http://prospect.org/article/urban-poor-shall-inherit-poverty). Racial segregation and exposure to neighborhood poverty are linked, with young African-Americans, aged 13 to 28, 10 times more likely than young Whites to live in poor neighborhoods, and living in a poor neighborhood more likely to be multigenerational for African-Americans (48 percent) than for Whites (7 percent).

[54] Raj Chetty, et al *Big Data in Macroeconomics: New Insights from Large Administrative Datasets*, Amer. Econ. Review: Papers & Proceedings 2014, 104(5): 141–147 (available at: http://www.rajchetty.com/chettyfiles/mobility_trends_published.pdf).

[55] Richard Rothstein, *The Making of Ferguson: Public Policies at the Root of its Troubles*, Economic Policy Institute, October 15, 2014, available at: http://www.epi.org/publication/making-ferguson/.

[56] Margery Turner, R. Santos, D. Levy, D. Wissoker, C. Aranda, and Rob Pitingolo. *Housing Discrimination Against Racial and Ethnic Minorities 2012*. Washington DC: HUD PD&R, 2013. Accessed March 29, 2015. http://www.huduser.org/portal/Publications/pdf/HUD-514_HDS2012.pdf.

[57] African-Americans, Asian Americans, and Hispanics interested in renting were, on average, told about 10–12 percent fewer units and shown 4–7 percent fewer units than Whites.

Figure 2: Minority Homeseekers Told About and Shown Fewer Housing Units[58]

Renting Compared to Whites

Blacks

Told About	11.4%
Shown	4.2%

...Fewer Units

Hispanics

Told About	12.5%
Shown	7.5%

...Fewer Units

Asians

Told About	9.8%
Shown	6.6%

...Fewer Units

Buying Compared to Whites

Blacks

Told About	17%
Shown	17.7%

...Fewer Homes

Differences favor neither Whites nor Hispanics

Asians

Told About	15.5%
Shown	18.8%

...Fewer Homes

Federal law prohibits discrimination in the sale, rental, or financing of dwellings and in other housing-related activities on the basis of race, color, religion, national origin, sex, disability, or familial status. These prohibitions are codified in the Fair Housing Act and relevant regulations. Many state and local laws provide additional protections, such as protection from discrimination based on marital status, sexual orientation, and source of income.

In 2013, HUD issued a regulation that formalized a longstanding interpretation that the Fair Housing Act prohibits practices with an unjustified discriminatory effect, regardless of whether there was an intent to discriminate. In 2015, the Supreme Court affirmed that such claims, known as disparate-impact claims, are cognizable under the Fair Housing Act. HUD and DOJ have recently pursued cases and investigations to address systemic discrimination affecting entire groups of people, such as in the area of lending discrimination[59] and discriminatory land use decisions.[60]

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[58] Turner, Santos, Levy, Wissoker, Aranda, and Pitingolo. 2013.

[59] HUD settled with MortgageIT in 2013 to establish a $12.1M fund after data revealed that Blacks and Hispanics were paid higher interest rates and fees, and in 2011 DOJ and HUD achieved the largest residential fair lending settlement in U.S. history, requiring Countrywide Financial Corp. to pay $335 million in compensation for its lending practices against Blacks and Hispanic borrowers.

[60] HUD and DOJ took action to bring about compliance in St. Bernard Parish, LA (a majority White suburb of New Orleans) that had passed ordinances to prevent multi-family developments and other rental properties, which had a disproportionate adverse impact on Black minority residents and had the effect of perpetuating segregation.

Promoting Opportunity and Protecting Vulnerable Classes

The Great Recession disproportionately impacted minorities and families with children. Minorities experienced the greatest declines in homeownership. In 2010, only 44.2 percent of Black households owned their homes compared to 46.3 percent in 2006.[61] Families with children have faced increased cost burdens: In 2011, 40.7 percent of families with children spent over 30 percent of their income on housing, versus 28.5 percent in 2001.[62] The recession continued a troubling trend for households living in poverty. After declining in the 1990s, concentrated poverty actually increased in the 2000s. In 2010, 28 percent of lower-income households lived in majority lower-income census tracts, up from 23 percent in 1980.[63] Moreover, the percentage of households experiencing worst-case needs grew over the past decade, from 4.8 percent of all households in 2001 to 7.4 percent of all households in 2011.[64] One bright spot: In 2013, the number of renter households with worst-case needs decreased. Data suggests that the nation's ongoing economic recovery is beginning to have beneficial effects for low-income renters.[65]

Figure 3: Very Low-Income Renters and Worst Case Needs, by Household Type, 2009 and 2011
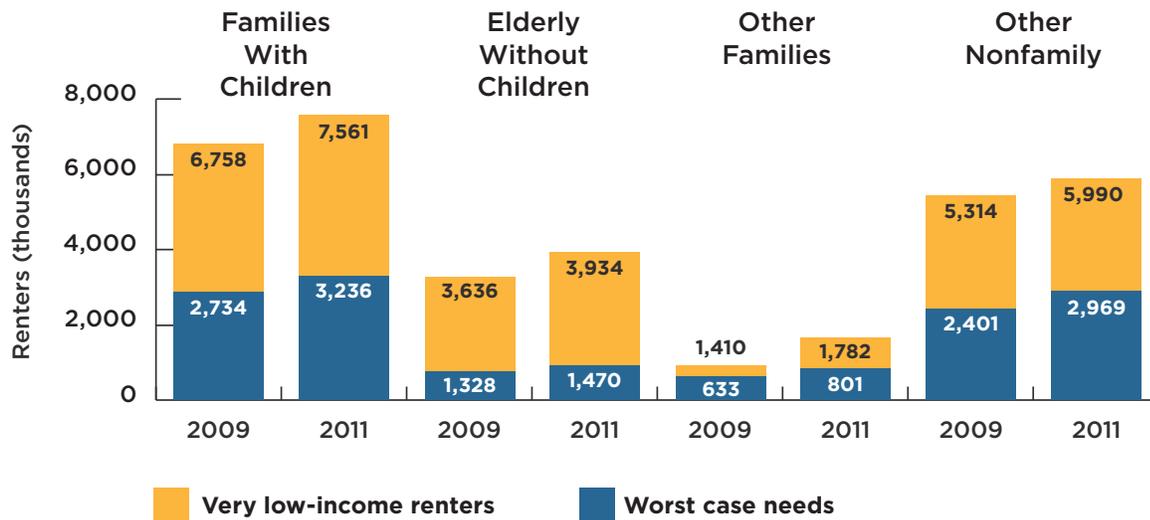
Neighborhoods that include HUD-assisted households do not appear to have changed much between 2009 and 2014, based on average census tract characteristics (% minority and % poverty). However, neighborhoods in which Public Housing and Housing Choice Voucher (HCV) tenants live have experienced slight increases in minority concentration compared to neighborhoods with other programs such as moderate rehabilitation program (project-based rental assistance for low-income families). On average, public housing households

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[61] Ingrid Gould Ellen and Samuel Dastrup. *Housing and the Great Recession*. The Russell Sage Foundation and the Stanford Center on Poverty and Inequality, October 2012. Accessed March 29, 2015. http://furmancenter.org/files/publications/HousingandtheGreatRecession.pdf.

[62] Federal Interagency Forum on Children and Family Statistics. *America's Children: Key National Indicators of Well-Being, 2013*. Washington, DC: U.S. Government Printing Office, 2013. Accessed March 29, 2015. http://www.childstats.gov/pdf/ac2013/ac_13.pdf.

[63] Richard Fry and Paul Taylor. "The Rise of Residential Segregation by Income." Washington DC: Pew Research Center, 2012. Accessed March 29, 2015. http://www.pewsocialtrends.org/2012/08/01/the-rise-of-residential-segregation-by-income/.

[64] Households with worst case needs are those that rent; have very low incomes; do not receive federal housing assistance; and either pay a severe rent burden or have seriously inadequate housing. See: HUD. *Worst Case Housing Needs 2011: Report to Congress*. Washington, DC: HUD PD&R, 2013. Accessed March 29, 2015. http://www.huduser.org/Publications/pdf/HUD-506_WorstCase2011_reportv3.pdf.

[65] HUD. *Worst Case Housing Needs: 2015 Report to Congress—Executive Summary*. Washington DC: HUD PD&R, January 2015. Accessed March 29, 2015. https://www.huduser.gov/portal/Publications/pdf/WorstCaseNeeds_2015.pdf

live in significantly more disadvantaged neighborhoods compared to other assisted households. While households in other site-based assisted housing programs (e.g. low-income housing tax credits) live in similar neighborhoods as HCV holders.

The environmental justice movement also seeks to promote social inclusion and equity. Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. The movement maintains that everyone should enjoy the same degree of protection from environmental hazards and equal access to the decision-making process to have a healthy environment. On February 11, 1994, President Clinton issued an executive order to focus federal attention on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities. The order established a Federal Interagency Working Group on Environmental Justice chaired by the EPA Administrator. In the 20 years since the Executive Order was issued, federal agencies have made strides in improving environmental justice throughout the country, though work remains to be done. The EPA issued *Plan EJ 2014*, a roadmap that will help integrate environmental justice into its programs, policies, and activities.[66]

Integrating Gender and Sexual Identity in Urban Development

The United States has several policies in place to support gender equality. The 1968 Fair Housing Act prohibits discrimination in housing on the basis of race, color, national origin, religion, sex, familial status, and disability. The 1964 Civil Rights Act also prohibits discrimination in programs and activities that receive federal financial assistance, including housing and community development programs.

In addition to these statutes, more recent statutes provide protections for issues that disproportionately affect women. It is especially important to consider gender when examining urban development issues because female-headed households are disproportionately prevalent among households assisted by HUD. Three-quarters of households living in public housing or receiving project-based rental assistance are headed by women. Eighty-three percent of Housing Choice Voucher (HCV) households are headed by women.[67]

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[66] EPA. *Plan EJ 2014 Progress Report.* Washington DC: EPA, February 2014. Accessed March 30, 2015. https://www.epa.gov/environmentaljustice/plan-ej-2014-progress-report-fy2014.

[67] National Low Income Housing Coalition. "Who Lives in Federally Assisted Housing?" *Housing Spotlight* Vol. 2, Issue 2, November 2012. Accessed March 29, 2015. http://nlihc.org/sites/default/files/HousingSpotlight2-2.pdf.

Box 5. Dignity for Philadelphia's Aging LGBT Pioneers[a]

In 2014, Philadelphia welcomed the John C. Anderson Apartments, an affordable housing development friendly to lesbian, gay, bisexual, and transgender (LGBT) seniors. In an environment of dignity and support, the 56-unit development provides housing to low-income residents over 62 in the thriving Washington Square West community, dubbed the "Gayborhood" by local residents. The project is a collaboration between Penrose Properties, a multistate housing developer, and the Dr. Magnus Hirschfeld Fund (dmhFund), a nonprofit organization that provides LGBT-related programming for youth, seniors, and other groups in the Philadelphia region.

The John C. Anderson Apartments' sleek exterior complements the vibrancy and residential character of Washington Square West neighborhood. Credit: Penrose Properties.

LGBT seniors face a number of challenges: limited access to healthcare, uncertain legal rights for partners or caregivers, and

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[a] HUD User Case Studies. "Dignity for Philadelphia's Aging LGBT Pioneers." Accessed January 12, 2016. https://www.huduser.gov/portal/pdredge/pdr_edge_inpractice_021014.html.

Recent legislation also extends special protections to residents in HUD-assisted households. For example, the Violence Against Women Act (VAWA), first passed in 1994 and reauthorized in 2000, 2005, and 2013 (VAWA 2013), provides protections for victims of domestic violence, dating violence, sexual assault, and stalking. In 2005, the amendments provided protections to residents of public housing and residents of the HCV tenant-based and project-based programs. VAWA 2013 extends these protections to other HUD programs. These important protections state that being a victim of domestic violence, dating violence, sexual assault, and stalking is not a basis for denial of assistance, and incidents or threats cannot be interpreted as serious or repeated violations of a lease or as "good cause" to terminate assistance, among other protections. Although VAWA refers to women in its title, the statute makes clear that the protections are for all victims of domestic violence, dating violence, sexual assault, and stalking, regardless of sex, gender identity, sexual orientation, or age.

In 2010, HUD also issued guidance stating that discrimination against renters or homebuyers based on nonconformance with gender stereotypes constitutes sex discrimination and is prohibited under the federal Fair Housing Act.[68] In 2012, HUD issued a final rule, *Equal Access to Housing in HUD Programs—Regardless of Sexual Orientation or Gender Identity*, to implement policy to ensure that its core programs are open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status.[69] These important protections ensure that all people, regardless of gender, will benefit from the country's ongoing urban development.

The United States is also taking measures to ensure that all people can participate in the country's economic development. While the aforementioned protections exist and the Equal Pay Act of 1963 has helped narrow the earnings gap between men and women, women still make less money than men for completing the same work. Today, women earn 81 cents on the dollar compared to men.[70] To help close this gender gap, President Obama created the Equal Pay Task Force in 2010. This task force has worked to improve enforcement of equal pay laws and promoted efficiency and efficacy by enhancing federal interagency collaboration.[71].

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[68] National Center for Transgender Equality. "Issues: Housing & Homelessness." Accessed March 29, 2015. http://transequality.org/Issues/homelessness.html.

[69] HUD. "Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity." *Federal Register* 77 (3 February 2012), 5661–5676. Accessed March 29, 2015. https://federalregister.gov/a/2012-2343.

[70] White House. *Equal Pay Task Force Accomplishments*, April 2012. Accessed March 29, 2015. http://www.whitehouse.gov/sites/default/files/equal_pay_task_force.pdf.

[71] White House. "Your Right to Equal Pay: Understand the Basics." Accessed March 29, 2015. http://www.whitehouse.gov/issues/equal-pay.

unequal treatment under state and federal law. The Anderson Apartments addresses these difficulties by creating an LGBT-friendly environment, a place that does not discriminate based on sexual orientation, celebrates diversity, and allows members of the LGBT community to feel safe and secure. Mark Segal, president of the dmhFund, describes the development as a place that will provide dignity for seniors who in their youth were among the first generation of LGBT activists.

The $19.5 million development is named in honor of gay Philadelphia City Councilman John C. Anderson, who was instrumental in passing an LGBT civil rights law in the 1980s. Political and community leaders in Philadelphia, recently rated one of the most LGBT friendly cities in America, continue to support LGBT rights. According to Jacob Fisher, a senior developer with Penrose Properties who worked on the Anderson Apartments, help from the city navigating the approval process allowed the development to move forward quickly, which was necessary to secure federal financing. Funding sources include $2 million in HOME Investment Partnerships funds, $11.5 million in low-income housing tax credit equity, and $6 million from Pennsylvania's Redevelopment Assistance Capital Program.

The funding allows for rents affordable to a mix of income levels: 27 units for low-income, 23 for very low-income, and 6 for extremely low-income households. Each of the 56 units is 635 square feet and includes one bedroom, a fully equipped kitchen, and oversized windows. The units are designed for residents to age in place; six are fully accessible, and all have an open floor plan that allows them to be visited by or adaptable for people in wheelchairs.

The development includes 1,800 square feet of retail space, a community room, onsite laundry facilities, and a large courtyard for residents. The building was designed to meet

ENERGY STAR standards for mid- and high-rise developments; it also boasts solar thermal water heaters as well as a green roof to aid in stormwater management. The development is

Expanding Housing Outcomes for People With Special Needs

People with disabilities are disproportionately likely to have worst-case housing needs and often struggle to afford accessible housing.[72] Federal law requires that all new multifamily units in buildings with four or more units meet the Fair Housing Act's accessibility requirements. A number of federal programs provide funds for housing targeted at people with disabilities, such as HUD's Section 811 program. In 2009, Congress reformed Section 811 through the Melville Act, which provides stronger incentives to leverage other housing capital and develop more Section 811 units and which requires states to ensure that residents have the supportive services necessary for individuals to live in the community.

People living with HIV/AIDS[73] also face significant housing challenges: approximately half of all people diagnosed with HIV/AIDS will be homeless or experience housing instability over the course of their illness.[74] Enacted in 1992, the Housing Opportunities for Persons with AIDS program funds permanent supportive housing, rental assistance, and short-term assistance for low-income persons living with HIV/AIDs.

Homelessness

The United States has made major strides in serving vulnerable populations, including the homeless. It has long been a legislative and policy goal of the U.S. government to end homelessness, but this has been a noted focal point in recent years. In 2010, the federal government launched *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness*, a comprehensive roadmap for joint action by the 19 agency members of the United States Interagency Council on Homelessness (USICH), along with local and state partners in the public and private sectors. This plan called for an end to veteran and chronic homelessness in 5 years and an end to family and youth homelessness in 10 years.

Since 2010, with increased federal emphasis on permanent housing as the solution to homelessness, homelessness decreased 11 percent nationwide and has declined across every subpopulation. The most dramatic decreases in homelessness have been amongst veterans (36 percent), people living in unsheltered locations (26 percent), people experiencing chronic homelessness (22-percent decrease since 2007), and families (15 percent).

also designed to improve the overall security of the neighborhood, with lights and cameras around the building and a newly instituted town watch program.

The courtyard of the John C. Anderson Apartments provides community space for residents and serves as one of the building's green elements. Credit: Penrose Properties.

Besides the building's physical amenities, the Anderson Apartments development fills service needs both specific to LGBT individuals and common to all seniors. Although many of the programs being offered are still evolving, three local community organizations provide services to residents. Mazzoni Center leases space in the building to provide residents with counseling and medical care. In addition, ActionAIDS offers AIDS screening for residents. Programs include computer literacy classes, sex education, and legal assistance.

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[72] National Council on Disability. *The State of Housing in America in the 21st Century: A Disability Perspective.* Washington DC: NCD, January 19, 2010. Accessed March 30, 2015. http://www.ncd.gov/publications/2010/Jan192010.

[73] Under the American Disabilities Act (ADA), an individual is considered to have a "disability" if he or she has a physical or mental impairment and this includes person(s) with AIDS/HIV.

[74] HUD. *Implementing the National HIV/AIDS Strategy—A Report to the White House Office of National AIDS Policy.* Washington DC: HUD, February 2011. Accessed March 30, 2015. https://www.aids.gov/federal-resources/national-hiv-aids-strategy/nhas-operational-plan-hud.pdf.

Since 2000, the federal government has placed an emphasis on ending chronic homelessness through permanent supportive housing, with multiple presidents committing to ending chronic homelessness and USICH reaffirming that commitment with *Opening Doors*. Throughout the 2000s and early 2010s, federal emphasis was placed on the development of permanent housing for people experiencing chronic homelessness and, between 2007 and 2015 alone, housing available for people experiencing chronic homelessness increased by approximately 80,000 units.

Since 2008, several federal programs have focused on ending veteran homelessness. In that year, Congress made available $75 million to fund 10,000 HUD-VASH vouchers, which combines HUD's rental assistance for homeless veterans and their families with case management and clinical services provided by the Department of Veterans Affairs. In 2009, the Veterans Homelessness Prevention Demonstration was launched as the first attempt to investigate homelessness prevention and rapid re-housing services for veterans and their families. Initial evidence indicates that the Demonstration has substantially improved outcomes for housing-insecure veterans.[75] Starting in 2009, the Supportive Services for Veterans Family Program was created to provide short-term financial and rent assistance to veterans and their families. Between 2012 and 2014, over $750 million dollars[76] has been spent on the program to house nearly a quarter of a million veterans and their family members.[77]

In 2011, First Lady Michelle Obama and Dr. Jill Biden collaborated to launch Joining Forces, an initiative to support veterans and end veteran homelessness. As part of the initiative, 77 mayors, 4 governors, and 4

[75] Mary Cunningham, Martha Burt, Jennifer Biess, and Dina Emam. V*eterans Homelessness Prevention Demonstration Evaluation Interim Report*. Washington, DC: HUD PD&R, September 2013. http://www.huduser.org/portal/publications/pdf/HUD519_VHPD_InterimReport.pdf.

[76] Libby Perl, *Veterans and Homelessness, Congressional Research Service*, November 6, 2015, available at https://www.fas.org/sgp/crs/misc/RL34024.pdf.

[77] U.S. Department of Veteran Affairs, *Supportive Services for Veteran Families (SSVF) FY 2014 Annual Report*, available at http://www.va.gov/HOMELESS/ssvf/docs/SSVF_FY2014_Annual_Report_FINAL.pdf.

Box 6. City of New Orleans Became First Major City To Accomplish the Challenge To End Veterans Homelessness

On July 4, 2014, Mayor Mitch Landrieu from the City of New Orleans accepted and accelerated First Lady Michelle Obama's Mayors Challenge to End Veteran Homelessness, committing to effectively end veteran homelessness in New Orleans by the end of 2014. The City of New Orleans defined ending veteran homelessness as ensuring that every homeless veteran who can be located is placed in permanent housing or in temporary housing with an identified permanent housing placement.

The City partnered with both local and federal partners to complete the Mayors Challenge. The Housing Authority of New Orleans, in partnership with UNITY HousingLink, connected willing landlords to homeless veterans in need of housing. Federal resources, such as Supportive Services for Veteran Families (SSVF), Housing and Urban Development-Veterans Affairs Supportive Housing (HUD-VASH), Continuum of Care Permanent Supportive Housing (CoC PSH), Rapid Re-housing (RR), and Housing Choice Vouchers, all joined together to accelerate a sustainable strategy with these local and federal partners.

To create continuous outreach with veterans, the City of New Orleans partnered with local active-duty military and veterans groups through the Mayor's Military Advisory Committee. About 150 volunteers hosted five veteran homeless outreach nights throughout several months to locate homeless veterans and get them off the streets. These volunteers also helped move the veterans into their new homes, which fostered connections between the homeless veterans and their brothers and sisters in arms. These volunteers created a local strategy to ensure that every veteran in New Orleans had access to permanent housing and services to stay off the streets. Less than 6 months later, on January 7, 2015, Mayor Landrieu announced that New Orleans was the first major city in the nation to end homelessness among veterans as part of the First Lady's challenge.

county officials announced a commitment to end veterans homelessness. Through this Mayors Challenge to End Veteran Homelessness, mayors and other state and local leaders across the country have been marshalling federal, local, and nonprofit efforts in their communities. The goal of ending veteran homelessness means reaching the point where there are no veterans sleeping on the streets and every veteran has access to permanent housing. Should veterans become homeless or be at risk of becoming homeless, communities will have the capacity to quickly connect them to the help they need to achieve housing stability.

While there have not been specific, large-scale federal initiatives aimed at ending family homelessness, the Rapid Re-Housing Demonstration program, the Homeless Prevention and Rapid Re-Housing program, and a shift in emphasis to rapid re-housing for homeless assistance resources ushered in by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 have resulted in billions of federal dollars being spent on flexible-duration rent assistance to end homelessness for families.

A 2012 amendment to the U.S. government's strategic plan to prevent and end homelessness, *Opening Doors*, specifically recommends strategies to improve educational outcomes for children and youth and steps that need to be taken to advance the goal of ending youth homelessness by 2020. This amendment includes a new framework for approaching the problem of youth homelessness in a more coordinated and effective way across different disciplines that work with this population. An overarching commitment to impacting core outcomes for youth experiencing homelessness—including stable housing, permanent connections, education or employment, and social/emotional well-being—guides every aspect of this work. Acting on the recommendations in the framework, the U.S. Interagency Council on Homelessness, HUD, and the Departments of Health and Human Services and Education launched Youth Count!, an interagency initiative to develop promising strategies for counting unaccompanied homeless youth, up to age 24, through innovative implementations of HUD's 2013 Point-in-Time count.[78]

Housing Assistance and Subsidies
Improving Access to Adequate Housing and Serving Vulnerable Populations

The foremost challenge regarding housing adequacy is ensuring that families can access affordable, quality housing in safe neighborhoods. HUD's 10-year Moving to Opportunity demonstration has illustrated that

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[78] USICH. "Youth Count!" Accessed March 29, 2015 http://usich.gov/population/youth/youth_count.

Box 7. Making Homes Affordable and Sustainable in Tacoma, Washington[a]

The Bay Terrace is a development project by the Tacoma Housing Authority (THA) that replaces dilapidated public housing units with townhomes, cottages, midrise apartments, and a community center. Located in the Hilltop neighborhood of Tacoma, Washington, the public housing units had fallen into disrepair during the 1990s and required major reinvestment. As of 2014, THA has replaced Bay Terrace's original 104 public housing units with 70 affordable units, and an additional 74 units are planned. Designed to be environmentally sustainable, two of the buildings received Leadership in Energy and Environmental Design (LEED) Gold and the third received LEED Silver certification. The goal of the development is to transform the neighborhood into a community of high quality, healthy, and environmentally friendly homes to meet the needs of residents.

Bay Terrace replaces dilapidated public housing with new, environmentally friendly affordable housing that reduces residents' utility costs. Credit: Tacoma Housing Authority.

THA purchased the original development, scattered over four properties, from a private developer in 1976 and renamed it Hilltop Terrace. By the 1990s, the buildings were in need of reinvestment, and in 2002, THA received funding to rebuild and rehabilitate two of the four properties. This experience led THA to decide that redevelopment in the

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[a] HUD User Case Studies. "Making Homes Affordable and Sustainable in Tacoma, Washington." Released May 04, 2015. Accessed January 12, 2016. https://www.huduser.gov/portal/pdredge/pdr_edge_inpractice_050415.html

moving from high-poverty areas to lower-poverty neighborhoods can help families significantly improve their safety and health.[79]

From 2005 to 2015, American households in rental housing increased from 34 million to nearly 43 million, a rise in proportion from 31 percent to 37 percent.[80] Lower-income people are more likely to rent, and rental units are often concentrated in low-income neighborhoods.[81] Unfortunately, the number of cost-burdened renters has also dramatically increased. From 2000 to 2012, the proportion of cost-burdened renters rose by 12 percent, to about half of all renters.[82] Whereas the median renter's real income has stagnated, rents have increased.[83] While federal programs provide rental assistance to some eligible families, assistance is subject to annual appropriation of funds and does not reach all eligible families. Recent research finds that only about a quarter of eligible households benefit from housing assistance.[84]

The low-income housing tax credit (LIHTC) is the primary federal program for affordable rental housing production. LIHTC provides states with federal housing tax credits, which the states allocate to developers in exchange for producing and maintaining affordable rental housing. The developers, who typically do not have tax liabilities equivalent to the amount of the credits, are able to sell the credits to entities with larger liabilities, thereby transforming the credit into capital for the development of affordable housing. Under LIHTC, projects must meet one of two low-income occupancy requirements: either 20 percent of the units must be reserved for households with incomes at or below 50 percent of Area Median Income (AMI), or 40 percent of units must go to households with incomes at or below 60 percent of AMI. From 1995 to 2012, LIHTC produced over 105,000 affordable units on average per year.[85]

While production of traditional public housing largely ceased in the 1980s, approximately 1.2 million households still live in public housing today. The federal government's Public Housing Capital Fund supports upkeep for the existing stock. However, capital needs for public housing are significant:

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area should both spur private investment and implement the city's policy to increase density.

In 2008, THA began the redevelopment of Hilltop Terrace's remaining two properties. This project was split into two phases to make financing easier. The first phase was completed in August 2014, providing 70 units to households earning up to 60 percent of the area median income. The units consist of 26 one-bedroom, 30 two-bedroom, and 14 three-bedroom apartments; 4 units comply with the provisions of the Americans with Disabilities Act. Bay Terrace was designed to reduce energy and water consumption, a

With 144 units spread over two phases, Bay Terrace will exceed the number of affordable housing units in the original public housing development by 30 units. Credit: Tacoma Housing Authority.

consideration raised during planning meetings by residents, who are billed for utilities. Energy costs for the mid-rise apartment building are 24 percent less than those of a conventional building. Low-flow faucets, showers, and toilets reduce water demand, and the landscaping incorporates native and adaptive plants that are drought tolerant, reducing the need for irrigation. The project was built with renewable materials wherever possible, and construction materials were selected to improve indoor air quality. These features helped Bay Terrace exceed Washington State's Evergreen Sustainable Building Standard in addition to achieving LEED certification.

Bay Terrace also includes a 7,227-square-foot community and education center and computer lab for tenants. Through a

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[79] HUD's Moving to Opportunity data and reports can be accessed at http://www.huduser.org/portal/datasets/mto.html.

[80] Joint Center for Housing Studies. *America's Rental Housing: Expanding Options for Diverse and Growing Demand*. Cambridge, MA: JCHS, 2015. Accessed June 19, 2016. http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs_americas_rental_housing_2013_1_0.pdf.

[81] Ibid.

[82] Ibid.

[83] Ibid.

[84] Congressional Budget Office, "Federal Housing Assistance for Low-Income Households" (September 2015), available at https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50782-LowIncomeHousing-OneColumn.pdf.

[85] HUD's Moving to Opportunity data and reports can be accessed at http://www.huduser.org/portal/datasets/mto.html.

a 2011 study estimated the total backlog at $26 billion.[86] The costs of deferred maintenance are also significant. Each year, over 10,000 units are lost from the public housing inventory. As a result, HUD has launched the Rental Assistance Demonstration (RAD) to enable at-risk public housing developments to convert to long-term housing assistance contracts. The program aims to give owners access to new public and private financing, enabling rehabilitation and replacement of decrepit units.

During its tenure, the HOPE VI program also addressed the issue of the deteriorating public housing stock. From 1993 to 2010, the program aimed to redevelop and revitalize distressed public housing in communities across the nation. Today, Choice Neighborhoods, the successor program to HOPE VI, seeks to transform distressed public or HUD-assisted housing into quality housing while also focusing on neighborhood revitalization.

Housing Choice Vouchers (HCVs) account for the largest proportion of households with housing subsidies. Voucher recipients find their own housing in private or public units, and HUD pays the landlord directly. HUD also funds a significant number of project-based vouchers assigned to specific developments. Housing vouchers are heavily oversubscribed, and waitlists for prospective recipients can be years long. In 2013, HUD funded about 2.2 million HCVs and about 1.2 million project-based vouchers. Evidence demonstrates that vouchers significantly reduce homelessness, lift families out of poverty, and help families move to safer, lower-poverty neighborhoods.[87]

The United States has sought to link housing assistance with other services. The Moving to Work program, for example, provides public housing

partnership with Tacoma Public Schools, the center hosts a Head Start program for about 25 children between ages 3 and 5. Bates Technical College, in conjunction with Goodwill Industries, also runs an offsite education and job training program for local residents. Partially funded through a HUD Capital Fund Education and Training Community Facility grant, the center was built with sustainability in mind, achieving LEED Gold certification and reducing energy costs by 32 percent through an optimized building envelope and a high-efficiency heating, ventilation, and air conditioning (HVAC) system. The center also includes a green roof and swales that filter stormwater.

Bay Terrace's first phase, including demolition and construction, cost $15.8 million. The main sources of funding were a $3.7 million permanent loan from J.P. Morgan Chase and $8.9 million in low-income housing tax credits (LIHTCs) through Enterprise Community Investment. Other sources were THA, the Washington State Department of Commerce's Housing Trust Fund, a HUD Capital Fund Education and Training Community Facility grant, the city of Tacoma, and the Tacoma Community Redevelopment Authority.

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[86] Abt Associates. *Capital Needs in the Public Housing Program*. Washington DC: HUD, November 24, 2010. Accessed March 30, 2015. http://portal.hud.gov/hudportal/documents/huddoc?id=PH_Capital_Needs.pdf.

[87] Will Fischer. "Research Shows Housing Vouchers Reduce Hardship and Provide Platform for Long-Term Gains Among Children." Washington DC: Center for Budget Policies and Priorities, March 10 2014. Accessed March 30, 2015. http://www.cbpp.org/cms/?fa=view&id=4098.

authorities with flexibility to offer work and education incentives. The Family Self-Sufficiency (FSS) program enables families receiving housing assistance to receive education, employment, and social services support. Evidence indicates that participants who complete FSS programs enjoy substantial gains in income.[88]

Financing

Improving and Strengthening Access to Housing Finance

While the federal government has played an important role in supporting access to housing finance since the 1930s, its role has become even more important since the 2008 financial crisis. As of 2013, the government backs about 80 percent of the $1.9 trillion single-family origination market through the government-sponsored enterprises (GSEs, known as Freddie Mac and Fannie Mae), the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), and smaller programs.[89] The government backs about the same proportion of outstanding single-family mortgage debt, which presently stands at nearly $10 trillion. The federal government's role in the mortgage market historically has been large, but it is looking for ways to reduce its role and increase the role of private capital. Congress has explored several housing finance reform options, but no legislation is imminent.

The FHA, an agency of HUD, administers the principal product for underserved communities and low-income/low-savings borrowers, such as first-time homebuyers. In 80 years of operation, FHA has insured 13 percent of all mortgage originations but over 50 percent of all first-time homebuyer originations.[90] Further, since 2008 and 2009, more than 50 percent of mortgage-seeking African-American and Hispanic households have purchased homes through FHA.[91] FHA plays an important countercyclical role during economic downturns, continuing to facilitate lending as other mortgage providers restrict their lending. By some estimates, in the absence of FHA loans during the recent recession, home sales would have declined another 25 percent, contributing to an additional $4 trillion loss of household wealth that would have exacerbated the already severe impacts of the economic slowdown.[92] FHA loans are placed into securities that are backed by Ginnie Mae, a government-owned corporation within HUD that serves as the primary financing mechanism for all government-insured and -guaranteed loans. Ginnie Mae securitizes and sells government-backed loans in the global capital markets, thereby improving liquidity and providing funds for new lending. Loans from the VA, which are available for veterans, also are packaged into Ginnie Mae securities. Outstanding Ginnie Mae securities totaled more than $1.5 trillion in 2015.

The GSEs were established by Congress to purchase loans from lenders that meet certain conditions, generating more funds for further lending. Together, the two GSEs, Fannie Mae and Freddie Mac, provide the largest source of U.S. housing finance, and they are responsible for roughly half (or $5 trillion) of all outstanding mortgage debt. In September 2008, the GSEs were placed in conservatorship due to concerns about their deteriorating financial conditions during the financial crisis; since the end of the recession, however, the financial condition of the GSEs has improved. Going forward, legislators are reconsidering the GSEs' role in the housing finance system.

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[88] Lalith de Silva, Imesh Wijewardena, Michelle Wood, and Bulbul Kaul. *Evaluation of the Family Self-Sufficiency Program: Prospective Study*. Washington DC: HUD PD&R, February 2011. Accessed March 30, 2015. http://www.huduser.org/portal/publications/FamilySelfSufficiency.pdf.

[89] CBO. *Transitioning to Alternative Structures for Housing Finance*. Washington DC: CBO, December 2014. Accessed March 30, 2015. http://www.cbo.gov/sites/default/files/cbofiles/attachments/49765-Housing_Finance.pdf.

[90] Edward Golding, Edward Szymanoski, and Pamela Lee. *FHA at 80: Preparing for the Future*. Washington DC: HUD, August 2014. Accessed March 30, 2015. http://www.huduser.org/portal//Publications/pdf/HUD-FHAAT80.pdf.

[91] Ibid.

[92] Ibid.

Outside of FHA, VA, and the GSEs, a portion of the mortgage market is financed by banks and other private-sector entities without direct government guarantees. Private-sector loans tend to exceed limits required for FHA insurance or GSE guarantees; in addition, certain products such as second-lien home equity mortgage are typically provided by banks. Between 2004 and 2007, there was an active private-label securities market that provided mortgage financing through the capital markets. These riskier products defaulted at high rates, on the scale of nearly 50 percent. Since the Great Recession there has been almost no private-label activity in the mortgage market. In order to ensure that risky products do not reemerge over time, the Consumer Financial Protection Bureau (CFPB) imposed an ability-to-repay standard on the mortgage market. There will not be a significant expansion of private capital financing in the mortgage market until there is housing finance reform.

The aforementioned programs are longstanding federal programs to support housing finance access. In the immediate aftermath of the housing crash, the government took steps to stabilize the mortgage market, largely by creating mortgage modification initiatives that provided government relief or incentives for private-sector relief. The Home Affordable Modification Program (HAMP) helped over 1.4 million borrowers through permanent loan modifications and created a modification template that has facilitated an additional 4.2 million private lender modifications modeled after the HAMP template. In combination, these and other modification programs have assisted more than 8 million homeowners.

Contributed Essays: Insights on Securing Options for All

How Data Improve Our Chances for Ending Homelessness: The U.S. Experience

Samantha Batko, Director of Homelessness Research Institute, National Alliance to End Homelessness

The National Alliance to End Homelessness is a leading voice on the issue of homelessness. The Alliance analyzes policy and develops pragmatic, cost-effective policy solutions. The Alliance works collaboratively with the public, private, and nonprofit sectors to build state and local capacity, leading to stronger programs and policies that help communities achieve their goal of ending homelessness.

In the 20 years since Habitat II, a revolution has occurred in our approach to homelessness in the United States—a revolution driven by the use of data. In 1996, the year of Habitat II, it was estimated that 800,000 people were homeless on a given night in the United States. This was among the first reliable estimates of homelessness in the United States. When it was made, using a survey of homeless assistance programs, there were extremely limited sources of data on homelessness.

Today, according to the most recently available national data, the number of people homeless on a given night is approximately 565,000. Because jurisdictions across the United States have been required to produce these annual counts since 2005, we can look beyond the point in time to examine trends and evaluate progress toward ending homelessness. That is not all. Beginning in the late 1990s jurisdictions were also required to collect administrative data on homelessness, which gave us a more nuanced picture of the people who became homeless and what help they used while they were homeless. The United States has used this data to improve practice and policy and continue—despite the Great Recession of 2008—to reduce the number of people who are homeless. How was this accomplished?

Up until the early-to-mid 1990s, the primary national response to homelessness had been food and shelter. Food programs represented the largest portion of homeless assistance; emergency shelters represented the second largest response. Few resources were spent on helping people transition from homelessness to housing, and little was known about the people being served or the effectiveness of the programs serving them.

In the late 1990s and early 2000s, using data collected on people experiencing homelessness in a few major cities in the United States, researchers found patterns in time spent homeless and demographic and behavioral characteristics and used them to create typologies of homelessness among individuals and families. From these typologies and innovative local efforts, new interventions emerged, data tailored them to specific populations, and evaluation proved their effectiveness. These interventions, permanent supportive housing and rapid re-housing,[93] grew in popularity and spread across the country.

The emergence and spread of permanent supportive housing and rapid re-housing serve as examples of how data can be used to improve policy and practice. From the start, research on these interventions showed promising results. Over time, evidence showed their cost-effectiveness. For example, data on disabled homeless people, when merged with data from corrections, healthcare, and behavioral healthcare systems, showed that permanent supportive housing was less expensive than letting this high-cost population stay homeless. Similarly, as more and more communities implemented rapid re-housing, the model was shown

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[93] Permanent supportive housing is subsidized housing with services; rapid re-housing is short term housing subsidy accompanied by housing focused case management.

to have better outcomes than usual care and at much less cost. The evidence mounted, and permanent supportive housing and rapid re-housing grew from local experiments to widely adopted strategies that are the backbone of federal efforts to end homelessness.

As these models were being adopted, in the late 1990s and early 2000s, communities began to create strategic local plans to address homelessness. The underpinning of those plans was the collection and use of local data. In 2001, the federal government began giving grants to communities for the development of local data systems and, in 2009, Congress required communities to develop such systems that could, at a minimum, produce unduplicated counts of people experiencing homelessness and assess how they used the homeless system. In a major shift, communitywide outcome measurement, which can only be calculated using a comprehensive local data system, became the foundation of the competitive process for federal homelessness funds.

This shift has created a focus on decreasing the number of people who are homeless and the time that anyone spends homeless, driving never-before-seen performance evaluation and improvement efforts. We are just at the start of the work to implement communitywide outcome measures. Moving forward, using data to drive a decrease in the prevalence and duration of homelessness will continue to improve the performance of local systems, not to mention the lives of homeless people.

Mirroring local efforts to pivot to outcome-oriented systems, in 2010, the federal government developed and released *Opening Doors*, a federal strategic plan to end homelessness. *Opening Doors* was based on the confidence that, mimicking the success of local communities, we could use data to improve federal policy and measure progress. Although the core goals in the plan have remained unchanged, information

gained from data and research have informed real-time amendments of its strategies and timelines. This has allowed it to remain a meaningful document motivating both the federal government and the communities whose work will achieve the goals.

The success of this model of using data for planning and evaluation in homeless assistance on both the local and federal levels indicates it should be considered for application in other federal housing and low-income assistance programs. As homelessness is often attributed to the failure of mainstream housing and service systems, improvements in those systems should be even more effective in ending homelessness than addressing the homeless system, alone. Under a data- and performance-based model, federal rental assistance programs could be given flexibility to experiment with various models and priorities—as long as data could verify that they achieved desired outcomes. Additionally, with the proliferation of widespread administrative data collection, the positive impact of housing on other outcomes such as reduced involvement with child welfare, corrections, or shelter could make the case for additional investment in affordable housing and housing assistance.

Because of the strategic and practical collection and use of data in the homeless assistance field, the United States is primed to end homelessness and improve the housing situation for all low-income Americans in the next 20 years.

Strategies for Creating Permanently Affordable Housing

Christopher Ptomey, Senior Director of Government Relations, Habitat for Humanity International

Driven by the vision that everyone needs a decent place to live, Habitat for Humanity is a global nonprofit housing organization with nearly 1,400 affiliates across the United States and operations in over 70 countries.

The foreclosure crisis and Great Recession revealed serious flaws and gaps in U.S. housing systems. As of 2013, the last year for which comprehensive data are available, nearly 40 million U.S. households were housing "cost burdened," spending more than 30 percent of their household incomes on housing, and "cost burdens are climbing the income ladder: over half of homeowners and three-quarters of renters with incomes between $15,000 and $30,000 were housing cost burdened in 2013, along with 37 percent of owners and 45 percent of renters earning $30,000–44,999."[94]

Countries around the world are experiencing similar trends in housing affordability. As UN-Habitat notes in its recent World Cities Report 2016, in developing countries, "owner-occupied housing that is affordable to households with 80 percent of median income is generally built in the informal sector … in South Africa, the cheapest formal housing is unaffordable for 64 percent of households."[95]

In spite of the significant need for housing resources, only about one-quarter of the eligible low-income population in the United States receives housing assistance through federal housing programs, according to the Congressional Budget Office.[96] Although significant additional resources are being committed to meeting the nation's housing needs by nonprofit organizations and private developers, total investments

in housing are vastly insufficient to meet current needs.

Increasing public and private investment in housing production, particularly in units affordable to lower-income households, must be made a top public policy priority in the United States and beyond, but it is equally important for advocates and policymakers to pursue policies to maintain the affordability of housing assets over time. Permanently Affordable Housing (PAH) strategies are effective approaches to achieving this.

PAH "refers to all types of housing with lasting affordability. These types include rental or homeownership units created by nonprofits (e.g., community land trusts, CDCs), or public entities (e.g., inclusionary housing programs) that utilize various legal mechanisms to ensure the unit remains permanently affordable. Differing from the shorter affordability periods required by federal programs to support the production of affordable housing, these organizations opt to maintain the affordability of housing over the long-term in order to *preserve* the affordable housing stock and the public's investment in affordable housing production."[97] Common mechanisms include deed-restricted houses and condominiums, community land trusts, limited equity cooperatives and various hybrids.

In the lead up to Habitat III, many governments, including the United States, have noted that the expansion of adequate and affordable housing is central to achieving inclusive, safe, resilient, and sustainable cities. Permanent affordability strategies

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[94] Harvard University Joint Center for Housing Studies, "State of the Nation's Housing 2015 Key Facts" (June 2015), *available at* http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/son_2015_key_facts.pdf.

[95] UN-Habitat, "World Cities Report 2016" (2016), available at wcr.unhabitat.org.

[96] Congressional Budget Office, "Federal Housing Assistance for Low-Income Households" (September 2015), available at https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50782-LowIncomeHousing-OneColumn.pdf.

[97] National Community Land Trust Network (Emily Thaden, Ph.D), "PERMANENTLY AFFORDABLE HOUSING: Sector Chart & Glossary of Terms," available at http://cltnetwork.org/wp-content/uploads/2015/01/Permanently-Affordable-Housing-Sector-Chart-Glossary-11-2014-design-update.pdf.

have been especially effective in creating secure spaces in impoverished neighborhoods where investment is increasing as well as fostering inclusivity and opportunity in more affluent communities.

Unless and until sufficient resources are provided to meet the critical housing needs of lower-income households, permanent affordability models should be incorporated into development plans to maximize the benefit of scarce public and private housing subsidies. When properly structured and implemented, these strategies permanently expand access to quality housing to low-income households and enable communities to better manage local subsidies and assets to become more diverse, inclusive, and economically and environmentally sustainable.

Innovations in Housing Finance

Lisa Marsh Ryerson, President, AARP Foundation

AARP Foundation, the charitable affiliate of AARP, creates and advances solutions to help low-income older adults attain safe, affordable, accessible housing; adequate and nutritious food; sufficient financial resources; skills and training for jobs; and the social interactions that support health and well-being.

The dramatic growth in the population of older adults in the United States poses substantial challenges for housing policy in the next 20 years and beyond. Today those challenges are compounded by a precipitous drop in federal funding for affordable housing, including housing for seniors.

Given the growing disjunction between need and supply, creative collaborations of nonprofits and the private sector to provide older adult housing are increasingly important as we focus on developing sustainable models of both urban and rural communities.

These nonprofit/private collaborations can be highly effective for the people whose lives they touch and instructive in pointing toward hopeful new directions in housing policy for the future. Targeted local efforts provide models that can be replicated and have the potential to be scaled nationally and even globally.

Throughout the last 20 years since Habitat II, foundations have made investments designed to spur innovation in the community development space and to help address the dire need for new, affordable housing financing models. The goal of these investments is to bring together the public, nonprofit, and private sectors to produce shared value models that both empower older adults and strengthen communities.

Innovative Financial Models

These innovative models can be used to test new models, grow promising models, and/or scale proven models. One such example is an investment initiative called Age Strong. Age Strong is projected to invest $70 million in critical services and programs for vulnerable older adults nationwide. The goal is a whole new model of sustainable community development that combines housing and services targeted at multigenerational households. Borrowers that will make use of the investment capital include proven models in community health centers, senior living facilities, and grocery stores that offer fresh nutritious foods.

One example of an innovative Age Strong investment is the Green House Project, which provides an alternative to nursing homes and long-term care facilities for older adults. Designed to transform long-term care, the Green House Project offers a home environment that respects privacy and independence while providing opportunities for shared experiences.

Today almost 20 million Americans live in manufactured housing. The median household income of those Americans is less than $30,000, and the median age of the head of household is 52. A key concern for these residents is the conversion of manufactured home communities into permanently affordable housing. One obstacle to this conversion is the fact that many of these communities face a substantial amount of deferred maintenance. Private investors who buy these properties in many cases close them or fail to make needed infrastructure improvements and repairs.

These unaddressed issues of deferred maintenance and inadequate water, sewer, electric, roads, and drainage have had several harmful consequences. Working with groups like Resident Owned Communities (ROC) to further hone their model to make necessary community upgrades is vital not only in the short term, to address the pressing needs of those now living in manufactured-

home communities, but also as we look forward to housing needs in the next 20 years, when modular and prefabricated housing may become an increasingly viable option for low-income households.

Last, collaborations between nonprofits and industry leaders are vital to develop and test new scalable, sustainable products that will provide desperately needed support to address the dwindling affordable housing supply. Projects like the AARP Foundation/ Chicanos Por La Causa (CPLC) collaboration—to develop a new financial product that is projected to finance communities—will provide housing and healthcare services that will include, but not be limited to, independent living, assisted living, and memory care, with additional units for the families of seniors residing at the property.

This project, which will incorporate elements of universal design, will enable seniors to age in place rather than move to a new facility as their health needs intensify. It will increase social engagement and reduce isolation by ensuring that families remain united. It will also reduce strain on the "sandwich generation" (those who care for both their children and their own aging parents) as seniors maintain their independence while healthcare professionals provide services.

The project is intended to be financially self-sufficient, generating revenue from rental payments and sources such as Medicare that will cover the costs of supportive services.

Innovative investments by nonprofits and the private sector may not be a cure-all for the growing challenge of providing housing for vulnerable older adults, but these investments can make a profound difference in people's lives and serve as a catalyst for broader efforts. They can inform local, state, and federal government how to best invest funds to ensure older adults live with dignity and independence in safe, affordable, accessible housing in the years ahead.

Chapter 4
Building Resilience in an Era of Change

The strongest communities are those equipped to not only survive shocks and periods of change, but also to thrive despite change and capitalize on it as a catalyst for positive transformation. This type of resilience necessitates comprehensive approaches to strengthening communities—from the metropolitan to the neighborhood levels. The changes and shocks that communities may face include a broad spectrum: from major economic shifts at local or national levels to environmental and climatic changes, or from risks of hazardous materials and weather events to demographic shifts. Resilient communities are able to withstand sudden shocks, such as the recent housing crisis or sudden growth, decline, or restructuring of a local economy, as well as to prepare for incremental changes, including impacts of climate change and aging infrastructure.

Natural and Man-made Hazards and Vulnerabilities

Disaster Risk Reduction

Disaster risk policy has become an issue of national security, particularly since the September 11, 2001 terrorist attacks and the 2001 anthrax scare. The United States has also experienced several natural disasters, including Hurricanes Charley (2004), Ivan (2004), Katrina (2005), Ike (2008), Irene (2011), and Sandy (2012); wildfires in western and southern states; tornadoes across the Midwest and South; and human-caused disasters such as the BP Deepwater Horizon oil spill (2010). There have been over 1,300 major disaster declarations in the past decade, with close to 15 percent designated as emergency declarations.[98] In response to such natural disasters, extreme weather, and acts of terror over the past 20 years, the federal government has assumed a major role in helping state and local governments deal with disaster risk (e.g., National Disaster Recovery Framework).

Credit: Rosanna Arias. Originally published in Hurricane Sandy rebuilding strategy: Stronger communities, a resilient region. Available at http://dx.doi.org/doi:10.7282/T39Z933J

The Homeland Security Act of 2002 established the U.S. Department of Homeland Security (DHS) to consolidate and centralize federal agencies with similar security and disaster risk reduction functions, including the Federal Emergency Management Agency (FEMA) and the Secret Service. DHS has developed several programs to better prepare the nation for acts of terrorism and natural disasters including:

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[98] FEMA. "Disaster Declarations." Accessed March 29, 2015. https://www.fema.gov/disasters.

Box 8. Affordable Housing Helps Disaster Recovery in Phil Campbell, Alabama[a]

In April 2011, one of a series of tornadoes ripped through northwestern Alabama, devastating the rural communities along a path 132 miles long and more than a mile wide. In the small town of Phil Campbell in Franklin County, the tornado damaged or destroyed approximately 60 percent of the town's buildings, including all of its public housing and much of its affordable housing, and displaced more than 25 percent of its 1,100 residents. In the aftermath of the storm, the newly formed Phil Campbell Recovery Committee created a long-term community recovery plan that prioritized rebuilding the town's housing, including its affordable housing. The community's recovery efforts include the construction of The Village at Oliver Place, a 24-unit townhouse development that is helping the community meet the recovery plan's goals.

The Village at Oliver Place includes 22 two-story townhouses and 2 ADA-accessible units in a one-story duplex. Credit: Community Action Partnership of North Alabama.

The National Weather Service determined that the storm that tore through Phil Campbell was a category EF-5, the highest level on the Enhanced Fujita scale,

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[a] HUD User Case Studies. "Affordable Housing Helps Disaster Recovery in Phil Campbell, Alabama." Released October 13, 2015. Accessed January 12, 2016.

- **Ready.gov:** A national public service advertising campaign designed to educate Americans to prepare for and respond to emergencies including natural and man-made disasters.[99]

- **National Incident Management System:** NIMS provides a standardized approach for all federal agencies to facilitate emergency preparedness, response, and mitigation activities.[100]

- **National Terrorism Advisory System:** NTAS is an alert system that provides information on specific and credible threats to the United States, with critical information on the nature of the threat, its severity, and potentially affected populations.[101]

The Post-Katrina Emergency Management Reform Act was passed in 2006 to facilitate changes in FEMA's operations and increase executive powers to respond more quickly and effectively to natural disasters. In 2011, the Obama Administration released Presidential Policy Directive 8,[102] which created the national preparedness goal for emergency management and improved DHS' ability to coordinate with federal, state, and local entities.

Moreover, to aid communities following a disaster, in 2014, Congress took the step of appropriating $15.2 billion from HUD's Community Development Block Grant program for assisting places that experienced a Presidentially declared major disaster in 2011, 2012, or 2013. Currently, HUD, FEMA, and the Small Business Administration are helping communities develop long-term recovery strategies.

At the state and local levels, communities are developing innovative programs to reduce disaster risk. For example, the Gulf of Mexico Alliance is a partnership of the five Gulf States (Florida, Alabama, Mississippi, Louisiana, and Texas), federal agencies, academic organizations, businesses, and nonprofits whose goal is to significantly increase regional collaboration to enhance the environmental and economic health of the Gulf of Mexico region.[103] Together, the Alliance is working to restore the Gulf Coast ecosystem, making it more resilient and prepared for future weather events by leveraging best practices from a multitude of sectors. Individually, states and municipal governments— such as Golden, Colorado; Austin, Texas; Taylor, Florida; and Carson City, Nevada—are increasingly integrating risks of wildfires in their planning and management efforts. On the federal level, HUD sponsors the $1 billion National Disaster Resilience Competition, in which communities that have experienced

with winds exceeding 200 mph causing extensive damage. In the Phil Campbell vicinity, the storm killed 28 people and injured many more, and property damage was estimated at $119 million. Among the 400 damaged or destroyed structures were three-quarters of the community's businesses, the school, most municipal buildings, and much of the town's affordable housing, including all 42 units of public housing. In total, 138 residences were destroyed and 175 were determined to be unsafe.

After the storm, local officials invited the Federal Emergency Management Agency's Long-Term Community Recovery division to provide technical assistance and help coordinate the recovery efforts of state agencies, nongovernmental organizations, and HUD and other federal departments. Resident volunteers formed the Phil Campbell Recovery Committee, which worked with their neighbors and local, state, and federal partners to create a long-term community recovery plan. The plan focuses the community's efforts and resources on critical recovery projects, including housing. The housing goals in the recovery plan include residents' wishes for "adequate, safe, accessible permanent housing for everyone in the community," particularly affordable rental opportunities.

Community Action Partnership of North Alabama (CAPNA) completed construction of The Village at Oliver Place in December 2014. The townhouse development comprises 5 residential buildings, including 22 two-story units and 2 accessible one-story units. Designed for families, 14 of the units have two bedrooms and 10 have three bedrooms. Each unit includes ENERGY STAR®-certified appliances and energy-efficient insulation, doors, and windows. The Village also includes a clubhouse with a community laundry facility, computer center, and exercise room.

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[99] See www.ready.gov.

[100] FEMA. "National Incident Management System." Accessed March 29, 2015. https://www.fema.gov/national-incident-management-system.

[101] DHS. "National Terrorism Advisory System." Last modified September 5, 2014. Accessed March 29, 2015. http://www.dhs.gov/national-terrorism-advisory-system.

[102] DHS. "Presidential Policy Directive/PPD-8: National Preparedness." Last published January 15, 2014. Accessed March 29, 2015. http://www.dhs.gov/presidential-policy-directive-8-national-preparedness.

[103] See http://www.gulfofmexicoalliance.org/.

natural disasters compete for funds and technical assistance provided by philanthropic partners to help them rebuild and increase their resilience to future disasters.[104]

Air Pollution

One Habitat II recommendation was to adopt measures to prevent and control air pollution in order to improve the health and well-being of all people. The principle mechanism for regulating air emissions in the United States is the Clean Air Act of 1970. A major mechanism for enforcement of Clean Air standards is the restriction, or freezing, of federal highway funds to state and local governments. In 2009, EPA declared that combined emissions from motor vehicles contributes to greenhouse gas pollution that threatens public health and welfare. This finding was a prerequisite for implementing greenhouse gas emissions standards for vehicles under the Clean Air Act.

In response, EPA and the National Highway Traffic Safety Administration collaborated to finalize emission standards for light-duty vehicles (model years 2012–2016) in 2010, and heavy-duty vehicles (model years 2014–2018) in 2011.[105] The standards applied to the model years 2017–2025 are projected to save approximately 4 billion barrels of oil and reduce greenhouse gas emissions by the equivalent of approximately 2 billion metric tons, with net benefits up to $451 billion.[106]

EPA also develops and implements regulations to ensure that transportation fuel sold in the United States contains a minimum volume of renewable fuel. A 2005 amendment to the Clean Air Act introduced Renewable Fuel Standard (RFS) regulations, which lay the foundation for significantly reducing greenhouse gas emissions, reducing imported petroleum, and encouraging the development and expansion of the renewable fuels sector through the use of renewable fuels.

In 2014, EPA proposed Carbon Pollution Emission Guidelines for Existing Stationary Sources—Electric Utility Generating Units (also known as the Clean Power Plan) to cut carbon pollution from power plants, which are the largest source of carbon pollution in the United States, accounting for roughly one-third of all domestic greenhouse gas emissions.[107] As proposed, the Clean Power Plan would require the overall power sector to cut carbon dioxide emissions 30

The community's outdoor amenities include a gazebo, playground, and picnic area with grills. To protect against injury and fatalities during future tornadoes, hurricane clips securely fasten the roofs to the walls and straps connect the walls to sill plates bolted to the foundations. In addition, CAPNA is raising funds to construct a 48-person tornado shelter on a nearby site. The units are affordable for households earning 50 to 60 percent of the area median income, with monthly rents of $369 for a two-bedroom unit and $438 for a three-bedroom unit. Leasing started at the beginning of 2015, and nine units were occupied by June.

Amenities at The Village at Oliver Place include a community center, gazebo, picnic area with grills, and playground. Credit: Community Action Partnership of North Alabama.

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[104] HUD. "National Disaster Resilience Competition." Last updated July 15, 2014. Accessed March 29, 2015. http://portal.hud.gov/hudportal/documents/huddoc?id=FactSheet_071514.pdf.

[105] EPA. "Endangerment and Cause or Contribute Findings for Greenhouse Gases under Section 202(a) of the Clean Air Act." Last updated November 22, 2013. Accessed March 29, 2015. http://www.epa.gov/climatechange/endangerment/.

[106] EPA. "2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards." *Federal Register* 77 (15 October 2012), 62623–63200. Accessed March 29, 2015. http://www.gpo.gov/fdsys/pkg/FR-2012-10-15/pdf/2012-21972.pdf.

[107] EPA. "Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units." *Federal Register* 79 (18 June 2014), 34829–34958. Accessed March 29, 2015. https://www.federalregister.gov/articles/2014/06/18/2014-13726/carbon-pollution-emission-guidelines-for-existing-stationary-sources-electric-utility-generating.

percent below 2005 levels by 2030. To do this, EPA is proposing state-specific emissions goals, which are not requirements on specific power plants, but require states to develop implementation plans to meet reduction standards by 2030. EPA estimates that, by 2030, the Clean Power Plan will lead to climate and health benefits worth $55 billion to $93 billion in 2030, avoiding 2,700 to 6,600 premature deaths and 140,000 to 150,000 asthma attacks in children.[108]

Ensuring Sustainable Access to Safe Drinking Water

Several U.S. regulations ensure sustainable access to safe drinking water. The Clean Water Act of 1972 establishes the basic structure for regulating discharges of pollutants into U.S. waters and quality standards for surface waters.[109] The Safe Drinking Water Act, originally passed by Congress in 1974 and amended in 1986 and 1996, is the main federal law protecting the quality of drinking water. It authorizes the U.S. Environmental Protection Agency (EPA) to set national health-based standards for drinking water to protect against both naturally occurring and man-made contaminants. EPA, states, and water systems then work together to make sure that these standards are met.

EPA's Office of Water provides guidance, specific scientific methods, and data collection requirements and performs oversight to ensure drinking water is safe. The office restores and maintains oceans, watersheds, and aquatic ecosystems to protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife. EPA's Office of Ground Water and Drinking Water develops and helps implement national drinking water standards, oversees and assists funding of state drinking water programs and source water protection programs, helps small drinking water systems, protects underground sources of drinking water through the Underground Injection Control Program, and provides information about drinking water quality to the public. EPA also operates the Safe Drinking Water Hotline, which provides the general public, regulators, medical and water professionals, academia, and media with information about drinking water and ground water programs authorized under the Safe Drinking Water Act.

Much of the water infrastructure in the United States is aging and will need to be upgraded or replaced in the near future to continue providing safe water to a growing population. The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) are EPA and state partnerships designed to finance the infrastructure needed to comply with the Clean Water Act. Through the SRFs, states maintain revolving loan funds to provide low-cost financing for a wide range of water quality infrastructure projects. Funds to establish or capitalize the SRF programs are provided through EPA grants

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[108] EPA. "Regulatory Initiatives." Last updated August 8, 2014. Accessed March 29, 2015. http://www.epa.gov/climatechange/EPAactivities/regulatory-initiatives.html.

[109] EPA. "Summary of the Clean Water Act." Last updated on March 13, 2015. Accessed on March 30, 2015. http://www2.epa.gov/laws-regulations/summary-clean-water-act.

Box 9. Bringing Solar Energy to Underserved Communities in Massachusetts[a]

Over the past several years, solar power has grown sharply in popularity among U.S. consumers, who are turning to renewable energy to stabilize their utility costs. Data from the United States Energy Information Administration show that the nation's solar generating capacity increased by more than 400 percent between 2010 and 2014. Building on this interest in solar technology, President Obama recently announced a series of commitments and executive actions that will foster public- and private-sector investments in solar energy.

Even though harnessing solar energy could help stabilize and even reduce their operating costs, many affordable housing providers and other nonprofit organizations serving low-income communities fail to adopt the technology. The upfront investment in solar technology is often prohibitive, and most nonprofits are not able to capture the tax benefits that help make solar power financially feasible.

In 2008, Boston Community Capital (BCC) developed a program to bring solar power to organizations serving low-income individuals and communities. Through its private affiliate, Solar Energy Advantage (BCC SEA), BCC develops, owns, and operates photovoltaic projects on the properties of "host customers"— affordable housing providers and other for- and nonprofit entities. Through power purchase agreements (PPAs), the host customer agrees to purchase the electricity BCC SEA generates onsite

With these technical and cost for a predetermined period, and in exchange,

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[a] HUD User Case Studies. "Bringing Solar Energy to Underserved Communities in Massachusetts." Released August 11, 2014. Accessed January 12, 2016. https://www.huduser.gov/portal/pdredge/pdr_edge_inpractice_081114.html.

to the states, along with state matching funds (equal to 20 percent of federal grants).[110] In recent years, the CWSRF programs have provided, on average, more than $5 billion annually to fund water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management. Over the last 25 years, the CWSRFs alone have provided over $100 billion to fund more than 33,320 low-interest loans.[111]

Climate Change

The United States' ability to address climate change has become progressively more important over the last 20 years. On the whole, federal, state, and local officials recognize that the impacts of climate change are real and far reaching. The 2014 U.S. National Climate Assessment report determined that several indicators of climate change are currently occurring in the United States. For example, average temperatures have increased by 1.3 to 1.9 degrees Fahrenheit since recording started in 1895, with the majority of increases occurring since 1970. Additionally, in 2012, national greenhouse gas emissions totaled 6,526 million metric tons of carbon dioxide equivalents and, since 1990, 32 percent of such emissions have been attributed to electricity generation.[112] These indicators are increasingly related to human activities, such as the burning of fossil fuels, which has renewed attention on reducing greenhouse gas emissions.

Currently, the Obama Administration is addressing climate change through the President's Climate Action Plan (CAP), which will significantly reduce carbon pollution from power plants, double renewable energy production, and reduce greenhouse gas emissions overall.[113] Several federal regulations and actions have supported the President's plan. The Department of Energy and HUD have completed efficiency upgrades in nearly 2 million homes. More than 190 organizations, representing over 3 billion square feet, have committed to increase their energy savings as part of the Better Buildings Challenge. This nationwide initiative aims to improve energy efficiency in industrial plants and commercial, institutional, and multifamily buildings, by providing technical assistance, connecting partners and allies (including financial organizations and utilities), and publically recognizing participant organizations that make specific commitments.[114]

[110] Partnership for Sustainable Communities. *Leveraging Partnership Programs*. Washington DC:. Accessed March 30, 2015. http://www.sustainablecommunities.gov/sites/sustainablecommunities.gov/files/docs/HUD-partnership-07-19-2013.pdf.

[111] EPA. "Clean Water State Revolving Fund." Last updated on December 1, 2014. Accessed on March 30, 2015. http://water.epa.gov/grants_funding/cwsrf/cwsrf_index.cfm.

[112] Jerry M. Melillo, Terese Richmond, and Gary W. Yohe, Eds. *Highlights of Climate Change Impacts in the United States: The Third National Climate Assessment.* Washington DC: US Global Change Research Program, October 2014. Accessed March 29, 2015. http://nca2014.globalchange.gov/downloads.

[113] Executive Office of the President. *The President's Climate Action Plan*, June 2013. Accessed March 29, 2015. http://www.whitehouse.gov/sites/default/files/image/president27sclimateactionplan.pdf.

[114] Department of Energy. "Better Buildings Challenge Background." Accessed March 29, 2015. http://energy.gov/eere/better-buildings.

BCC SEA charges the host customer a fixed rate. BCC SEA combines revenue from the host customer with tax incentives and other revenue streams to make the project financially feasible.

For the host customer, this model of solar development requires minimal capital investment and insulates the organization from rate increases from the local electric utility. This stability is particularly important in Massachusetts, a state with some of the highest electricity rates in the country, as well as volatile natural gas prices.

The rooftop solar panel system at North Canal Apartments in Lowell is helping to stabilize operating costs and support renewable energy development in low-income communities. Credit: Marcia Cassidy Communications.

Of the 30 solar projects BCC SEA has developed in the state, two-thirds are sited on affordable housing developments. Each of these rooftop systems is substantial, ranging from 34 kilowatts (kW) to 391 kW. According to Dewitt Jones, president of BCC SEA, the electricity these systems generate typically meets almost all of the energy demand for the housing developments' common areas, helping the housing providers keep their utility costs stable.

Developing a viable roof-mounted project depends on a variety of factors working together. The roof must be of adequate

The Corporate Average Fuel Economy (CAFE) regulation increases the fuel economy standard of manufactured cars and light trucks to reduce the nation's dependency on fossil fuels, thereby decreasing greenhouse gas emissions. The most notable increase to CAFE standards occurred in 2012, when President Obama entered into an agreement with the largest automobile manufacturers to increase fuel economy standards to 54.5 miles per gallon for passenger cars and light trucks by model year 2025.[115] These standards are projected to reduce oil consumption by 12 billion barrels and to halve greenhouse gas emissions from cars and light trucks by 2025, reducing emissions by 6 billion metric tons over the life of the program. Efforts are also being made to reduce carbon emissions from power plants, which are the largest contributors to U.S. greenhouse gas emissions. As of February 2016, EPA has two new rules pending judicial review that would cut carbon emissions for existing and new power plants by requiring states to meet certain emissions levels.

Significant state and local efforts are also being made. Nine east coast states have implemented the Regional Greenhouse Gas Initiative (RGGI), a market-based cap-and-trade program. RGGI has engineered a $700 million investment in the region and is projected to offset the need for approximately 8.5 million megawatt hours of electricity generation.[116] In San Francisco, California, and Akron, New York, green purchasing programs to purchase more energy-efficient products and services are a new part of local procurement policy. San Francisco has helped to save over 500,000 gallons of water per year, and Akron has entered into a public-private partnership with the local utility companies to introduce incentives for consumers to purchase ENERGY STAR home appliances.[117] Such programs have inspired local governments across the nation to adopt energy-efficient solutions to become more resilient to climate change impacts.

Demographic Changes

Managing Rapid Urbanization

The United States is becoming increasingly urbanized, with over 80 percent of the population living in urban areas. The urban population of the United States increased by 12.1 percent from 2000 to 2010, outpacing the nation's overall growth rate of 9.7 percent for the same period, according to the U.S. Census Bureau. The New York-Newark area is the nation's most populous metropolitan area, with 18,351,295 residents. Los Angeles-Long Beach-Anaheim is the second most populous (12,150,996), followed by the Chicago area (8,608,208). These

size relative to the building's interior space and the energy demands of that space. The roof must also have sufficient solar exposure to generate enough electricity to warrant the investment in a photovoltaic system. In addition, the roof must be in suitable condition to support an array of panels, which may entail significant costs to achieve. For example, in 2011 BCC SEA completed a solar panel system at North Canal Apartments,

The nearly 1-megawatt project in Gardner, occupying a remediated brownfield site, provides electricity to affordable housing developments, a nonprofit organization, and an area business. Credit: Marilyn Humphries Photography.

an affordable housing development in the city of Lowell consisting of 267 apartments in 27 buildings. With large roof areas and adequate solar exposure on the buildings, the property owner, Coalition for a Better Acre, could finance the purchase and installation of an extensive photovoltaic system. However, the owner faced additional costs to upgrade several roofs so they could support solar panels, for which NeighborWorks America provided a grant.

With these technical and cost considerations in mind, BCC SEA has been working to extend solar energy to customers for whom onsite development is not economically feasible. In early summer 2014, BCC SEA developed a

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[115] National Highway Traffic Safety Administration. "Obama Administration Finalizes Historic 54.5 mpg Fuel Efficiency Standards." Last modified August 28, 2012. Accessed March 29, 2015. http://www.nhtsa.gov/About+NHTSA/Press+Releases/2012/Obama+Administration+Finalizes+Historic+54.5+mpg+Fuel+Efficiency+Standards.

[116] Regional Greenhouse Gas Initiative. "RGGI Benefits." Accessed March 29, 2015. http://www.rggi.org/rggi_benefits.

[117] EPA. *Energy-Efficient Product Procurement*. Washington DC: EPA, 2011. Accessed March 29, 2015. https://www.epa.gov/sites/production/files/2015-08/documents/energyefficientpurchasing.pdf.

areas have been the three most populous since the 1950 census, though Los Angeles overtook Chicago for the number two position in 1960.[118]

Because much of the growth occurring in urban areas is not taking place strictly within city limits, regional partnerships and bodies of governance are extremely important. These regional bodies (regional councils, regional commissions, metropolitan planning organizations, and councils of government) consist of local leaders from independent jurisdictions who come together to address major regional issues through strategic use of planning, engagement, and data. The issues tackled vary across the country but often include transportation, air quality, economic development, and natural resource management. A regional approach helps tackle all aspects of urbanization, including changes occurring in the urban periphery. For example, the Metropolitan Washington Council of Governments (COG) is comprised of 300 elected officials from 22 local governments, the Maryland and Virginia state legislatures, and the U.S. Congress. This COG has helped restore the Potomac River, build out the regional transit system, and strengthen emergency preparedness across the region.

However, not all U.S. cities are growing. Many smaller metropolitan areas—277 areas with less than 500,000 residents—are experiencing rapidly declining growth rates. Eighty-three of these small metropolitan areas registered absolute population declines in 2012–2013, up from 69 the previous year and 36 in 2005.[119] These cities are experiencing slow growth rates and population declines for a variety of reasons, including ongoing complications from the economic recession and larger shifts in regional economies.

Responding to the Needs of the Aging

Recent and future demographic changes in the United States make responding to the needs of the aging population an increasingly important issue. A combination of increasing life expectancy, a declining birth rate, and the aging of the baby boomer generation has dramatically increased the number and proportion of the U.S. population over 65. Between 2002 and 2012, the number of Americans 65 and older increased by 21 percent (7.6 million people).[120] By 2040, projections indicate that the population aged 65 and older will double and account for 20 percent of the population.[121]

986 kW ground mounted system in the city of Gardner. Totaling approximately 3,300 panels, the project is located on a formerly vacant, remediated brownfield site and will provide electricity to housing providers, a nonprofit organization, and area businesses. BCC SEA anticipates that this project and its competitive PPA rates will save customers thousands of dollars in the first year and create long-term price stability—while turning a vacant property back to productive use.

[118] Census Bureau. "Growth in Urban Population Outpaces Rest of Nation, Census Bureau Reports." Last updated March 26, 2012. Accessed March 29, 2015. https://www.census.gov/newsroom/releases/archives/2010_census/cb12-50.html.

[119] William H. Frey. "A Population Slowdown for Small Town America." *Brookings*, March 31, 2014. Accessed March 29, 2015. http://www.brookings.edu/research/opinions/2014/03/31-population-slowdown-small-town-america-frey.

[120] Administration on Aging. "Highlights." Accessed March 29, 2015. http://www.aoa.acl.gov/Aging Statistics/Profile/2013/2.aspx.

[121] Administration on Aging. "Future Growth." Accessed March 29, 2015. http://www.aoa.acl.gov/Aging_Statistics/Profile/2013/4.aspx.

Figure 4: Changing Demographics, by Age Cohort, 1990–2040

	1990	2000	2010	2015	2020 (projection)	2040 (projection)
Under 18	63,949,000	72,295,000	74,181,000	78,106,000	81,686,000	93,986,000
18 to 24	26,961,000	27,141,000	30,672,000	30,885,000	30,817,000	37,038,000
25 to 44	80,618,000	85,042,000	82,135,000	85,800,000	89,725,000	101,392,000
45 to 64	46,178,000	61,954,000	81,490,000	83,911,000	84,357,000	92,000,000
65 and over	31,084,000	34,992,000	40,268,000	46,837,000	54,804,000	81,238,000
Total U.S. population	**248,790,000**	**281,424,000**	**308,746,000**	**325,539,000**	**341,389,000**	**405,654,000**

With the large increase in this population, the need for age-friendly housing will grow, as the overwhelming majority of older adults prefer to age in place. Aging in place allows older adults to stay in their homes and communities, avoiding institutionalization for as long as possible. The federal government has several programs that aim to increase the supply of housing available to low-income seniors and provide services that allow them to stay in their homes for longer.

The U.S. Department of Health and Human Services' Community Innovations for Aging in Place (CIAIP) Initiative was authorized by Congress in the Older Americans Act reauthorization of 2006 to assist community efforts to enable older adults to sustain their independence and age in place in their homes and communities. Through CIAIP, 14 demonstration projects were funded, representing diverse communities across the country.

HUD's Section 202 Housing for the Elderly program provides funding to create and support multifamily housing for very low-income elderly persons. Nearly 400,000 homes for low-income elderly households have been produced to date. While Section 202 is not currently funding new construction, its impact was amplified through the leverage of other housing resources such as Housing Choice Vouchers (HCVs), Community Development Block Grants (CDBG), the HOME Investment Partnerships Program, and low-income housing tax credits (LIHTCs).

In 2014, Congress authorized a rental-assistance-only Section 202 Demonstration Program, which will help HUD design a program that will better meet the needs of its aging residents through an evaluation of existing HUD multifamily assisted elderly projects. The Demonstration looks to develop a scalable model of supportive housing that helps very low-income elderly tenants age in place, while producing usable evidence about the impact of housing with services on health outcomes.

HUD also continues to support 1,500 previously approved Service Coordinators and Congregate Housing Service grants. A service coordinator is a social service staff person who is responsible for assuring that residents, especially those who are frail or at risk, are linked to the specific supportive services they need to continue living independently and aging in place. The purpose of the Service Coordinators program is to enable elderly or disabled residents to live as independently as possible in their own homes.

States can use Medicaid to cover home- and community-based services for Medicaid beneficiaries living in the community. Other federal initiatives include Programs of All-Inclusive Care for the Elderly (PACE), a Medicare program and Medicaid state option that provides community-based care and services to people age 55 or older who otherwise would need a nursing home level of care. In 2014, there were 106 PACE programs in 31 states.[122]

In addition to federal and state programs, nonprofits and community leaders are also finding innovative ways to respond to the growing challenge of senior housing. Naturally occurring retirement communities (NORCs) arise when a concentration of older adults makes it possible to deliver elder-specific services using economies of scale and community-based interventions, following a NORC Supportive Services Program model. Similarly, the Villages model promotes access to services and quality of life improvements for seniors in a community. Villages are member- and fee-based grassroots organizations that consolidate and arrange access to services through strategic partnerships with community providers. In addition to health services, villages often include transportation, home maintenance, and social services, among others. Currently, more than 120 villages are operating across the United States and in Canada, Australia, and the Netherlands, with over 100 additional villages in development.[123]

Economic Changes

Regional economic prosperity is linked to an area's ability to prevent, withstand, and quickly recover from major disruptions (i.e., "shocks") to its economic base.[124] Many definitions of economic resilience limit the focus to an ability to quickly recover from a disruption. However, in the context of economic development, economic resilience becomes inclusive of three primary attributes: the ability to recover quickly from a shock, the ability to withstand a shock, and the ability to avoid the shock altogether. Establishing economic resilience in a local or regional economy requires the ability to anticipate risk, evaluate how that risk can impact key economic assets, and build a responsive capacity.

Many studies on regional resilience to date have focused on a small set of metropolitan areas. One attempt to more systematically compare resilience across regions is the Resilience Capacity Index (RCI), a project spearheaded by the University at Buffalo Regional Institute. The RCI ranks 361 metropolitan areas using 12 indicators in three capacity categories: regional economic, sociodemographic, and community connectivity.[125] Two other key categories—environment and infrastructure, and governance and leadership—are not included because of the difficulty in obtaining comparable data sets for the former and quantifying the latter.[126]

The RCI proves somewhat surprising; the five metropolitan areas it ranks as most resilient are Rochester, Minnesota; Bismarck, North Dakota; Minneapolis-St. Paul, Minnesota; Barnstable Town, Massachusetts; and Dubuque, Iowa. Foster notes that Midwest and Northeast metropolitan areas tend to rank highly because "slower growth regions actually have more capacity to withstand shocks. It's counter-intuitive, but they tend to be stable. They're often more affordable. There are higher rates of homeownership and they tend to have

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[122] National PACE Association. "What is PACE?" Accessed March 29, 2015. http://www.npaonline.org/website/article.asp?id=12&title=Who,_What_and_Where_Is_PACE?

[123] Village to Village Network. "About VtV Network." Accessed March 29, 2015. http://www.vtvnetwork.org/content.aspx?page_id=22&club_id=691012&module_id=65139.

[124] USEDA. "Economic Resilience" Accessed January 24, 2016. http://www.eda.gov/ceds/content/economic-resilience.htm

[125] Sources and Notes." Building Resilient Regions Network http://brr.berkeley.edu/rci/site/sources. Accessed 14 November 2015.

[126] HUD Evidence Matters. "Conceptualizing and Measuring Resilience" Winter 2012. https://www.huduser.gov/portal/periodicals/em/winter12/highlight2.html. Accessed August 25, 2016.

greater income equality."[127] The 5 metropolitan areas with the lowest RCI rankings are in Texas and California, and the other 35 metropolitan areas with the lowest rankings are also in the South and West.

Aging Infrastructure

Ensuring Access to Basic Sanitation and Drainage

As of 2013, roughly 99.5 percent[128] of all occupied housing units were equipped with complete plumbing facilities: running water, tub or shower, and flush toilets. This represents significant progress since the 1950s, when 25 percent of all occupied housing units, and 50 percent of all occupied rural housing units, had incomplete plumbing access. The numbers of households without complete plumbing facilities has been narrowing: In 2000, more than 1.7 million people in 671,000 households lacked access to basic plumbing—13 years later, this number has dropped by 300,000 people in 100,000 households.

Although the number of Americans without access to complete plumbing is small, it is important to keep in mind that not all American households with adequate plumbing are served by the same types of sewage collection and disposal systems. As of 2013, 80 percent of Americans were connected to central public sewer systems. Almost all other homes with plumbing relied on decentralized septic tanks or cesspools, which can present public health risks.

Overwhelmingly, households that rely on decentralized sewage systems or lack access to basic plumbing are concentrated in sparsely populated, rural areas, many of which are afflicted with high levels of poverty (over a third of households without basic plumbing earn incomes below the federal poverty level). Many of these communities have populations of 10,000 or less and face challenges financing the costs of replacing or upgrading aging drinking water and wastewater infrastructure. EPA and the U.S. Department of Agriculture (USDA) oversee the two largest federal wastewater funding programs for these communities. EPA administers the Clean Water State Revolving Fund (CWSRF), which provides funding to states for constructing, replacing, or upgrading publicly owned municipal wastewater treatment plants. It is available to communities of all sizes but, since the program's inception, over $23 billion in funds have been directed to disadvantaged, underserved communities with populations less than 10,000. USDA's Rural Utilities Service (RUS) administers the Water and Waste Disposal Program, which provides funding for drinking water and wastewater projects in low-income rural communities with populations of 10,000 or less.

Other federal agencies have programs that also contribute funds for wastewater infrastructure. In HUD's CDBG program, wastewater needs compete with other public activities for funding and account for about 10 percent of all block grant funds nationally.[129] The U.S. Economic Development Administration's Public Works and Economic Development Program provides grants to small and disadvantaged communities to construct public facilities, including wastewater infrastructure, to alleviate unemployment and underemployment in economically distressed areas. Additionally, some states have their own programs to provide assistance for wastewater infrastructure.

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[127] Sherwood. *Evidence Matters.* "Conceptualizing and Measuring Resilience." Accessed January 24, 2016. https://www.huduser.gov/portal/periodicals/em/winter12/highlight2.html.

[128] Data from 2009 to 2013 American Community Survey (ACS), an ongoing survey that provides data every year, giving communities the current information they need to plan investments and services. Five-year estimates from the ACS are "period" estimates that represent data collected over a period of time. The primary advantage of using multiyear estimates is the increased statistical reliability of the data for less populated areas and small population subgroups.

[129] GAO. *Rural Water Infrastructure: Additional Coordination Can Help Avoid Potentially Duplicative Application Requirements*. Washington DC: GAO, October 2012. Accessed March 30, 2015. http://www.gao.gov/assets/650/649553.pdf.

Some major funding programs to bridge disparities in plumbing and sanitation facilities are targeted specifically at tribal communities, which often are in remote, isolated locations. By some estimates, roughly 12 percent of Native American communities lack access to safe water or sanitation facilities.[130] In response, the United States convened a multiagency Infrastructure Task Force (ITF), which has, since 2009, provided over $900 million to support wastewater and solid waste infrastructure planning and construction in tribal lands.[131] Between 2009 and 2012, ITF efforts helped 28,015 tribal homes receive access to basic sanitation and 43,006 tribal homes receive access to safe drinking water.[132] In 2013, the task force signed a new commitment to continue working together to reduce by 50 percent the number of tribal homes without access to safe water and basic sanitation by 2015. EPA also provides grants to rural Alaska communities for the construction of drinking water and wastewater treatment services, through the Alaska Native Village and Rural Communities Sanitation Grant Program. In 2014, eight projects received $10 million in grants.

Improving Access to Clean Domestic Energy

President Obama's All-of-the-Above energy strategy has been focused on achieving energy independence. In 2013, the United States made progress towards this goal by producing more oil domestically than it imported from foreign sources for the first time in two decades. That year, total energy production was enough to meet 84 percent of domestic demand. Natural gas was the largest domestically produced energy resource (for the third year in a row).

Natural gas production has played a major role in U.S. energy independence, and the United States is now the world's largest natural gas producer. However, natural gas production, which includes the use of hydraulic fracturing ("fracking") of shale rocks to release natural gas, has not been without controversy. Several studies have linked the oil and gas extraction process to air and water contamination and other public health and safety hazards.[133] In 2014, New York became the second state in the nation to ban fracking;[134] localities in Texas, California, Ohio, and other states have taken similar steps.[135] Many argue that while the United States has made progress on becoming more energy independent, it has not made progress on making its energy system less carbon intensive.

U.S. support for alternative energy production and installation has been comparatively more passive than in European countries that provide significant direct subsidies. At the state level, renewable electricity standards require or encourage electricity producers in specific jurisdictions to supply a certain minimum share of

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[130] EPA. "Tribal Infrastructure Task Force Accomplishments and Current Activities." Accessed March 30, 2015. http://www.epa.gov/tribalportal/trprograms/accomplishments-and-current-activities.pdf.

[131] http://www.usda.gov/wps/portal/usda/usdamediafb?contentid=2013/04/0066.xml&printable=true&contentidonly=true.

[132] USDA. "USDA and Federal Partners Renew Commitment to Improve Access to Safe Drinking Water and Basic Sanitation in Indian Country." Last updated April 9, 2013. Accessed March 30, 2015. http://www.epa.gov/tribalportal/trprograms/accomplishments-and-current-activities.pdf.

[133] M. Finkel and A. Law. "The Rush to Drill for Natural Gas: A Public Health Cautionary Tale." *American Journal of Public Health*, May 2011, 101(5), 784–785. Accessed March 30, 2015. http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3076392/pdf/784.pdf.
D.C. Holzman. "Methane Found in Well Water Near Fracking Sites." *Environmental Health Perspectives*, 2011, 119(7), a289. Accessed March 30, 2015. doi:10.1289/ehp.119-a289.
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[135] Keep Tap Water Safe. "List of Bans Worldwide." Updated July 28, 2016. https://keeptapwatersafe.org/global-bans-on-fracking/. Accessed August 25, 2016.

their own electricity from designated renewable resources. There are no such standards at the federal level, though there are specific federal policies in place to incentivize alternative energy use. The 30 percent solar investment tax credit for commercial and residential properties, for example, has been an important policy mechanism to drive solar installations. By some measures, the solar tax credit has allowed solar industries in the United States to grow by 3,000 percent since 2006, when the credit was implemented.[136] Another incentive, the Production Tax Credit (PTC), provides financial support for renewable energy technologies. It has been a major driver of wind power development but has never been enacted on a long-term basis. In his FY2016 budget, President Obama has proposed to make the PTC permanent.

While most households have access to clean electricity, many low-income Americans face challenges paying for electricity. In 2013, 14.5 percent[137] of Americans lived below the poverty line, spending a significant portion of income on household energy consumption. In some cases, families must make decisions about whether to heat their homes or purchase food.[138] The Low-Income Home Energy Assistance Program (LIHEAP), administered by the U.S. Department of Health and Human Services (HHS), is the major resource to help low-income households meet their home energy needs. LIHEAP, a block grant program, provides funds for energy bills, assists with energy crises, and helps families with weatherization and energy-related minor home repairs. To be eligible, an individual's income must not be more than 150 percent of the federal poverty level.[139] As of 2015, HHS awarded $300 million in LIHEAP funds to states, tribes, and territories.[140]

HUD offers a variety of programs to support energy-saving improvements in single-family and multifamily homes. For example, many borrowers use 203(k) rehabilitation loans insured by the Federal Housing Administration (FHA) to fund home energy enhancements. HUD is also working with the Department of Energy to integrate Home Energy Scores into FHA programs: these scores are equivalent to miles-per-gallon ratings for cars. FHA borrowers who want to buy Energy Efficient Homes (or homes with high Home Energy Scores) will qualify for borrowing enhancements. FHA's Power Saver Pilot, launched in 2011 and set to expire in May 2015, offers borrowers low-cost loans for such energy-saving improvements as energy-efficient doors and windows, water heaters, and solar panels.

Many municipalities across the country have begun using Property Assessed Clean Energy (PACE) loans as a means to finance energy-efficiency or renewable-energy installations for buildings. In areas with PACE legislation, municipal governments offer a specific bond to investors and then loan the money to consumers and businesses to put towards an energy retrofit. The loans are repaid over an assigned term via an annual assessment on the property tax bill.

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[138] Diana Hernandez and Stephen Bird. "Energy Burden and the Need for Integrated Low-Income Housing and Energy Policy." *Poverty & Public Policy*, November 2010, 2(4), 5–25. Accessed March 30, 2015. doi: 10.2202/1944-2858.1095.

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Contributed Essays: Insights on Building Resilience in an Era of Change

Cities and Climate Change: Mitigation, Adaptation, Suffering

Armando Carbonell, Chair of Department of Planning and Urban Form, Lincoln Institute of Land Policy

The Lincoln Institute of Land Policy is an independent, nonpartisan organization whose mission is to help solve global economic, social, and environmental challenges to improve the quality of life through creative approaches to the use, taxation, and stewardship of land. As a private operating foundation whose origins date to 1946, the Lincoln Institute seeks to inform public dialogue and decisions about land policy through research, training, and effective communication.

The global imperative to deal with climate change sets post-Habitat II urban policy apart from that of the preceding 20 years. Habitat II was held in Istanbul in June 1996 with the twin goals of "Adequate shelter for all" and "Sustainable human settlements development in an urbanizing world." The United Nations had taken up climate change well before the conference, having established the Intergovernmental Panel on Climate Change (IPCC) in 1988 and the UN Framework Convention on Climate Change (UNFCCC) in 1994. Yet Habitat II paid scant attention to climate change. Indeed, one must read far into the conference report for a mention of the term: "Current dependence in most urban centres on non-renewable energy sources can lead to climate change, air pollution and consequent environmental and human health problems, and may represent a serious threat to sustainable development."[141]

We have reason to expect that Habitat III's New Urban Agenda will provide a more robust treatment of the issue. Habitat III Issue Paper 17, released in May 2015, deals explicitly with "Cities and Climate Change and Disaster Risk Management." In addition, the report of Policy Unit 8 on Urban Ecology and Resilience (December 2015) finds that: "Climate change alone will place new social, fiscal and political pressures on urban systems, with a tenfold increase in flood-related losses to $52 billion by 2050, and forty percent of urban residents affected by water stress." Most recently, the

Preamble to the Zero Draft of the New Urban Agenda prominently declares: "Cities are key to tackling global challenges, such as poverty, social inequalities, and climate change." The Zero Draft also includes a section on resilience that explicitly calls out mitigation and adaptation to climate change.[142]

Although the United States did not ratify the Kyoto Protocol, in force since February 16, 2005, on that day Seattle Mayor Greg Nickels launched the U.S. Conference of Mayors Climate Protection Agreement. Signatories committed their cities to three actions: "meet or beat" the Kyoto emissions reduction targets locally (7 percent from 1990 levels by 2012); urge state and federal governments to do likewise; and lobby for a national emission trading system. Since then, more than 1,000 mayors have signed on. Indeed, it was the activism of these mayors, as channeled through their city planning directors, that inspired the Lincoln Institute to begin its work on planning for climate change in 2005, setting the stage for a climate briefing of U.S. big city planning directors on the eve of the release of the seminal Stern Review, followed by a series of Lincoln publications.

At the beginning of the second decade post-Habitat II, The Stern Review on the Economics of Climate Change of October 30, 2006, declared: "The scientific evidence is now overwhelming: climate change presents very serious global risks, and it demands an urgent global response." The report also found that it was not too

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[141] Habitat II, "Sustainable Energy Use," 7 August 1996, page 76, item 145.

[142] UN Habitat, 6 May 2016.

late to avoid the worst impacts of climate change if strong immediate action was taken and that the costs of doing so, while great, were manageable and significantly less than the costs of delay. Soon after, the American Association for the Advancement of Science (AAAS) issued a statement on December 9, 2006: "The scientific evidence is clear: global climate change caused by human activities is occurring now, and it is a growing threat to society. ...As expected, intensification of droughts, heat waves, floods, wildfires, and severe storms is occurring, with a mounting toll on vulnerable ecosystems and societies. These events are early warning signs of even more devastating damage to come, some of which will be irreversible."

In his Presidential Lecture to the Annual Meeting of the AAAS in San Francisco on February 15, 2007, John Holdren (who would become President Obama's science policy advisor) memorably listed three arenas in dealing with climate change: "Mitigation, which means measures to reduce the pace & magnitude of the changes in global climate being caused by human activities; Adaptation, which means measures to reduce the adverse impacts on human well-being resulting from the changes in climate that do occur; and Suffering the adverse impacts that are not avoided by either mitigation or adaptation."

The relative contribution of cities to climate change—and hence their role in mitigation—is contested. Many, like the C40 network of megacities, cite cities as disproportionate sources of global warming: "In terms of size, cities occupy only two percent of the world's landmass. But in terms of climate impact, they leave an enormous footprint. Cities consume over two-thirds of the world's energy and account for more than 70% of global CO_2 emissions." The UN Climate Change Strategy 2014–2019 similarly calls out cities: "the urban proportion of energy-related global GHG emissions will rise from around 67 per cent today to 74 per cent by 2030 (IEA 2008). This trend is in large part because urban populations are increasing, and will require a massive build-up of infrastructure which

is a key driver of emissions (IPCC 2014)." According to David Dodman of the International Institute for Environment and Development, however, greenhouse gas (GHG) emissions per capita of city dwellers are often far smaller than national averages. (Environment and Urbanization, 2009-03-23 09:17.) Of 19 U.S. cities charted by the World Bank, none exceeded the national per capita annual average emissions of 23.59 tons of CO_2 equivalent. New York, the lowest emitter in the group, accounts for only 7.9 tons per capita. This may have favorable implications for future national GHG emissions, as urban growth in the United States is outpacing overall population growth, according to the U.S. census.

In a book on climate resilience in coastal city regions in the United States and Australia edited with former New Orleans recovery "czar" Ed Blakely, we noted that cities had stepped out ahead of nations and the international community on both mitigation and adaptation, although the pendulum appeared to have swung from an early emphasis on mitigation, as reflected in the mayors' initiative to implement the Kyoto Protocol, to adaptation, as cities began to prepare for the onslaught of climate-related impacts. We posited that in spite of a "free rider" problem that would tend to discourage voluntary local action to benefit the planet, reduced costs from increased energy efficiency and other benefits captured locally had provided an initial incentive for cities to embrace mitigation. Because the benefits of adaptation—and the costs of inaction—are largely felt locally, we concluded that adaptation would likely continue as an imperative for cities.[143]

At the Lincoln Institute of Land Policy, we are pursuing a three-pronged climate strategy: advance urban planning tools and land-based carbon sequestration to achieve mitigation goals, help cities adapt to the impacts of climate change that remain unavoidable, and pay particular attention to vulnerable populations that will suffer the most from these impacts.

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[143] Lincoln Institute of Land Policy. *Resilient Coastal City Regions: Planning for Climate Change in the United States and Australia*, 2012.

Demographic Changes and the Rental Surge in the United States

Solomon Greene, Senior Fellow, and Rolf Pendall, Director of Metropolitan Housing and Communities Policy Center, Urban Institute[144]

Urban Institute is a nonprofit dedicated to elevating the debate on social and economic policy. For nearly five decades, Urban scholars have conducted research and offered evidence-based solutions that improve lives and strengthen communities across a rapidly urbanizing world. Their objective research helps expand opportunities for all, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector.

[144] The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.

The population of the United States today differs significantly from when the United Nations hosted the Habitat II conference 20 years ago. Children have decreased as a proportion of the population as seniors have increased; the share of the population that is White and native-born has been declining, while people of color and immigrants represent a growing share of Americans; and more people live in cities and urban areas than ever before. These changes are projected to accelerate in the next two decades as the baby boomers age, the millennial generation comes of age, and the nation grows increasingly diverse and urbanized.[145]

These demographic changes will shape the demand for housing, neighborhood preferences, and the spatial patterns of our nation's cities and metropolitan regions in the decades ahead. If the United States is to achieve progress in building more sustainable and inclusive communities (the fundamental goal of Habitat III's New Urban Agenda), public policies and government programs must account for and leverage these changes. This essay describes one important outcome of projected demographic changes—a surge in demand for rental housing and an associated decline in homeownership rates over the next 15 years. We also suggest how public policies can harness these trends to help achieve the aspirations of the New Urban Agenda in the United States.

[145] HUD at 50: Creating Pathways to Opportunity. (2015, October). Retrieved June 13, 2016, from https://www.huduser.gov/portal/publications/pdf/HUD-at-50-creating-pathways-to-Opportunity.pdf.

Figure 5: Distribution of New Household Formation by Race and Ethnicity
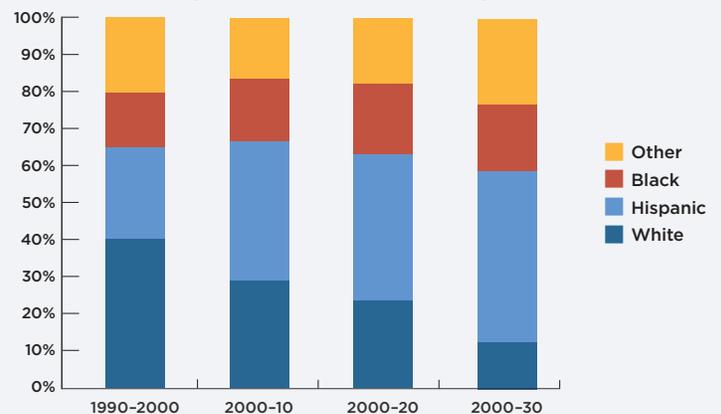
Source: Decennial Censuses and Urban Institute projections

### Diversity and Generational Shifts Drive Rental Surge

According to a recent demographic study by the Urban Institute, 22 million new households will form between 2010 and 2030.[146] The vast majority of these new households will include people of color (see figure 5). Because people of color have lower homeownership rates than Whites, the growing racial and ethnic diversity of new households will drive demand for rental housing. The Urban Institute projects that more than one-third of the 13 million new renters will be Hispanic; one-quarter will be African-American; one-quarter will be White; and 15 percent will be other racial or ethnic backgrounds.

[146] Headship and Homeownership: What Does the Future Hold? (2015, June 8). Retrieved June 13, 2016, from http://www.urban.org/research/publication/headship-and-homeownership-what-does-future-hold.

Generational shifts will also increase demand for rental housing. The largest population group by age in the United States is the millennial generation, which has been slower to form independent households than past generations. As they delay marriage and childbearing, fewer millennials will want to buy houses and are likely to opt instead for renting. At the other end of the spectrum, baby boomers—who are much more likely to own homes—will begin to age and move into assisted rental housing or pass away, causing attrition among existing homes.

These trends, combined with the residual effects of the foreclosure crisis, will cause a significant surge in demand for rental housing and declining rates of homeownership in the decades ahead. Our analysis suggests that, from 2010 to 2030, the growth in rental households will exceed that of homeowners by 4 million, with an increase of 13 million rental households and 9 million homeowner households (see figure 6). The majority (59 percent) of the 22 million new households that will form between 2010 and 2030 will rent, while just 41 percent will buy their homes. This will bring the overall homeownership rate in the United States down from 65 percent in 2010 to 61 percent by 2030.

Figure 6: Number of Owners and Renters Over Time (millions)
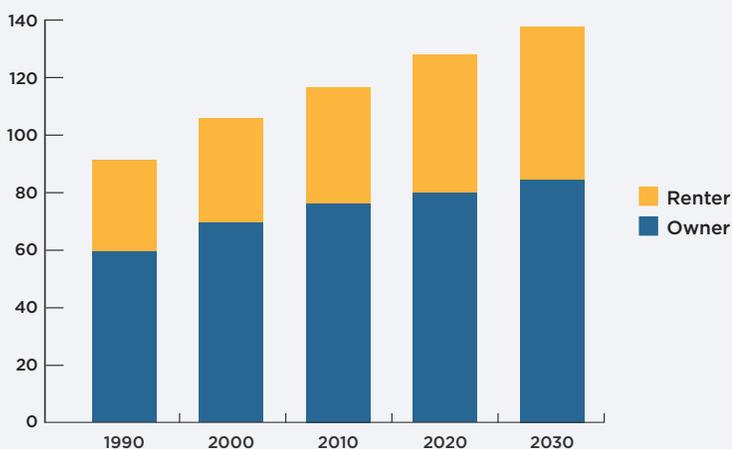
Source: Decennial Censuses and Urban Institute projections

Preparing for the Rental Surge

Unfortunately, as a nation, we are currently ill-prepared for this surge in rental housing. In recent years, construction has not kept pace with demand, creating growing shortages of affordable housing, particularly in cities and metropolitan areas where economic opportunities are growing fastest. As a result, since 2000, rents have risen while the number of renters who need low-priced housing has increased. Very low-income households have been hardest hit by our current rental housing crisis—only 28 adequate and affordable units are available for every 100 renter households with incomes at or below 30 percent of the area median income.[147] Without intervention, future growth in rental demand—particularly among households of color—is likely to exacerbate the rental affordability crisis.

By anticipating what is in store, however, we can begin to retool our housing policies now to get ahead of the curve. To accommodate changing demographics and harness the rental surge, our research suggests that federal, state, and local housing policies should focus on:

- **Supporting new affordable multifamily housing construction.** Since the 1980s, construction of affordable multifamily housing has generally slowed, and virtually all new affordable construction has been the result of the Low-Income Housing Tax Credit (LIHTC) Program. As a result, single-family rentals have absorbed an increasingly large share of renter household growth since the mid-2000s. However, shifting existing housing into rental units alone will not meet the growing rental demand; more multifamily construction is necessary. The LIHTC

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[147] Leopold, J., Getsinger, L., Blumenthal, P., Abazajian, K., & Jordan, R. (2015, June). The Housing Affordability Gap for Extremely Low-Income Renters in 2013. Urban Institute. Retrieved June 13, 2016, from http://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000260-The-Housing-Affordability-Gap-for-Extremely-Low-Income-Renters-2013.pdf.

Program should be expanded along with new sources of affordable housing investment, such as the National Housing Trust Fund.

• **Creating opportunities for underserved borrowers to access mortgage credit.** We need to expand credit availability in the mortgage market to help ensure that more creditworthy families can access homeownership, which offers greater housing security and more opportunity for wealth building than renting. Initiatives that expand credit availability in the mortgage market will sustain homeownership for Hispanics and African-Americans. Helping these families become homeowners will also ease competition for scarce rental housing.

• **Revising zoning and expanding regional approaches to meeting housing demand.** Demographic changes and the resulting growth in the demand for rental housing is as much an opportunity as a challenge. Public policies can harness these trends to promote more inclusive regions through incremental additions to the housing supply in suburbs and low-density areas, as well as in places experiencing rapid job growth. Unfortunately, to date, politically fragmented regions and exclusionary zoning policies have amplified housing affordability challenges and reinforced patterns of racial and economic segregation. Easing zoning restrictions at the local level and supporting more regional approaches to housing, land use, and transportation planning can help ensure that our metropolitan areas grow in a way that expands opportunities for all.[148]

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[148] Franke, L. (2015, November 23). The link between land-use restriction and growing inequality. Urban Wire: Housing and Finance. Retrieved from http://www.urban.org/urban-wire/link-between-land-use-restriction-and-growing-inequality.

Economic Growth and Fiscal Health: Financing the Cities We Need

Samuel Moody, Lincoln Institute of Land Policy

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There is a strong, but often ineffective, national interest in ensuring productive urban economies. Urban areas generate a disproportionate and growing share of nations' GDPs. They also accommodate an increasing majority of the global population. The importance of the urban future is clear, but how can national interest translate into well-supported local economies?

Municipal governments oversee the provision of public goods and services that define the quality of life for urban residents and the competitiveness of urban economies. Steady economic growth requires properly financed and functioning municipal governments, supporting institutions, and infrastructure. The impact of the New Urban Agenda, economic or otherwise, will be determined by the ability of local governments to finance its implementation, and critical to that is the fiscal health of local governments. To that end, this essay presents an array of fiscal health challenges, but also solutions: integrating financial and spatial planning, implementing regional and intergovernmental coordination and accountability, and developing sustainable, land-based local revenue sources. These solutions can enable local governments to invest in the infrastructure that sustains economic growth, help localities prepare for and mitigate the effects of externalities that include natural and financial crises, and maintain a sustainable fiscal base to support the operations of government.

In the wake of the recession, the misfortunes of Detroit, Puerto Rico, and Flint have exposed the devastating human and economic fallout of unhealthy fiscal systems. However, it is increasingly clear that our concern over local finance systems—and our opportunities to improve the fiscal health of cities—should reach far beyond the headline cases. In the United States and around the world, second- and third-tier cities, home to the bulk of urban populations, often struggle in less visible ways and receive less support. Additionally, even the most prosperous cities can improve efforts to reduce inequality, ensure accountability, and support regional coordination.

At the local level, financial management capacities are generally underdeveloped. The coordination of spatial planning and economic development efforts with public finance is remarkably absent. This systemic problem stems from an absence of financial training for planners and fragmented local government functions. Cities are still dealing with the financial ramifications of unfortunate planning decisions of the past: from the interstates that drained urban centers of population and property value to "silver-bullet" megaprojects that fail to generate economic growth commensurate with the public expenditure. Preventing future missteps via greater alignment of planning and public finance functions is a necessary priority for infrastructure finance.

Significant challenges with infrastructure investment and maintenance can be alleviated by implementing multiyear capital accounting practices. Under such practices, infrastructure investments reflect the cost of ongoing maintenance. This approach to infrastructure maintenance prevents issues such as the Flint water crisis, the economic toll of deteriorating roads, and others. Local governments need the tools, human capacity, and incentives to make budget projections and manage multiyear capital planning, while maintaining transparency around those processes.

Fundamental to the fiscal health of a municipality is its access to revenues—both in the form of intergovernmental transfers and through own-source revenue collection systems. To protect and improve the fiscal health of our local governments, localities should reaffirm the social contract through which taxes are paid to local government and the provision of public goods and services to citizens is funded. Economists have long argued that direct correspondence between the level of government providing a public service and the people who benefit from and pay for the service leads to more efficient use of resources. The appropriate matching of revenue sources to expenditure responsibilities is also critical for fiscal health. Own-source revenues are most appropriate for financing local services. Intergovernmental transfers are most appropriate for capacity building and capital investments and should be formula based, with compliance regulations local governments are capable of meeting. In the years leading up to Detroit's bankruptcy, the city had hundreds of millions of dollars of unspent federal grants, because meeting federal compliance and reporting requirements was beyond the capacity of the city's officials charged with that function. Ensuring that fiscal transfers include capacity-building components will help cities with the greatest needs access support.

The importance of a diverse portfolio of land-based revenue sources, debt, public-private partnerships, and other vehicles to local finance systems cannot be understated. As communities invest in urban infrastructure, density can increase, and the value of urban land increases many times over. Proper use of land-based financing tools can enable a virtuous cycle in which public investments increase the value of land, which increases local land-based revenues available to finance public investments, allowing municipalities to scale infrastructure and services with urban growth.

In the United States, the property tax is the most common avenue for local governments to tap into land value. An effective property tax system, coupled with local authority to set assessment parameters and rates, has the potential to generate sustainable and progressive revenue streams and match tax burdens appropriately with expenditure benefits. Other innovative land-based finance tools, primarily value capture strategies, directly capitalize on the rising property values created by public investments. Properly implemented, value capture techniques promote better-performing land markets and provide financing opportunities for public infrastructure investments, and they are widely used in Latin America.

While many of these solutions can be approached at the local level, building healthy local fiscal systems that support local economies requires coordination, commitment, and reform among various levels of government—national, regional, and local. Fundamentally, all municipal finance systems rest on the rules of the game—the policies, constitutions, laws, and legislative frameworks that allocate responsibility and authority among levels of government—and determine the constraints and capacities of other components at the local level. Consensus at the national level regarding the importance of such endeavors will strengthen the implementation of these principles at local and regional levels.

Urban systems have become increasingly complex. The fate of urban economies, and of the New Urban Agenda itself, rests heavily on the capacity of local governments to shoulder correspondingly complex responsibilities. Our shared urban future presents a need for innovative finance tools, sustainable and equitable revenue sources, and comprehensive and coordinated planning efforts. It presents an opportunity for national commitment to supporting—and investing in the capacity of—local urban governments. Most importantly, it presents a compelling need for communities that are sustainable, equitable, and fiscally healthy; cities that can afford to be the cities we need.

Chapter 5

Looking Forward

Since 1996, Americans increasingly reside in urban areas—this trend is likely to continue through the next two decades. Demographic trends indicate that population growth will be concentrated among American youth and people over 65. The nation has become more diverse since Habitat II and will become even more diverse and non-White for the foreseeable future.

These and other trends will require integrated, comprehensive policies and approaches to facilitate upward mobility, sustainable and inclusive communities, and economic and environmental resiliency. Achieving this balance requires alignment of federal, state, and local actors and partnerships with civil society and the private sector. Each of these actors must work together to achieve collective impact.

The last 20 years laid bare a tale of deep contrasts in the United States: unparalleled economic growth and resilience of certain geographies domestically, yet deepening income inequality among people writ large. The wealthy have gotten wealthier, and the vulnerable are more fragile. The nation has innovated in housing and sustainable urban development, through initiatives like Choice Neighborhoods and the Sustainable Communities Initiative. HUD alone provides billions in housing assistance, but the United States continues to face an affordable housing crisis. The federal government is galvanizing cross-silo investments and approaches, but the capacity for integrated work is still limited. New partnerships have been fostered across the public, private, and nonprofit sectors, but these initiatives need to be scaled up if we are to reduce wealth disparities. We know more about what works and have created the data and systems to transparently disseminate the effects of our interventions, yet evidence and research and policies and programs are not fully aligned.

Our global interdependence means that the ripple effects of changes are felt by everyone more rapidly. The urbanization trend is a global one, especially with the exponential increase of megacities. Political instability and terrorism are visited upon cities often regardless of what steps are taken in national capitals to control crises. Cities have become magnets for the influx of migrants and refugees who lay claim to their new lives in new places, balancing assimilation with maintaining cultural and religious affinities. Even as political, economic and social phenomena threaten the status quo in places, natural resource scarcity (e.g., access to quality, clean air and water) make basic livability challenging in regions.

Despite all of the challenges befalling the urban environment, cities nonetheless continue to be the hubs of innovation. In cities around the globe, technological innovations are redefining the effective and efficient delivery of services, from transportation and infrastructure to recreation and leisure, to educational and employment opportunities, to other yet undiscovered terrain. Cities will be where many of our problems first manifest but also where many of their solutions will be constructed.

Habitat III arrives at a moment when the seemingly perilous challenges ahead surely can be overtaken by the hopeful vision of what is possible. The challenges outlined above do not bear repeating because they are largely known and understood. However, less predictable is the resolve of nations recently seen through the Sustainable Development Goals (SDG) and COP21 processes that indicate a willingness to build the structures, invest the resources, align to best practices, and partner more effectively to make a greater impact. Collective resolve by nations will be the test.

For the United States, where local authorities have the most direct ability to affect urbanization, sustainability, and equity, we will rely on the strength of our cities and regions to lead the way, bolstered by the support and shared accountability of state and federal governments and other partners. The U.S. story over the next 20 years will not be a reprise of chapters in past decades, with top-down mandates and "one-size-fits-all" strategies. That time has passed. Rather, our narrative will be written bottom-up, by the diverse stakeholders and actors catalyzed through this Habitat III preparatory process and others. They will push each other to persist beyond the structural obstacles and the political naysayers. We expect that those stakeholders will look at SDG, COP21 and New Urban Agenda targets with a renewed commitment to make the next 20 years stronger than the last. Foolhardy optimism does not animate the U.S. desire to aim higher. Our Habitat III future will mirror the history of the United States overall, becoming the next chapter in a story of a country that is ever evolving, and ever resolving to deliver more for its people and places.