

Department of Housing and Urban Development
451 7th Street SW, Washington, DC 20410
Docket No.5774-N-01

RE: Promise Zones Initiative: Proposed Second Round Selection Process Solicitation of Comment

The Housing Partnership Network (HPN) appreciates the opportunity to comment on HUD’s notice of proposed information collection on the second round Promise Zones selection process, published on April 17th, 2014.

HPN is an award-winning business collaborative of 100 of the nation’s most successful affordable housing and community development nonprofits. Creating private sector partnerships and enterprises that achieve ambitious social missions, HPN and its members work together to scale innovation and impact, helping millions of people gain access to affordable homes and thriving communities that offer economic opportunity and an enhanced quality of life. In 2013, HPN received the MacArthur Foundation Award for Creative and Effective Institutions, in recognition of its ongoing leadership and innovation in affordable housing.

HPN members are diversified social enterprises combining a mission focus with business acumen. The members’ businesses include lending, real estate development, property management, and housing counseling. All of our members link the residents of their communities to services – education, workforce development, and health care. Collectively, HPN members have developed or rehabilitated 340,000 affordable homes, provided \$10 billion in CDFI financing, and assisted 5 million people through housing, community facilities, and services.

Summary of Comments

In the 2012 edition of *What Works for America’s Communities*, Nancy O. Andrews from the Low Income Investment Fund, an HPN member, notes, “Where we once believed that a few powerful drivers – housing, physical, and economic revitalization – could change the life chances of the poorest Americans, we now understand that poverty is a complex swirl of forces... Single solutions by themselves will not work.” Indeed, community development practitioners across the country have moved toward an understanding of poverty that demands highly integrated, cross-cutting strategies, rather than looking to ‘silver bullet’ solutions. Unfortunately, many of the key federal and local programs supporting community development are still structured around narrow siloes and can be difficult to integrate to achieve common outcomes.

In recognizing and supporting collaborative efforts to strengthen the country’s poorest communities through the Promise Zones initiative, HUD and the Obama Administration have taken bold steps toward advancing a collaborative, integrated and place-based approach to community development. HPN and

its member organizations are leaders in building and scaling community partnerships, and as such they applaud the Administration's efforts to shine a light on their work in their communities and build a deeper evidence base to support ongoing efforts. We believe that the Administration has an unparalleled opportunity through the Promise Zones and related initiatives to foster capacity across the country to do this crucial work. By showcasing the most promising local partnerships and giving them the resources and assistance needed to grow and scale their efforts, the Promise Zones initiative is creating a strong precedent for the future of community development. The initiative is all the more crucial in the current context of constrained resources at the federal, state and local level, since strong partnerships across sectors can help partners access new and untapped resources for development.

This comment first urges HUD to take steps to emphasize the role of high-capacity social enterprises within the Promise Zone selection process. Strong social enterprises like those in the HPN membership are central to building local capacity and ensuring positive outcomes, due to their extensive experience acting as 'quarterback' institutions that coordinate stakeholders and resources in their communities. The second part of our comment takes the opportunity to propose a that HUD and the Administration create a complementary designation – 'Promise Centers' - that would be awarded to a greater number of innovative, partnership-based place-based community partnerships. The proposed designation would help to expand the capacity not only of current and future Promise Zone designees, but also of the countless communities across the country engaged in innovative community partnerships.

Emphasize the Role of High Capacity Social Enterprises to Drive Integrated Strategies

HPN applauds HUD for designing a selection process for Promise Zones that places a strong emphasis on the capacity of lead applications and local partners to effectively carry out their development strategies. The complexity of integrated cross-sector partnerships demands strong, competent partners that are capable of thinking strategically where resources should be directed and coordinating the interests of a broad range of stakeholders. HPN believes that strong social enterprises like HPN members are central to building local capacity and ensuring positive outcomes, due to their extensive experience acting as 'quarterback' institutions that coordinate stakeholders and resources in their communities. In the selection process, HUD should ensure that Promise Zone applicants recognize and seek out strong nonprofit partners in their communities as a means of enhancing the overall capacity of their plans.

A growing body of research underscores the key role of high-capacity social enterprises, including nonprofit developers of housing and CDFIs, in supporting, enhancing, and scaling community development. High-capacity nonprofits have experience coordinating government, private, and philanthropic resources and have strong relationships with financial institutions and foundations, all the while acting as stewards for sustainable development and highly integrated service partnerships. In his book *Confronting Suburban Poverty in America*, Brookings Institution Senior Fellow Alan Berube highlighted the work of several HPN members – including Mercy Housing and IFF - as examples of strong nonprofits bringing new capacities to addressing the needs of low-income communities. Similarly, the Center for American Progress has noted the important role that HPN member Capital Impact Partners

has played an important role coordinating capital for the Woodward Corridor redevelopment project in Detroit, described in further detail below.¹

HPN members across the country have engaged in strategic partnerships to advance and scale development in their communities, and in some cases partnered to create programs that support, grow, and scale the work of community quarterbacks. Several of these initiatives are described below:

- **The Low Income Investment Fund:** Partners in Progress (PIP) is a new initiative created by the Citi Foundation and the Low Income Investment Fund (LIIF) to advance economic progress in low-income communities. PIP is providing \$3.25 million in grants to 13 organizations across the country that are either enhancing or creating new efforts to be community quarterbacks. The program's goal is to spur a national movement that inspires community organizations to work more collaboratively, engage an expanded range of partners, share knowledge, and use data to drive community revitalization efforts. Among the PIP grantees are HPN members LINC Housing and Bridge Housing. LINC is working in Los Angeles County to explore a new housing plus health care model. Bridge Housing is taking a holistic, integrated approach to redeveloping public housing sites San Francisco and Los Angeles, California. In addition, one of the PIP grantees is the Youth Policy Institute, the lead partner with the City of Los Angeles on the LA Promise Zone.
- **LINC Housing:** LINC Housing is playing an active role in forming Los Angeles County's larger vision for the development of Willowbrook, an unincorporated neighborhood (approximately four square miles) in the South L.A. region of Los Angeles County, just north of Compton. LINC is working to develop this underserved community through infill affordable housing development, the transformation of the 42-acre Martin Luther King Jr. Medical Center campus, the Rosa Parks Metro Station renovation, a parks master plan, and streetscape improvements. LINC has aggregated lots for its first community, a 63-unit development in Willowbrook, which would house homeless individuals and low-income families and provide supportive services such as health resources, case management, job readiness, and an after-school program. The new building will incorporate healthy design features and involve cross-sector partnerships to serve future residents and the community.
- **The Reinvestment Fund:** For close to a decade, The Reinvestment Fund (TRF) has been working in East Baltimore in the area east of the Johns Hopkins University medical campus, using a neighborhood investment strategy focused on creating opportunity by building from strength. Key to this strategy is the importance of strong anchor institutions and partnerships as long-term guarantors of value that can have lasting positive impacts in their communities – including a critical partnership with Baltimoreans United in Leadership Development (BUILD), a faith-based community organizing effort that includes over 40 Baltimore City churches with over 20,000 resident members. The development effort brought together 23 institutional investors including financial institutions, foundations, anchor institutions and government. The

¹ A Renewed Promise: How Promise Zones Can Help Reshape the Federal Place-Based Agenda. Center for American Progress, May 2014. <http://cdn.americanprogress.org/wp-content/uploads/2014/05/PromiseZones-report.pdf>

redevelopment activity in this area is expected to eliminate 100% of publicly held abandoned homes in the area by year end, dramatically dropping the overall abandonment rate from 40.8% to 8%. In 2012, East Baltimore Development, Inc. (EBDI), a nonprofit created by the city and others to redevelop 88 acres just north of the Johns Hopkins University medical campus, approached TRF to implement a similar investment plan for the Broadway corridor. The success of this approach led to the expansion of EBDI/TRF partnership, which now includes an additional 190 vacant properties in East Baltimore.

- **Capital Impact Partners:** Capital Impact Partners, as the lead coordinating agency of the Detroit Corridor Initiative (DCI), continues to deploy capital for mixed-use development and strategically partner with local anchor institutions to revitalize key commercial and mixed-use corridors in Detroit. Through a Live Midtown strategy, key medical and academic institutions have successfully attracted over 600 new residents to the Woodward Corridor in Midtown Detroit through. Additionally, a Source Detroit program has encouraged anchor institutions in Midtown to increase their commitments to purchasing local goods and services, with more than \$16.5 million in additional procurements over the last 3 years. Recently, DCI facilitated a partnership between anchor partner Henry Ford Health System and Detroit Employment Solutions Corp to help source, recruit, and hire local residents, resulting in the placement of over 50 Detroit residents in a variety of entry-level customer service and medical assistance jobs. Capital Impact Partners and DCI partners are expanding this strategy and working with other anchor institutions to revitalize the Livernois-McNichols Corridor in Northwest Detroit.

These examples demonstrate the critical role that strong social enterprises can play in undergirding community partnerships. However, the current and proposed Promise Zones selection process puts insufficient emphasis on the role of competent, high-capacity nonprofit developers, lenders, and community builders with links to the jurisdiction. Though there is the opportunity in the process for nonprofits to apply with a city as a Lead Applicant, there are a variety of alternate roles that a high-capacity nonprofit might take in the context of Promise Zone, which are not sufficiently accounted for in the application process, but which might be substantial assets for a community undertaking partnership-driven development. For example, the criterion assessing the “strength/extent of partnership commitment to coordinate work and investments to achieve outcomes within the Promise Zone” (page 19) should explicitly include nonprofit social enterprises as potential partners in coordinating work and investments. The presence of a strong social enterprise partner on a Promise Zone application might also be recognized through higher scoring in a number of additional categories in the capacity section, including the soundness of the partnership structure (page 15) and the capacity of implementation partner organizations (page 17).

‘Promise Centers’: A New Designation to Recognize Additional Community Partnerships

The Promise Zones initiative has made significant strides in advancing a policy framework for empowering communities to collaborate across sectors to achieve social outcomes. Though it may be too early in the process to observe measurable outcomes in the first five Promise Zone designees, the

initiative has added momentum to a growing focus on collaboration, partnerships, and sustainability among stakeholders engaged in community building.

However, the Promise Zones initiative, with only five designees per year, is likely insufficient to drive the formation of larger movement of strong cross-sector community development partnerships sufficient to meet the scale of the problems we are trying to address. Additional measures are needed to expand the Promise Zones framework above and beyond its current mandate. Today, communities and social enterprises are launching collaborative, place-based partnerships across the country. Their work could be recognized and even bolstered by the Promise Zone initiative or a supplemental program, setting the stage for broader adoption of the policy framework by even more communities:

A core element for the success for the Promise Zones initiative is the identification and empowerment of strong anchor or quarterback institutions that can drive the initiative and build the necessary cross-sector collaborations and partnership to do the work. **The Administration and HUD should use their administrative authority to create an additional designation that recognizes existing innovative place-based collaborative partnerships as ‘Promise Centers.’** This designation could elevate and scale up-and-coming initiatives and help to develop the capacity of local partnerships.

As noted above, HPN’s member organizations are great examples of the power of partnership-driven approaches to community development, having developed strong, lasting collaborations with local partners in education, workforce development, and health care services. Many of the high capacity nonprofits in our network are already playing a quarterback role in their communities, linking to schools, hospitals, and other community services - some on the scale of the geographies encompassed by the Promise Zones. Many more at the affordable housing development level use their facilities as a platform for services to both the residents and the surrounding neighborhood, with health clinics, daycare, after-school programs, continuing education, and job training.

In keeping with the Promise Zones approach, the Promise Center designation could be awarded to projects highlighting Administration priorities in health care, early childhood and continuing education, and employment outcomes. By announcing additional communities each year, the Administration can lay the foundation for more dramatic change in the future. The designation of Promise Centers can create momentum to accelerate the work that is already occurring and stimulate new organic efforts to create synergies among the affordable housing, workforce development, education, and health sector to improve life outcomes for very low income people. Places designated as Promise Centers can become the incubators for Promise Zones.

One benefit the Administration could offer Promise Zone and Promise Center designees would be opportunities to learn from one another in formal and informal settings, through **regular peer exchange meetings and opportunities to interact in online communities.** Interactions among the various groups would give designees the opportunity to share lessons learned and consider new approaches. These exchanges can also lead to new partnerships and innovations. HUD has established similar peer exchange opportunities for other programs, including a community of practice for grantees of the Partnership for Sustainable Communities program.

The addition of Promise Centers would also augment efforts to build a body of evidence around what works to create better outcomes for people in high poverty areas. The Promise Zone initiative is playing a crucial role in developing a body of evidence supporting the positive impact of collaborative, partnerships-based approach on communities. The requirement that Promise Zone awardees develop guidelines and a methodology for robust impact assessment will bolster this evidence base with data from a broad range of community contexts, which will be invaluable for advocacy, policymaking, and fundraising to support new and ongoing efforts. Promise Center designees could be asked to add to the data collection effort, which would help to expand the evidence base for the value of integrated community partnerships.

However, high-quality impact assessments are costly and resource-intensive, and requiring awardees to fund the assessments themselves may lead to resources being diverted away from important work in the community. HUD should consider alternate approaches to supporting impact assessments and data collection that would reduce the burden on awardees while also increasing data standardization and quality, including contracting with one or more third party research organizations and supporting Promise Zone and Promise Center data collection and analysis with funds from the HUD research budget.

Conclusion

Thank you in advance for your consideration of these comments. If you have additional questions, please do not hesitate to reach out to Paul Weech at Weech@housingpartnership.net or at 202-677-4292.

Sincerely,

A handwritten signature in blue ink that reads "Paul Weech". The signature is fluid and cursive, with a long horizontal stroke at the end.

Paul Weech

Executive Vice President, Policy and External Affairs

Housing Partnership Network