

**Building Sustainable Communities for
21st Century America:
A Public Policy Framework**

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LISC

The Local Initiatives Support Corporation (LISC) is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity - good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with:

- loans, grants and equity investments
- local, statewide and national policy support
- technical and management assistance

LISC is a national organization with a community focus. LISC is *Building Sustainable Communities* by achieving five goals:

- expanding investment in housing and other real estate
- increasing family income and wealth
- stimulating economic development
- improving access to quality education
- supporting healthy environments and lifestyles

Building Sustainable Communities *for 21st Century America*

As a new President and Congress begin their work next January, it is important that they support local strategies to revitalize the economically distressed communities where long-standing domestic problems are at once most vexing and directly addressable. Millions of Americans live in these communities; our nation is stronger when more communities and families are within the economic and social mainstream; and practical, proven strategies are already showing that real progress is achievable.

Many of America's greatest challenges are most daunting in low-income communities. These are the places where families are most likely to: struggle to make ends meet; be in poor health; pay subprime mortgages or unaffordable rents; encounter foreclosed and vacant homes and widespread physical blight; contend with drugs and gangs; and send their children to low-performing schools. Indeed, the convergence of these conditions makes each separate challenge harder to meet. A child growing up in a troubled neighborhood or rural area faces additional obstacles to fulfill his or her potential. Our nation cannot succeed economically, socially, environmentally, or morally unless every American has the opportunity to contribute fully.

The vision is for these communities to become Sustainable Communities – places where Americans of all incomes have the opportunity to achieve their dreams – places with quality housing and schools, good jobs, safety, health, and a strong social fabric. Tangible progress results from a pragmatic strategy that works in a concerted way at the community level. The benefits accrue to community residents, the larger city and region, and the nation as a whole.

Local partnerships among community-based and other nonprofit organizations, the private sector, and government at all levels are succeeding in communities that conventional wisdom had dismissed as hopeless. They focus on specific, market-driven responses to local needs and opportunities, and build on success by expanding both in scale and scope. LISC has been deeply engaged in local initiatives involving housing and physical renewal, economic development, education, building family wealth and income, and health. LISC alone has invested nearly \$9 billion in these efforts, directly attracting \$25 billion in development.

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National Priorities *and Sustainable Communities*

To address any number of national priorities successfully, public policies should build on local efforts to help low-income communities to become truly sustainable.

Economic Prosperity

Bringing the economically disadvantaged into the mainstream is imperative to having a successful economy for all of us, both because of the enormous social cost that could be saved and because of tremendous benefits that could be obtained with respect to promoting productivity.

Health

Low-income community residents have limited access to primary health care and often lack insurance. Where emergency rooms substitute for doctors' offices, health outcomes are worse and costs are higher. In addition, inadequate access to healthy food and recreational facilities contribute to diabetes, obesity, and other chronic diseases; dilapidated housing increases asthma and exposure to lead-based paint; and drug abuse, domestic violence and violent crime are serious public health and community issues as well as personal ones. Healthy communities are better for families, are economically more productive, and help to control healthcare costs.

Energy, the Environment, and Climate Change

Most urban neighborhoods and small towns are inherently primed to be "green." They are already compact and near central business districts, utilize existing infrastructure, and are walkable and transit-friendly. Revitalizing neighborhoods relieves growth pressure at the metropolitan periphery, where longer car trips consume more gas and generate more pollution, and where farmland and open space are disappearing. In addition, there is great potential for energy efficiency gains from upgrading the older buildings in distressed communities. And, cleaning up environmentally toxic "brownfields" would improve the environment, facilitate more compact development, and protect public health.

Education

Distressed, low-income communities pose great challenges for public education. At the same time, underperforming schools present perhaps the greatest single obstacle to community revitalization, since school quality greatly affects where families with children want to live. Quality education is essential to individual opportunity, sustainable communities, and global economic competitiveness.

Housing

One in every seven American families spends over one-half of its income on housing, leaving too little for other living expenses. Maximizing housing opportunity requires sustaining the communities where affordable housing already exists. The high concentration of subprime lending and foreclosures in low-income communities undermines not only individual families but entire neighborhoods. The development and preservation of quality, affordable housing strengthens families and stabilizes communities.

Crime and Public Safety

The interplay between community disorder and crime is clear – crime thrives in distressed communities, driving out the residents and businesses that are able to leave and undermining the quality of life for those who cannot. Less understood is how revitalization and crime reduction are also mutually reinforcing, especially when the police and communities work together.

Poverty

High concentrations of poverty constrain individual opportunity and community revitalization. To enable poor families to succeed, it will be necessary both to expand their mobility and revitalize distressed communities as good places for families at all income levels to live. Strong communities help families striving to rise out of poverty.

Transportation

Revitalizing urban neighborhoods would significantly contribute to more efficient use of existing transportation infrastructure and reduce congestion and the need for new roads at the metropolitan fringe. Likewise, good transportation connects low-income communities and their workforce with the broader region.

A Foundation *for Success*

Fortunately, there is good reason for optimism.

Despite some recent slippage, trends have been positive for many foundations of community sustainability over roughly the last 15 years. While still at unacceptable levels, violent crime, concentrated poverty, workforce participation, and welfare dependency have significantly improved. The development of quality affordable housing has become routine. Many of our cities and rural communities are better places to live and do business. Although real problems still grab headlines – subprime mortgage foreclosures, unsuccessful schools, and poor access to health care – a central lesson is that community conditions can improve.

Indeed, a closer look shows that some communities have made substantial progress on the road to sustainability. From Chicago to Maine, from New York to California's Central Valley, from Saint Paul to Appalachia to Richmond, individual communities have made broad and substantial progress. While many residents still have low incomes, in these communities:

- hundreds or even thousands of attractive, affordable homes have replaced blight and provided family stability;
- businesses and shopping are expanding, providing jobs, services and entrepreneurship;
- urban crime has dropped further than average;
- middle-class families are remaining and returning; and
- property values, the private market's verdict on an area's desirability, have risen faster.

Just as important but harder to measure, civic order, mutual accountability, and optimism are returning; the social fabric is getting stronger; and a vicious cycle of decline is giving way to a virtuous cycle of vitality. To be sure, these successes provide a foundation upon which to build.

Because these communities vary so widely in circumstance, it is striking that they have drawn on common strategies for revitalization. These include:

- *Regular collaboration among strong community-based organizations, the private sector and government.*

All three sectors must be part of the solution and none can succeed alone. Capable community leadership often provides the vision, initiative, focus, accountability and staying power necessary to sustainable progress.

- *New and renovated housing for families with a range of income levels and other physical improvements that stabilize markets and establish positive momentum.*

Building or renovating affordable housing often comes early, because it addresses a high community priority, is visible, can succeed even in very distressed communities, is technically achievable, builds partnerships, strengthens markets, and leads to other, broader activities. It is sometimes surprising how seemingly small steps can lead to broader improvement.

- *A more comprehensive vision and action on more issues.*

Because sustainable communities require work on many fronts, it is necessary for many people and institutions to work together with a common vision and mutual accountability. This too is being successfully demonstrated in many communities where LISC is involved. The fundamental lesson is that comprehensiveness and program integration take place best at the local level.

A central lesson is that community conditions can improve.

Key Public Policies *Are Already Working*

A generation of flexible, decentralized, and integrated public policies has fueled effective partnerships with local communities and the private sector. At the federal level, major policies include:

- *Low-Income Housing Tax Credits*, the nation's most successful rental housing production policy ever, which have generated nearly 2 million affordable homes.
- *New Markets Tax Credits*, which are attracting nearly \$20 billion in private investment in the economic development of low-income communities.
- *Community Reinvestment Act*, which has mobilized hundreds of billions of dollars in responsible and profitable bank lending and investments to benefit low-income people and communities.
- *Community Development Block Grants, HOME block grants, and USDA rural development and housing programs*, which fill financing gaps in low-income housing and community development activities.
- *Earned Income Tax Credits, the state Children's Health Insurance Program, Housing Choice Vouchers, the minimum wage, Food Stamps*, and other policies that stabilize low-income working families.
- *Section 4 Community Capacity grants and Community Development Financial Institutions grants*, which have strengthened the local nonprofit community developers that are leading many revitalization efforts nationwide.

Looking Forward *to a Broader Policy Strategy*

Government must continue to play a central role in building sustainable communities, both to benefit communities and to achieve other national policy goals. The public sector must provide resources and remove obstacles so local partnerships can succeed within their local contexts.

We do not argue for an expensive, new, top-down “program,” but each level of government has important roles to play.

- The federal government sets broad national policies and provides funding, tax incentives, and regulatory guidance.
- Local governments are closest to their communities, administer some federal resources, and work with neighborhood-based organizations to set community priorities, especially in urban areas.
- The states stand at the fulcrum between the federal and local levels. They implement many federal policies, set their own policies and provide their own resources, and influence much of what localities can do. In many rural areas with limited local governmental capacity, states assume even more responsibility.

The benefits accrue to community residents, the larger city and region, and the nation as a whole.

Three Key Strategies *for Policy Makers*

The new President and Congress, as well as state and local policy makers, should:

- Expand the current generation of proven policies already helping to revive low-income communities. There may also be opportunities to apply many of their underlying characteristics to new, similar issues.
- Recognize that sustainable communities are integral to the achievement of public priorities, including economic prosperity, health, education, energy, the environment, climate change, housing, crime and public safety, poverty reduction, and transportation. Policy makers must ensure that policies addressing these issues will be flexible enough to respond to local needs, leverage local opportunities, and otherwise contribute to sustainable communities.
- Support local community institutions and partnerships, many of which are already in place and rebuilding communities. They are best positioned to set priorities and to integrate policies effectively, and in any case they will live with the effects of policy decisions regardless of who makes them. A modest injection of new resources would mobilize other resources several-fold.

A national sustainable communities strategy would not only extend opportunity to millions of Americans, but also address many national priorities where they are most challenging. By supporting local solutions, we can draw on and feed the same collaborative energy that has built American communities for generations.

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