

BUILDING SUSTAINABLE, INCLUSIVE COMMUNITIES:

How America can pursue
smart growth and reunite our
metropolitan communities

By David Rusk



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Building One America

A NATIONAL COALITION FOR REGIONAL OPPORTUNITY

About the Author

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The views expressed in this report are solely those of the author's; and although the commentaries are based on a set of recommendations adopted by Building One America (see Appendix A), the members of the Building One America network have not specifically approved each of the commentaries and analyses contained in this report.

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**“ . . . you can't have a truly
sustainable community if you
promote segregated development
patterns and concentrated poverty.”**

–HUD Secretary Shaun Donovan at the 9th Annual
“New Partners for Smart Growth: Building Safe, Healthy
and Livable Communities” Conference, Feb. 4, 2010
(prepared remarks)

Preface

On June 16, 2009, in joint testimony to Congress by three Cabinet Secretaries, the Obama Administration announced an innovative new interagency collaboration among the Department of Transportation, the Department of Housing and Urban Development, and the Environmental Protection Agency. The initiative, called the “Partnership for Sustainable Communities” was an effort to “coordinate federal transportation, environmental protection, and housing investments” around principles of smart growth. The Partnership for Sustainable Communities established six livability principles that were embodied in an agency partnership agreement.¹

The interagency Partnership Agreement was soon followed by the appropriation of \$150 million to HUD for the first phase of a new “Sustainable Communities Initiative,” a competitive planning grant program intended to merge housing and transportation planning, and the introduction of a major bill in the Senate, S.B. 1619, known as the “Livable Communities Act,” which would commit up to \$1.75 billion by FY2013 to link housing and transportation planning and development efforts. In its proposed 2011 Budget, HUD requested \$150 million for a second phase of the Sustainable Communities Initiative, and HUD also requested input on the contents of its initial competitive funding announcement for the program.

This report originated in comments prepared by David Rusk and submitted to HUD by our organizations and coalition partners on the proposed first phase of the Sustainable Communities Initiative,² but the principles apply equally to the future direction of the Senate’s Livable Communities Act, the next phase of the Sustainable Communities Initiative, and ultimately, the Surface Transportation Reauthorization Act. As Rusk explains in detail in the chapters that follow, without a strong vision of social inclusion, it will be difficult to maintain a sustainable development future for our metropolitan areas.

Philip Tegeler, Poverty & Race Research Action Council

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- 1 The Partnership principles included: 1. Provide more transportation choices - Develop safe, reliable and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions and promote public health; 2. Promote equitable, affordable housing - Expand location- and energy-efficient housing choices for people of all ages, incomes, races and ethnicities to increase mobility and lower the combined cost of housing and transportation; 3. Enhance economic competitiveness - Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers as well as expanded business access to markets; 4. Support existing communities - Target federal funding toward existing communities – through such strategies as transit-oriented, mixed-use development and land recycling – to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes; 5. Coordinate policies and leverage investment - Align federal policies and funding to remove barriers to collaboration, leverage funding and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy; 6. Value communities and neighborhoods - Enhance the unique characteristics of all communities by investing in healthy, safe and walkable neighborhoods – rural, urban or suburban.
 - 2 The ten chapters that make up this report were prepared by David Rusk, president of the Metropolitan Area Research Corporation, one of the founding organizations of Building One America. Unlike the official letter of recommendations transmitted to HUD and signed by 24 members of Building One America and its allies (see Appendix A), these commentaries were not reviewed and formally adopted by the Building One America Policy Committee. However, they fairly convey the policy positions of Building One America and add a depth of analysis that aids their implementation.

Introduction: Ten Principles for Building Sustainable, Inclusive Communities

HUD's new "Sustainable Communities Initiative" (SCI) represents the best of the new administration – looking forward creatively towards a new metropolitan future, and crossing bureaucratic silos to engage transportation policy, environmental policy, and housing policy in the same program. However, the SCI program also demonstrates the potential pitfalls of trying to move progressive policies without engaging the real continuing divisions of race and class in our society. We believe that the SCI program has the potential to advance the goal of racially and economically integrated and environmentally sustainable regions. However, to achieve this goal, the program needs to take these issues on explicitly.

We are encouraged by recent comments made by HUD Secretary Shaun Donovan, DOT Secretary Ray LaHood, and EPA Administrator Lisa Jackson, who all stated, in effect, that "sustainable must be equitable" at the New Partners for Smart Growth Conference on February 2010. That commitment was memorably reinforced by HUD Deputy Secretary Ron Sims in his inspiring remarks to conclude the conference.

HUD and its partners, DOT and EPA, have been provided with very broad latitude in designing the SCI planning grant program through the very general explanatory language of the Consolidated Appropriations Act of December 16, 2009; thus, in terms of developing national models for achieving both greater social justice and enhanced environmental sustainability, HUD-DOT-EPA must set the bar very high for the pilot planning grant program – and must take into account their mutual obligation to affirmatively further fair housing in any federal program affecting housing and urban development.

Our recommendations, focusing on regional opportunity goals, are set out below, and will be elaborated on in subsequent chapters. These recommendations were also submitted to HUD by Building One America and its coalition partners:

- 1.** Sustainable Communities planning must be genuinely regional in scope, covering the jurisdictions that comprise a metropolitan or micropolitan area, or, at least those jurisdictions forming the urbanized area of such, including the principal city or cities and first suburbs.
- 2.** The recipient of an SCI planning grant must be a governmental unit (such as a county for single-county regions), or consortium of governmental units (such as a Metropolitan Planning Organization or Council of Governments) or, in the absence of interested local governments, a state agency – in short, public bodies that control development policy (land use, commercial and industrial development, housing, transportation and other infrastructure, etc.) within a region.
- 3.** There must be proportional representation on a Sustainable Communities grant recipient's governing body of the residents of principal cities and first suburbs (where minorities and low-income households are typically concentrated); or, failing that test, an SCI grant recipient must establish a decision-making substructure that achieves proportional representation.

4. Sustainable Communities Grants must include a plan for meaningful citizen involvement in the planning process, including the involvement of regional opportunity advocacy organizations.
5. A primary goal of Sustainable Communities planning must be the reduction of racial and economic residential segregation and school segregation and concentrations of poverty on a regional basis with aggressively affirmatively furthering fair housing as a fundamental policy; a method must be specified to document progress in achieving greater racial and economic integration.
6. Using one of several methodologies provided by the Office of Sustainable Housing and Communities, grant recipients must conduct a regional opportunity assessment that measures relative opportunity (jobs, schools, local services, safety) by municipality or census tract.
7. Sustainable Communities planning must include policies and programs that give low-income residents of low opportunity communities realistic options to move to high opportunity communities as well as policies and programs to upgrade the quality of life in low opportunity communities.
8. To the maximum extent, Sustainable Communities planning must result in new housing development and redevelopment providing affordable shelter for low-, very low-, and extremely-low income families within mixed income, market rate developments in higher opportunity communities.
9. Upon review and certification of the compliance of a regional comprehensive plan with the goal of promoting more sustainable and inclusive regional communities, HUD, DOT, and EPA (and such other federal agencies as the President or Congress may designate) must make all applicable grants-in-aid (such as transportation infrastructure, housing and community development, and water and sewer infrastructure funds) in accordance with the provisions of the plan.
10. The recipients of all infrastructure grants-in-aid made in compliance with a regional comprehensive plan must implement policies and programs to increase the training and employment of women and minority group members on such infrastructure projects.

We are hopeful that these principles will guide HUD in its implementation of the Sustainable Communities Initiative in 2010, 2011, and in the years to come. These principles can also guide HUD, the Department of Transportation, and the EPA in their ongoing Partnership. They should be incorporated in the Livable Communities Act currently pending in Congress, and in the upcoming debate on the Surface Transportation Reauthorization Act. In the next ten chapters, we will explore the research and the values behind each of these principles, and why our divided metropolitan areas need to be reunited to ensure a sustainable future.

COMMENTARY

NO. 1 Regional Scope

Sustainable Communities planning must be genuinely regional in scope, covering the jurisdictions that comprise a metropolitan or micropolitan area, or, at least those jurisdictions forming the urbanized area of such, including the principal city or cities and first suburbs.

“Job sprawl”

Steady employment at good wages is the foundation of most families’ well-being ... and for decades jobs have been moving steadily away from regional core communities where most minorities and low income families live.

A recent report highlights this relentless trend.³ In the 98 largest metro areas, in just the eight years from 1998 to 2006,

- the proportion of jobs located within the downtown area and adjacent city neighborhoods⁴ decreased from 23.3% to 21.3%; and
- the proportion of jobs located within outlying city neighborhoods and inner suburbs⁵ decreased from 34.2% to 33.6%; whereas,
- by contrast, the proportion of jobs located in the outer suburbs⁶ increased from 42.5% to 45.1%.
- Jobs decentralized in 95 of 98 metro areas and for 17 of 18 industry classifications.

Moreover, this Brookings Institution survey ended before the onset of the current recession that wiped out 8.4 million jobs between December 2007 and January 2010. That job loss probably cancelled out most of the 7.2 million job gain registered in the 98 largest metro areas from 1998 to 2006. With most of those job losses hitting cities and inner suburbs, a new survey would probably show that over half of all jobs are now located in the outer suburban ring.

Any federal program focused on effectively increasing economic opportunity for low-income families (as SCI does) must recognize that labor markets are regional. Housing markets, of course, are also regional. The transportation grid is regional. Privately-owned electric, gas, and telephone services are regionally provided as are some publicly-owned water and sewer utilities. Watersheds and airsheds are regional. All but the poorest residents lead their daily lives regionally.

3 Elizabeth Kneebone, “Job Sprawl Revisited: the Changing Geography of Metropolitan Employment,” Metropolitan Policy Program, The Brookings Institution (April 2009)

4 Defined as within three miles of the regional core (downtown business district)

5 Defined as from three to ten miles from the regional core

6 Defined as from 10 miles to 35 miles from the regional core

As Building One America’s opportunity maps show, higher opportunities are disproportionately concentrated in certain areas of most regions. Creating improved employment opportunities for most poor minority residents and transformational education opportunities for most of their children requires opening up access to high opportunity communities on a regional scale.

Metropolitan area coverage: For decades, federal policy has recognized the reality of inter-dependence among jurisdictions on a regional basis through the designation of metropolitan areas. Metropolitan areas are defined by where jobs are located and home-to-work commuting patterns. Metropolitan areas are labor market areas and should be the presumptive “regions” for Sustainable Communities planning.

In the USA there are now 348 free-standing Metropolitan Statistical Areas and 29 Metropolitan Divisions within 11 mega-Metropolitan Statistical Areas – in practicality, a total of 377 metropolitan areas. In addition, in 2003 the federal Office of Management and Budget created the new category of Micropolitan Statistical Areas, which now number 574. Eighty-four (84) percent of the USA’s population lives within the 377 metropolitan areas with another 10 percent living in the 574 micropolitan areas.

Yet few federal grant-in-aid programs are organized on a regional basis. Political pressures constantly favor focusing on smaller and smaller target areas. Governors discourage bi-state programs.⁷ Mayors lobby for programs (under their direct control) just for their cities. Neighborhood leaders demand programs (under the control of community non-profit boards) just for their neighborhoods. With few exceptions, federal programs have practiced *anti*-regionalism for four decades.

With few exceptions, federal programs have practiced *anti*-regionalism for four decades.

The Livable Communities Act of 2009, sponsored by Senator Chris Dodd, leaves the door open to the possibility of many grantees being sub-regional in scope by defining the geographic scope of a “livable community” as a “metropolitan area, urban, suburban, rural, or neighborhood community.” The politics of localism (right down to the neighborhood level) have constantly diverted federal programs from a regional focus to a much narrower geographic focus (e.g. a city, a suburban county, a city neighborhood or set of neighborhoods, etc.). Such has been true particularly of HUD programs.

Alternative of urbanized area coverage: By definition, Metropolitan Statistical Areas (MSAs) are composed of entire counties linked by commuter patterns. MSAs can be substantially larger than the urbanized areas (UZAs) within them and can contain large rural areas. For example, in 2000, the Minneapolis-St Paul urbanized area covered 894 sq. mi. with 2,388,593 residents, whereas the Minneapolis-St. Paul MN-WI Metropolitan Statistical Area covered eleven counties with 2,968,806 residents living within 6,064 sq. mi. The jurisdiction of the Metropolitan Council (which is also the region’s Metropolitan Planning Organization) covered seven counties with 2,642,056 residents in their 2,813 sq. mi. In practical effect, though not truly “metropolitan” in scope, the Metropolitan Council’s jurisdiction embraced the entire urbanized area. Urbanized areas are effectively the regional framework for “the geography of opportunity.”

7 There are 48 bi-state or multi-state Metropolitan Statistical Areas and Metropolitan Divisions.

Urbanized areas are acceptable alternative regions for Sustainable Communities planning. Indeed, for some regions, urbanized areas may be more suitable than metropolitan areas since multi-jurisdictional bodies organized on a metropolitan-wide basis may give disproportionate weight to exurban communities with only tenuous ties to the region to the detriment of fair representation of core communities.

Mandatory inclusion of principal city and first suburbs: Programs clearly calling for multi-municipal or “regional” planning can operate to the exclusion of central cities. In Pennsylvania, for example, 10,000 Friends of Pennsylvania surveyed 88 instances of voluntary multi-municipal land use planning encouraged by state law. Analyzing their data base, we found that⁸

- *No suburban municipalities are planning jointly with their central city in the six largest metropolitan areas.* In fact, out of Pennsylvania’s 15 metropolitan areas, the only place where central city-suburban joint land use planning is being implemented is (not surprisingly) State College, where State College borough and five adjacent townships have adopted a regional comprehensive plan.
- *There is little or no joint planning involving both outer-suburbs and inner-ring boroughs and more “built-out” inner townships.*
- *Joint planning seems to be the exclusive practice of outer-ring and rural townships and the boroughs they enclose.*
- *With few exceptions – and in sharp contrast to their central cities – the residents of joint planning municipalities are almost exclusively non-Hispanic whites.* Of the 36 joint planning areas, 32 are 92 percent to 99 percent non-Hispanic white.
- *With the exception of Pittsburgh’s suburbs (and some of Erie’s suburbs), all joint planning communities have much higher average incomes and much lower poverty rates than their central cities.*

A second survey of Pennsylvania’s multi-municipal land use planning grants (in the same report cited above) found the same pattern and concluded that

- Among the eight major metro areas, there are no instances of suburban municipalities planning jointly with their central cities nor, it appears, with inner-ring suburbs.
- Though, by definition, county comprehensive plans would cover central cities and inner-ring suburbs, in 10,000 Friends’ phrase, county plans “are advisory only and much ignored.”
- In short, at best, collaborative land use planning in Pennsylvania is the province of suburbanizing townships interested primarily in “greenfields” development with an element of farmland and open space preservation added in some regions with a strong environmental concern. There is little counterbalancing commitment to “brownfields” redevelopment among those engaged in multi-municipal planning because the “brownfields” communities are not part of the multi-municipal consortia.

8 David Rusk, “‘Little Boxes,’ Limited Horizons: a Study of Fragmented Local Governance in Pennsylvania: Its Scope, Consequences, and Reforms,” The Brookings Institution (December 2003)

Many local governments will be far more attracted to SCI's environmental goals than SCI's social opportunity goals. To avoid such exclusionary practices as cited above, any non-rural action area must be required to cover all of a region's urbanized area, including its central city (now called "principal city" by the federal OMB) and immediate suburbs.

HUD's initial request for comment on the Sustainable Communities program assumed that planning grants awarded will be regional in scope without ever defining "what is a region?" This will be one of the more critical decisions HUD, DOT, and EPA face in shaping the new initiative. We urge the three Partners for Sustainable Communities to resist pressures to collapse the program to less than regional scale – that is, demand metropolitan, micropolitan, or urbanized area coverage with full inclusion of principal cities and first suburbs.

Sustainable Communities planning must embrace both a region's high opportunity areas and its low opportunity areas. To assist high opportunity areas alone (as Pennsylvania's multi-municipal planning incentives did) is to perpetuate opportunity without diversity. To target low opportunity areas alone (as so many federal community development programs have) is to perpetuate diversity without opportunity.

COMMENTARY

NO. 2 Eligible Grantees

The recipient of an SCI Planning Grant must be a governmental unit (such as a county for single-county regions), or consortium of governmental units (such as a Metropolitan Planning Organization or Council of Governments) or, in the absence of interested local governments, a state agency – in short, public bodies that control development policy (land use, commercial and industrial development, housing, transportation and other infrastructure, etc.) within a region.

“Public policy dictates where development occurs.” That blunt statement by the National Association of Home Builders (surely no fans of governmental regulation) emphasizes the fact that, exercising planning and zoning authority delegated to them by state law, it is local governments that lay down the template for the “geography of opportunity.”

The initial notice for the SCI program⁹ suggested that “HUD is considering as an eligible entity a multi-jurisdictional and *multi-sector partnership* consisting of a consortium of units of general local government and all governmental, *civic, philanthropic and business entities* with a responsibility for implementing a Regional Plan for Sustainable Development [emphasis added].”

That sounds like the classic formula for the typical community visioning exercise that, in our experience, results in pap and mush.

SCI is a *pilot program* whose grants should strengthen a limited number of local governments or consortia of local governments that are cutting-edge practitioners of effective regional planning. SCI planning grants must result in tangible public policies and actions that reflect hard choices being made by public officials about what gets built where for whose benefit. They must further develop best practices that, hopefully, result in their steady (if slow) adoption by other state and local governments and, equally hopefully, their speedier adoption by the Congress and federal agencies as conditions for federal grants-in-aid.

Certainly, there are important roles for “civic, philanthropic and business entities” in achieving SCI’s goals. Civic groups, particularly regional grassroots coalitions, pressure governmental agencies into enacting progressive social justice and environmental plans and policies. Philanthropic foundations often provide seed money for innovative initiatives but, more importantly, financially support private, non-profit advocacy organizations. “Business,” of course, is the source of commercial, industrial, and residential investment (though “business” acts through myriad individual businesses; business organizations themselves, such as chambers of commerce, rarely command significant financial resources).

9 “Sustainable Communities Planning Grant Program Advance Notice and Request for Comment [Docket No. FR-5396-N-01]”

But, in our experience, to vest direct responsibility for SCI planning grants in ad hoc, amorphous, amalgamations of public and private groups is to diffuse governmental accountability and dilute the final product. Our guiding principle is that a region's local elected officials should be clearly accountable for integrated regional planning for transportation, housing and community development, and environmental protection. **Local governments, or consortia of local governments, that substantially cover metropolitan, micropolitan, or urbanized areas should be the eligible grantees.**

Realistically, the Office of Sustainable Housing and Communities can make only 30 to 40 planning grants with its initial \$100 million appropriation. The selection criterion must be to develop pilot programs that can be replicated much more widely. What types of governmental grantees are feasible alternatives at different regional scales and levels of complexity?

Metropolitan Planning Organizations: Though specialized regional infrastructure-based agencies are common (e.g. airport authorities, water utilities, etc.), there are almost no general, multi-purpose structures for regional governance. "Metropolitan Planning Organizations (MPOs)" are the notable exception.

Since 1962, federal law has required that transportation planning processes be organized and directed for all urbanized areas¹⁰ by MPOs. In 1991, ISTEA substantially increased the role of local governments in MPOs and provided them with more flexibility in allocating federal transportation funds (a process that has continued under TEA-21 in 1997 and SAFETEA-LU in 2005). MPOs are established for a "metropolitan planning area" that must contain, at a minimum, the Census Bureau defined "urbanized area" (UZA) and the area expected to become urbanized in the next 20 years. The metropolitan planning area may extend to the Office of Management and Budget (OMB) defined metropolitan statistical area (MSA).¹¹ There are currently 342 designated MPOs for 484 UZAs (based on Census 2000) which cover just over 2% of the nation's land area.

MPOs should be the presumptive recipients of pilot SCI grants as they are the only extant regional governance institutions in most metropolitan regions. Moreover, desirably, MPOs should play a central role in planning for the use of a wide range of federal grant programs from multiple federal agencies.

10 A UZA is a compact area that is entirely urban in character, defined as a contiguous area with more than 50,000 people and with a population density greater than 1,000 persons per square mile. The area that meets the density definition is included in the boundary of the UZA, regardless of political boundaries. The "building block" of a UZA is the census block group, which can be as small as one acre. Because the level of analysis is so small, UZAs are often irregular in shape. Further, UZAs pay no attention to political boundaries. Two UZAs cannot share a border, because such a condition would result in a single contiguous geographic unit.

11 Counties serve as the building blocks of MSAs. In order to be designated an MSA, the region must have at least one UZA to serve as the core of the MSA. The county that contains the UZA is called the "core county" of the MSA. Additional "outlying counties" that have high degrees of economic or social integration with the core are added to the MSA. Outlying counties qualify for inclusion in the MSA if a) more than 25% of the employed residents commute to the core county; or b) more than 25% of the jobs in the outlying county are held by residents of the core county. The boundary of an MSA is coterminous with the county boundaries that qualify for inclusion. Therefore, it is common for land area that is rural in appearance and character to be included in the MSA.

However, there are two principal drawbacks to such reliance on MPOs. First, on many MPO governing boards, cities and first suburbs are significantly under-represented. (This is addressed by recommendation #3.) Second, almost half of MPOs are exclusively transportation planning agencies.¹² In some cases, MPOs are basically bureaucratic extensions of state highway departments. Moreover, even within many regional organizations with broader missions (e.g. councils of governments, regional planning commissions, etc.), with the largesse provided by USDOT, transportation planning overwhelms other activities.

In such circumstances, it may be difficult to integrate transportation, housing/land use, and environmental planning within a “highway engineer’s culture.” In some cases, better integration of transportation, housing/land use and environmental planning may be facilitated by awarding SCI planning grants to general purpose governments, such as county governments in single-county regions, or dominant, “elastic” city governments where such cities represent more than three-



quarters of the urbanized area’s population (and when they can continue to expand through annexation). We’ll examine these alternatives at different regional scales.

Very large scale regions of 1,000,000 or more populations: In 2008 there were 64 metropolitan areas (either MSAs or metropolitan districts) of 1,000,000 or more residents; eight were single-county MSAs where their county governments could conceivably serve as SCI planning grant recipients.¹³ In 2000, within these 64 MSAs were nestled 37

urbanized areas of 1,000,000 or more residents; to the eight listed above, Phoenix/Maricopa County and San Jose/Santa Clara County can be added as urbanized areas completely contained within a single county. In these 37 large urbanized areas only one principal city (San Antonio) represents over three-quarters of its urbanized area.

Thus, for such very large regions, with the possible exception of the county governments and the City of San Antonio (or Bexar County) in these eleven Western regions, MPOs are the only feasible grantees for SCI planning grants.

- **Large regions of 500,000 to 1,000,000:** The alternatives are somewhat more diverse at this scale. Thirteen (13) of 54 metro areas are single county- regions while out of 34 urbanized areas four “elastic cities” dominate their regions.

12 At least, based on their organizational names, 160 out of 342 MPOs are either designated as “MPO,” “Transportation Planning Council,” “Area Transportation Study,” “Transportation Council,” or similar transportation-linked nomenclature.

13 Los Angeles, San Diego, Anaheim-Santa Ana/Orange County, Miami-Dade, Fort Lauderdale/Broward County, (West) Palm Beach County, Tucson/Pima County, and Las Vegas/Clark County.

- **Medium regions of 250,000 to 500,000:** As regional population size decreases, the dominance of “Big Box” government increases. Twenty-seven (27) of 75 metro areas are single-county, while in the 53 medium-size urbanized areas of this population range six (6) elastic cities are dominant.
- **Small regions of 100,000 to 250,000:** Almost half of the metro areas (82 of 166) are single-county regions at this population scale, while more than one-fifth of core cities (25) dominate the 119 urbanized areas.
- **Very small regions of 50,000 to 100,000:** Almost three-quarters of these regions (17 of 25) are single-county areas, while one-third of urbanized areas on this scale (55 of 168) have dominant “elastic” cities.
- **Micropolitan areas (less than 50,000):** Micropolitan area designation is a new creation of the federal government. Micropolitan areas are too small to qualify for urbanized area designation or to be required to have an MPO (though some undoubtedly have regional planning bodies). However, of the 574 micropolitan areas, ninety percent (517) are single-county regions.¹⁴

Achieving a balance mix of SCI planning grants: HUD-DOT-EPA should seek to achieve a mix of grantees with an eye to the size of each model grantee’s potential universe of similar regions for replication.

For very large regions (with few potential alternatives as noted), MPOs should be the presumptive grantees – for example, the Delaware Valley Regional Planning Commission (Philadelphia-Camden PA-NJ), a bi-state region (of which there are 48), and the Capitol Region Council of Governments (Hartford CT), a state where county government does not exist (characteristic of New England). Portland Metro (OR) is the USA’s leader in combining effective transportation and land use planning and has the nation’s only directly elected regional government, (thereby meeting our test of proportional representation for city and first suburb residents).

By contrast, we anticipate that the Baltimore Metropolitan Council (BMC), though the region’s MPO, may not be a suitable lead applicant; its board, composed of seven mayors and county executives/commission chairs, have adopted a policy that the BMC will not engage in anything “controversial.” By its very nature, an SCI grant must involve the organization in controversial plans and policies. Building One America and BRIDGE have proposed that the Maryland Department of Planning and the Maryland Department of Housing take the lead in submitting an SCI application in Maryland.

Having a state agency perform such functions is hardly unprecedented. The Twin Cities Metropolitan Council has a 17-member board appointed solely by the governor and confirmed by the state senate; though the Met Council has strong local roots, it is, ultimately, a state agency.¹⁵

14 Forty-one (41) micropolitan regions share two counties, 14 have three counties, and there are two four-county regions.

15 It is important to emphasize that, if culturally, local governments are creatures of the people, constitutionally local governments are creatures of state government. Increasingly, many states are asserting their ultimate authority in matters of land use planning, environmental protection, and housing policy.

County government becomes a more feasible alternative grantee as regions become progressively smaller. County governments vary greatly in their powers, particularly depending on whether they are located in a “little boxes” state or a “Big Box” state.¹⁶ However, Lancaster County PA (whose planning commission is the region’s MPO) is an outstanding example of a county that has demonstrated great leadership with regard to its 60 constituent municipalities even in a “little boxes” state with limited formal county powers over land use planning. Under Washington State’s Growth Management Act, King County has provided effective leadership in regional land use planning within a “Big Box” state.

Large “elastic” cities often shape development patterns even beyond their formal borders. The City of Albuquerque and Bernalillo County (New Mexico) have adopted a comprehensive land use plan and a methodology for the city to exercise extraterritorial planning jurisdiction. The City of Springfield and Clarke County (Ohio) would be another excellent example of joint city-county collaboration. Short of formal city-county consolidation, the City of Charlotte-Mecklenburg County represents the ultimate in collaborative planning, having not only a jointly adopted comprehensive plan and a joint planning department but a jointly appointed planning commission for the two governments.

Thus, the three federal Partners for Sustainable Communities have many governmental alternatives that can serve as regional bodies to integrate transportation, housing, and environmental protection planning.

16 In “little boxes” regions (Northeast and Midwest) multiple municipal governments (cities; boroughs and villages; towns and townships) completely divide up each state. In most “little boxes” states cities have not annexed new land for decades. (These are “inelastic cities.”) County governments are typically comparatively weak or even non-existent (Connecticut and Rhode Island). County governments have no zoning powers whatsoever throughout New England, New Jersey, New York, and Pennsylvania. In the Midwest, county zoning powers range from essentially non-existent (e.g. Ohio and Michigan) to substantial (Indiana).

In “Big Box” regions (South and West), towns and townships have never existed. Municipalities are only formed where more intensive urbanization occurs. Surrounded by unincorporated land, cities typically annex new development. (These are “elastic cities.”) County government is the general purpose local government for all unincorporated areas (which can have substantial populations). County governments can have extensive land use planning and zoning powers (though some states have been very limiting in their delegation of authority to county governments).

COMMENTARY

NO.3 MPO Reform

There must be proportional representation on a Sustainable Communities grant recipient's governing body of the residents of principal cities and first suburbs (where minorities and low-income households are typically concentrated); or failing that test, an SCI grant recipient must establish a decision-making substructure that achieves proportional representation.

As explained in the prior chapter, MPOs are inescapably the presumptive SCI planning grant recipients for most very large and large metropolitan areas. However, few MPOs now meet three basic democratic standards: 1) proportional representation of the people to be served, 2) democratic accountability, and 3) sufficient power to not only develop but to enforce implementation of integrated regional transportation, housing and community development, and environmental protection plans.

To fully achieve the Sustainable Community Initiative's goals, many MPOs must be reformed. The best analysis and recommendations for reforming MPOs has been developed by the Institute on Race and Poverty, a founding member of Building One America.¹⁷

Reforming the nation's 384 MPOs will be primarily the task of the Surface Transportation Reauthorization Act. However, as a joint pilot program of HUD, DOT, and EPA, the federal partnership should maximize SCI's inducements with the goal of nurturing the evolution of broadly-empowered institutions of effective regional governance.

There is only one MPO for a *multi-county* region that meets our criteria for effective regional governance: Portland Metro, the USA's only directly-elected regional government.¹⁸

The product of almost four decades of creative experimentation by the citizenry of the Portland area and the Oregon state legislature, Portland Metro's jurisdiction covers the entire 400-sq. mi. Oregon portion of the Portland-Vancouver OR-WA urbanized area with more than 1.5 million people living in three counties and 25 cities. It is governed by the Metro Council which consists of a president who is elected region-wide and six councilors who are elected by district every four years in nonpartisan races. (Because the 1.5 million person region is divided into six co-equal districts of roughly 250,000 residents each, all residents are proportionately represented.)

The Metro Council provides leadership *from a regional perspective*, having been elected not as officials of individual municipalities but as metro councilors. Their broader perspective complements

17 Myron Orfield and Baris Gumus-Dawes. MPO Reform: A National Agenda for Reforming Metropolitan Governance. Institute on Race and Poverty at the University of Minnesota (2009) [www.irpumn.org/uls/resources/projects/MPO_Reform_A_National_Agenda.pdf]

18 Almost. The authority of Portland Metro does not extend to the Vancouver WA portion of the region although the Washington Growth Management Act closely parallels Oregon land use law.

Metro’s broad powers for integrating land use, housing, transportation, and environmental planning (conferred both under federal and state law and by its citizen-approved home rule charter.)¹⁹

Citizens clearly know who is responsible for the major decisions shaping the Portland region’s growth and quality of life (Metro council members) and how they come to occupy such key roles

the quality of informed public debate and the level of citizen engagement in Smart Growth issues are at least an order of magnitude greater in metro Portland than in any other region...

(We the People elect them). Candidates for the Metro Council must campaign on land use and transportation planning issues. As a result, in our experience, the quality of informed public debate and the level of citizen engagement in Smart Growth issues are at least an order of magnitude greater in metro Portland than in any other region in the country.

Another notable and successful institution of multi-county regional governance is the Metropolitan Council of the Twin Cities region, covering seven counties and 188 municipalities. The “Met Council” (the region’s MPO) meets only two of our three criteria:

- It meets the test of proportional representation. Established by the Minnesota legislature in 1967, the Met Council is composed of a chairman and 16 members representing 16 districts of roughly equal population into which the region is divided; thus, it meets the test of proportional representation.

- It has sufficient regional powers. The Met Council develops, in cooperation with local communities, a Regional Development Framework that is a set of policies to guide the efficient growth of the region, including plans for regional systems (transportation, airports, regional parks, and water resources). Beyond its planning powers (including ordinance making), with its \$750 million annual budget, it manages major systems that assure that its plans will be implemented.²⁰ Finally, though substantially self-executing by terms of its legislative authorization, the USA’s most significant regional tax base sharing plan is monitored by the Met Council.

- However, the Met Council does *not* meet the test of democratic accountability. The Met Council members, including the chair, are appointed by the governor and confirmed by the state senate. Ultimately, Met Council members are accountable to the governor and not to the citizens; Met Council members reflect that governor’s politics and philosophy towards regional governance.²¹ In effect, the Met Council is a state agency – a fact recognized by an

19 Metro also operates two regional garbage and recycling centers and the several regional facilities: the Oregon Zoo, the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition Center.

20 Examples are the regional transit system (providing 250,000 bus and rail rides daily), the regional wastewater system (collecting and treating 250 million gallons of wastewater daily), the regional system of parks and trails (54,000 acres in all), and region-wide allocation of affordable housing (6,600 units).

21 In 1999, as a Minnesota State Representative, Myron Orfield successfully passed a bill to convert the Met Council from a governor-appointed body to a regional governing board directly elected by the citizens of the seven-county region. However, the bill was vetoed by Governor Arne Carlson.

entry on its webpage that notes “*Along with 22 other Cabinet-level departments* [emphasis added], the Council was asked by the Governor to identify its priority goals and develop performance indicators to measure progress toward achieving these goals.”

The impact of effective regional governance can be clearly seen. Both the Portland and Minneapolis-St Paul regions experience:

- less sprawl (growth of urbanized land vs. urbanized population from 1970 to 2000);
- less racial segregation (dissimilarity indices in 2000);
- greater employment growth (from 1990 to 2006); and
- lower intra-municipal fiscal disparities (Gini coefficient in 2001)

than other large metropolitan areas with comparable degrees of municipal-level governmental fragmentation – but regions without the overlay of Portland and the Twin Cities’ regional governance institutions.

Achieving proportional representation will require substantial revision of current MPO governing bodies. State transportation and other state agency officials will have to assume purely advisory roles. New municipal level members may need to be added to achieve proportional representation. County officials might exercise proportional voting powers for balance-of-county populations without municipal representatives.

Indeed, experimenting with selected county governments as SCI planning grant sponsors and bringing the current MPO structure formally within the county government structure (if independent of county government) may be the most promising way to integrate transportation, land use, and environmental planning in the long run – at least in many mid-sized and smaller regions.

While only one-fifth (21 of 118) of metro areas of more than 500,000 people are single-county metro areas, almost half (126 of 266) of smaller metro areas are single-county regions – as are 90 percent (517 of 574) of micropolitan areas.

That means that in over two-thirds of the USA’s urban regions (664 of 958) there is already in place a form of regional government – county government – that is proportionally representative,²² democratically accountable, and, in many cases (but far from all cases), sufficiently empowered to be the unifying mechanism for effective regional transportation, land use, and environmental planning.²³

22 The size of county governing bodies ranges from the widely-typical three-member commission to, for example, Oneida County, NY, whose board of legislators numbers 29. There is a slow but steady trend towards adopting the elected county executive/multi-member county legislature model as being more representative in growingly diverse counties.

23 Under the laws of 50 states, county government powers range from zero (Connecticut and Rhode Island, where county government has been abolished) to Maryland (where county government is the local government for over 90 percent of the state’s population).

In 1950 (that is, prior to the Interstate Highway System), there were 169 metropolitan areas, including 117 single-county metro areas. Collectively, the 169 metropolitan areas covered 300 counties.

By 2000, those same 117 erstwhile single-county metropolitan areas collectively covered not 117 counties but 369 counties. The full list of 169 metropolitan areas (ca. 1950) covered not 300 counties but 732 counties. And, of course, the nation's growth has brought into being another 215 metropolitan areas.

Over the past sixty years, what if regional transportation planning had been driven not by state highway departments and the Federal Highway Administration but by urban county governments (sometimes, under joint powers agreements with dominant central cities)? Is it not possible that the nation's growth would have been accommodated in a less sprawling, less segregated fashion?

To meet the challenges of the 21st Century, Sustainable Communities planning needs to explore fully the role of county government in integrating regional transportation, land use, and environmental planning at appropriate regional scales.

COMMENTARY

NO.4 Community Participation

Sustainable Communities Grants must include a plan for meaningful citizen involvement in the planning process, including the involvement of regional opportunity advocacy organizations.

Overcoming entrenched traditions of excessive localism, laissez faire property rights, and the car culture to achieve Smart Growth is tough.

Overcoming deep seated fears and stereotypes embedded in America's racial and class divisions to achieve Fair Growth is even tougher.

Truly "changing the rules of the game" requires a combination of visionary and courageous leadership by key elected officials serving as a reform's champions and a strong, focused, mobilized grassroots constituency in order to broaden public understanding, recruit additional support among other elected officials, and strengthen reform champions' resolve at critical junctures. And then to keep defending "victory" after it has been "won."

The story is told of President Franklin Delano Roosevelt meeting with his New Deal brain trust around some contentious issue. "All right," FDR finally said. "I'm convinced. Now go out and publicly force me to do it."

That is precisely the challenge the Sustainable Communities Initiative faces if it is to avoid falling far short of its vision. What is lacking is not sufficient "best practices" policy tools. What is lacking is the political will to use them.

Building One America and its partners have advocated that independent funding be provided grassroots organizing and advocacy groups that are committed to inclusive regional housing opportunity and smart growth in parallel with the award of SCI Planning Grants to governmental sponsors. Such funds should not flow through the governmental planning grant recipients themselves because advocacy organizations have a dual role: to rally support for progressive policies and to serve as "watchbirds."

Instead, there are three alternatives that would preserve the grassroots advocacy groups' independence while providing essential support:

- Direct advocacy grants issued by the Office of Sustainable Housing and Communities (with signoff from DOT and EPA); or
- Grants made by a consortium of philanthropic foundations recruited by the federal Partnership for Sustainable Communities; or
- Grants made by the foundation consortium with their own funds matched by funds from the Office of Sustainable Housing and Communities.

To illustrate the concept, two Building One America members, New Jersey Regional Coalition (NJRC) and Southeast Pennsylvania First Suburbs Project (SEPA-FSP) have worked closely with the Delaware Valley Regional Planning Commission (DVRPC), the MPO for the Philadelphia-Camden PA-NJ region. DVRPC has a forward thinking professional staff and a large board of directors (both members and alternates) composed of seven transportation agency professionals (PennDOT and NJDOT); six other state government officials and gubernatorial appointees; and an elected county commissioner or freeholder and the planning directors from five Pennsylvania counties and four New Jersey counties.

From experience, NJRC and SEPA-FSP knows that both state officials and county officials have to be “encouraged” to adopt region-serving policies when tempted by other, more selfish policies that may appear to maximize advantages and opportunities for their state or county as contrasted with the proposed regional solutions. (Fair share housing is a classic example.)

Thus, achieving the most effective regional comprehensive plan meeting both social opportunity and environmental goals would be greatly aided by companion grants to NJRC and PlanSmartNJ (close allies) and SEPA-FSP and 10,000 Friends of Pennsylvania (also close allies) if the Delaware Valley Regional Planning Commission were to be a SCI grantee.

In other regions, if a grassroots regional opportunity coalition is not available, pairing an environmental organization with a Fair Housing advocacy group would help assure meeting the essential balance between Smart Growth and Fair Growth by the SCI planning grantee.

COMMENTARY

NO. 5 Reducing Segregation

A primary goal of Sustainable Communities planning must be the reduction of racial and economic residential segregation and school segregation and concentrations of poverty on a regional basis with aggressively affirmatively furthering fair housing as a fundamental policy; a method must be specified to document progress in achieving greater racial and economic integration.

Among developed nations the USA has one of the greatest income disparities²⁴ and the highest levels of racial and economic neighborhood segregation.

The greater “color” problem of new suburban and exurban development is not that it is not green enough but that it is still too white. The fundamental test of creating livable communities must be “are we going to live together?”

Creating stable communities that are racially, ethnically, and economically integrated must be a priority for the Sustainable Communities Initiative, the Livable Communities Act, and the Surface Transportation Reauthorization Act – a goal which the three Cabinet Secretaries have publicly supported.

It is imperative that the Sustainable Communities Initiative explicitly require developing *inclusive* communities particularly in light of the fact that for decades federal policies were primary tools for segregating America’s housing markets. Indeed, it is a moral imperative that any HUD-led program must adopt racial, ethnic, and economic inclusion as its primary goal in light of its disgraceful history of racially exclusionary mortgage policies, racially-motivated location of public housing projects, etc. for decades.²⁵

Even so, assessing the Sustainable Communities Initiative on the basis of only its environmental goals, *its “green” goals cannot be substantially achieved without addressing the racial, ethnic, and economic segregation of our regional housing markets.*

One of the Congressional findings set forth in the Livable Communities Act of 2009 is that “During the period between 1980 and 2000, the growth of the largest 99 metropolitan areas in the continental United States consumed 16,000,000 acres of rural land, or about 1 acre for every new household [Sec. 2(4)].”

24 Of the thirty member nations of the Organization for Economic Cooperation and Development, only Turkey and Mexico have higher levels of income disparity; of 126 nations, the United States is tied for the 71st worst income disparity with Ghana and Turkmenistan.

25 See generally, *The Future of Fair Housing: Report of the National Commission on Fair Housing and Equal Opportunity* (December 2008) (www.prrac.org/projects/fair_housing_commission/The_Future_of_Fair_Housing.pdf)

However, we have found that, in the most segregated metro areas, almost twice as much acreage was consumed per new household as in the least segregated metro areas.”²⁶ “Smart Growth” must also be “Fair Growth.”

As best said by Jack Lurie, president of the Michigan Farm Bureau, “To save our farms we must save our cities.”

A primary strategy for creating more inclusive communities must be an aggressive and proactive approach to “affirmatively furthering fair housing” – a long-standing federal policy that has been “more honour’d in the breech than the observance” by past administrations.²⁷

The next two chapters will address *strategies* for achieving racially, ethnically, and economically integrated neighborhoods and schools and reduce concentrations of poverty. The balance of this chapter will address how metro areas should measure progress in achieving both more sustainable and racially and economically inclusive communities.

In his report on MPO reform,²⁸ Myron Orfield suggests five measures by which progress can be measured:

- 1) “The effectiveness and sustainability of land use policies – measured by a sprawl index that calculates the increase in urbanized land in relation to urbanized population growth;
- 2) “The fairness of affordable housing distribution in a region – measured by the percentage of affordable housing in moderate- and high-opportunity communities;

26 Dividing the largest 99 metro areas into quintiles, from 1980-2000 the most segregated metro areas (Chicago, Cleveland, Hartford, Detroit, Philadelphia, New York-Newark, New Haven, Providence, Springfield (MA), Boston, Rochester (NY), Birmingham, and Houston – averaged 1.35 acres added per new household. That compares with only 0.71 acres added per new household in the least segregated metropolitan areas (Stockton, Raleigh-Durham, Mobile, Columbia, Riverside-San Bernardino, Las Vegas, Knoxville, Greenville-Spartanburg, Charleston, El Paso, Portland (OR), Seattle-Tacoma, Albuquerque, and Honolulu).

Three other highly segregated metro areas actually lost urbanized population, but gained urbanized land – Buffalo-Niagara Falls (plus 101 sq. mi, or 38 percent); Youngstown-Warren (plus 59 sq. mi, or 35 percent); and Pittsburgh (plus 139 sq. mi. or 19 percent).

Finally, a dozen metro areas were recorded as having lost urbanized land area – an impossibility since land, once urbanized, never reverts back to its former rural status. However, this data anomaly reflects the Census Bureau’s inconsistent approach to classifying land as urbanized in earlier decades; in many cases, if a municipality was partially urbanized, it was tabulated as completely urbanized despite the fact that some central cities (e.g. Jacksonville, Oklahoma City) had annexed vast, as-yet-undeveloped areas; others had enclosed unbuildable areas within their city limits but they were tabulated as urbanized (e.g. portions of Lake Pontchartrain within New Orleans’ city limits, portions of the Great Dismal Swamp within Virginia City/s) and for other metro areas the complete jurisdiction of partially urbanized semi-rural townships were counted (e.g. Milwaukee and Minneapolis-St. Paul). Such distortions were corrected by Census 2000.

The reality is that data collection regarding urbanized areas was very inconsistent in past decades.

27 Recommendations to improve HUD’s performance in affirmatively furthering fair housing were submitted by PRRAC and 22 fair housing and civil rights allies in a statement in July 2009. [www.prrac.org/pdf/Affirmatively_FurtheringFairHousing7-29-09comments.pdf]

28 Previously cited in footnote 14.

- 3) “The extent to which a region is racially and economically segregated – measured by traditional measures such as the dissimilarity indices or percentages of low-income people (students) and people (students) of color in segregated neighborhood (school) settings;
- 4) “The extent to which job growth is clustered to promote multi-modal transportation options and transit-oriented development – measured by the percentage of jobs in high-density job centers; and
- 5) “The extent of fiscal inequality in a region – measured by the Gini coefficient for local tax-base.”

Too many indicators often have the shortcoming of being able to be calculated only on the basis of decennial census reports; this is true of measures based on census tracts (that is, neighborhood-level) or in regions with multiple municipalities (many of which are very small) where data are collected only every ten years.

This proposed set of indicators, however, draws upon data sources that can be re-calculated periodically or even annually to establish trend lines.

- 1) “Sprawl index” – officially, the Census Bureau tabulates “urbanized land” and “urbanized population” only every decennial census; however, any MPO or county planning department worth its salt maintains GIS systems that track trends in developed land, housing units, etc. Using the urbanized land/urbanized population from Census 2010 (available in mid-2011) as a base level and average persons per new housing unit, an SCI grantee will be able to update the “sprawl index” annually;
- 2) “Opportunity-based housing index” – using a methodology such as discussed in our commentary on recommendation #6, an SCI grantee should be required to establish a regional opportunity map, dividing municipalities (in “little boxes” regions) or census tracts (within “Big Box” regions) into different opportunity levels (jobs, schools, safety, etc.); Census 2010 will establish the relative affordability of housing units within each municipality or census tract, and annual residential building permit data will allow the inventory to be updated;
- 3) “Segregation index” – Though for even the smallest municipalities, the Census Bureau provides annual population estimates, it does not break down its population estimates by race and ethnicity; thus, measures such as census tract-based racial and economic residential segregation indices (i.e. dissimilarity indices) can only be updated every ten years. *However, public elementary school enrollment data can be used not only to calculate annual school segregation indices but can serve as a reasonable proxy for residential segregation trends.* Public elementary school enrollment data classifies pupils by six racial/ethnic categories and into two or three economic classifications (i.e. those qualifying for fully subsidized meals, those qualifying for partially subsidized meals, and those not qualifying for subsidized meals²⁹). Except where federal courts or school boards volun-

29 Family income standards for **Free And Reduced-price Meals** (FARM) are uniform nationally and are based on the annual poverty threshold (\$22,050 for a four-person family in 2009-10). To qualify for fully subsidized school meals, up to 130 percent of the federal poverty level (or up to \$28,665 in 2009-10); to qualify for partially subsidized school meals, up to 185 percent (or \$40,793). Since FARM income standards do not vary according to differences in regional cost-of-living, FARM is understated in high average income (but high living cost) regions and overstated in low income (but also low living cost) regions. Thus, for example, in 2009-10 the FARM eligibility cutoff represented only 40 percent of the San Jose CA Area Median Income (\$102,500), the USA’s highest income metro area, but was 127 percent of the McAllen-Edinburgh-Mission TX Area Median Income (\$32,000), the USA’s lowest income metro area. But real incomes in San Jose were not three times greater than in McAllen, because in 2000 the difference in housing costs was so much greater (median home

WHICH ONE IS THE AFFORDABLE HOUSING?



Both these photos show housing in the Claggett Farms subdivision in Montgomery County, MD. The image above is the inclusionary, affordable housing (a well-disguised duplex).



State government websites provides assessed valuation for all governmental jurisdictions annually; the Census Bureau updates annual population estimates for every local jurisdiction. A Gini index is a measure of the average degree of departure from an absolutely equal distribution of assessed valuation per capita among local governments. A Gini index value of 1 would mean that one jurisdiction contains all a region's property wealth while an index value of 0 would mean that property tax wealth is evenly distributed among all jurisdictions.³¹

There are certainly other available metrics to measure an SCI planning grant region's progress towards becoming a more sustainable, inclusive region. However, we commend these measures to the Partnership for Sustainable Communities.

value: San Jose \$446,400 v. McAllen \$52,400 – more than eight times higher – and median gross monthly rent: San Jose \$1,185 v McAllen \$401 – almost three times higher).

30 For example, in Census 2000, the Detroit PMSA's black-white segregation index (all age groups) was 84.7, the USA's highest (100 = total apartheid); for 18 and under, 85.7 (worst); and for elementary schools, 88.5 (worst). The economic residential segregation index was 44.8 (6th worst) and the economic school segregation index was 64.2 (5th worst). Nationwide, 89 percent of all elementary school age children are enrolled in public elementary schools with very little variation from the national average among metropolitan areas.

31 In 2001 the Fiscal Disparities index for metro Cincinnati, the USA's worst among the 25 largest metro areas, was 45. With its regional tax base sharing program, the Twin Cities region's index was 17 (one third below a projected value of 26 based on the region's level of municipal fragmentation). With its effective regional land use and transportation planning, metro Portland's index was 11 (half of its projected level of 22), the USA's best along with metro San Diego, the 2nd most governmentally unified among the 25 largest regions.

tarily have implemented racial or economic desegregation plans, school segregation indices track residential segregation indices quite well.³⁰

4) "Job clustering index" – Most state labor departments provide annual information about job location by municipality; if not, the Census Bureau's *County Business Patterns* does so annually by ZIP code that can serve as a reasonable (if less geographically precise) measure of job distribution. Such information can be used to measure comparative trends in job clustering and job dispersion.

5) "Fiscal disparities index" – The goal is to determine the assessed valuation of property per capita by local governmental unit (municipality or county) and measure relative disparities in property tax resources available (on which local governments rely in many states as their primary revenue source).

COMMENTARY

NO. 6 Regional Opportunity Mapping

Using one of several methodologies provided by the Office of Sustainable Housing and Communities, grant recipients must conduct a regional opportunity assessment that measures relative opportunity (jobs, schools, local services, safety) by municipality or census tract.

For decades the primary goal of federal housing policy has been simply providing affordable shelter. Far too often, federal housing programs have consigned low-income families, particularly Black and Latino families, to low-opportunity ghettos and barrios from which few emerge to lead better lives.

During those same decades, federal transportation policies have greatly subsidized suburban sprawl, resulting in what former Rochester mayor Bill Johnson, former Urban League executive, memorably described as “relentlessly re-locating true opportunity beyond our reach.”

SCI must embrace an “opportunity-based housing strategy.” Opportunity-based housing emphasizes locating low-income families from low-opportunity communities into affordable housing in high-opportunity communities providing

- access to a growing supply of good jobs;
- access to high-performance schools; and
- access to high quality local government services

that are within safe, low-crime neighborhoods that are not racially, ethnically nor economically segregated from mainstream society.

To implement such a strategy requires developing regional opportunity maps. The Kirwan Institute has pioneered such mapping for metro Baltimore and at least half a dozen states.³² The Urban Institute and the Furman Center for Real Estate and Urban Policy at New York University have done so for metro Seattle and metro New York. The mapping exercises reflect somewhat different methodologies. In New Jersey, the New Jersey Regional Coalition, Fair Share Housing Center, and the Innovative Housing Institute collaborated on a similar statewide report.

For the Baltimore, Seattle and New York studies, the Kirwan Institute and the Urban Institute/NYU adopted census tracts as the analytic unit. This is certainly appropriate for “Big Box” regions like Seattle and, especially Baltimore. However, it is important to utilize data sources that can be kept current rather than rely on decennial census data so that year-to-year trends can be measured.³³

32 See *The Geography of Opportunity: Review of Opportunity Mapping Initiatives* (Kirwan Institute, July 2008).

33 The Urban Institute/NYU study utilized annual reports on percentage FARM pupils and percentage passing state reading and math proficiency exams to measure educational opportunity; annual FBI crime index reports to measure neighborhood safety; numbers of jobs at AA degree level within 5 miles from periodic Census ZIP business patterns and BLS occupational training surveys to measure economic opportunity; and periodic data from the EPA Toxic Release Inventory and National Air Toxics Assessment to measure environmental quality.

For “little boxes” regions, municipalities are the appropriate scale. For each of the state’s 566 municipalities, the New Jersey Municipal Opportunity Index (MOI), for example, tabulates

- job opportunity as measured by total jobs located in that municipality and growth of jobs over the past decade;
- school opportunity as measured by percentage of students qualifying for Free And Reduced-price Meals (FARM) in each municipality’s school district;³⁴
- quality of municipal services as measured by assessed property valuation per capita;
- neighborhood safety as measured by the FBI index of overall crimes and of violent crimes per 1,000 residents; and
- a community’s socio-economic status as measured by median family income and family poverty rate from the most recent census.

For each factor a municipality is ranked against its peers within the appropriate region, as delineated by the New Jersey Council on Affordable Housing (COAH). For example, in the three-county Camden region, there are 100 suburban municipalities plus Camden as the central city; thus, the top ranked municipality in terms of total jobs would be ranked #101 and the lowest ranked #1. Relatively rankings are then averaged across all five categories to establish an overall Municipal Opportunity Index within that region.

Finally, ranked from 101 to 1 (for the Camden region)³⁵, the suburban municipalities are divided into five groups as nearly co-equal in cumulative population as possible. The groups are then designated as maximum opportunity, high opportunity, medium opportunity, low opportunity, and minimal opportunity plus the central city as a separate category.³⁶

It is important to note that the presence or absence of affordable housing is *not* one of the factors. Affordable housing is a means to higher opportunity and not an end in itself. Inclusion of affordable housing as a factor would skew the Municipal Opportunity Index back towards low-opportunity municipalities.

This methodology has yielded a very accurate picture of the “geography of opportunity” in New Jersey. The Municipal Opportunity Index should guide implementation of all HUD programs within New Jersey.

Opportunity mapping must be a central feature of an SCI Planning Grant and housing policies must be shaped to expand access of low-income families to high opportunity communities.

34 FARM serves as a highly reliable proxy for school quality because of the very high correlation between FARM and standardized test scores (typically, 0.75 or greater).

35 The number of municipalities in COAH’s six regions range from 68 in Region 6 (Atlantic City) to 122 in Region 1 (Jersey City).

36 All New Jersey’s central cities (except rapidly gentrifying Hoboken) would otherwise rank as minimal opportunity towns.

COMMENTARY

NO. 7 Opportunity-Based Housing

Sustainable Communities planning must include policies and programs that give low-income residents of low opportunity communities realistic options to move to high opportunity communities as well as policies and programs to upgrade the quality of life in low opportunity communities.

“If the County Council had approved the mandatory inclusionary zoning law,” Howard County (MD) County Executive Charles Ecker³⁷ said, “I would have signed it. I support inclusionary zoning. It’s the right thing to do.” (The Howard County Council had recently rejected a proposed mandatory inclusionary zoning ordinance by 3-2 vote.)

Ecker grinned mischievously. “Of course, politically, I would prefer that state or federal law mandate inclusionary zoning. Then I could explain that ‘the Devil made me do it.’”

Through its requirements for an SCI planning grant program and subsequent conforming grants-in-aid (see recommendation #9), the federal Partnership for Sustainable Communities (HUD, DOT, and EPA) must be “the Devil to make them do it.”

This is particularly true with regard to creating racially *and economically* integrated communities. The color-coded nature of the “geography of opportunity” in metropolitan America is no accident. In the post-Civil Rights Revolution era, racial segregation slowly but steadily declined everywhere, but economic segregation increased in most regions. *Exclusionary zoning* became almost synonymous with new suburban development. Large lot zoning, costly additional requirements for (or even an outright ban on) apartments, and high impact fees gave the appearance of being race neutral but the result was not. Space, not race, has become the new way of creating the “segregation of opportunity” (John Powell). Jim Crow by income replaces Jim Crow by race.

Jim Crow by
income replaces
Jim Crow by race.

In our commentary on recommendation #3 (MPO reform), we noted that Portland Metro is the only MPO that meets Building One America’s three criteria of proportional representation, democratic accountability, and sufficient powers.

However, we are reminded that even those three conditions are no guarantee that regional government will embrace development policies that are both environmentally sustainable and racially and economically inclusive. Many elected officials reflect all too well the fears and prejudices of their constituents. In much of America there is no more combustible fuel for constituent backlash than the convergence of race and class.

37 Charles I. Ecker served two terms as county executive (1990-98), the only Republican elected to that post since the county executive/county council form of government was adopted in 1969.

Inclusionary zoning (IZ) is the antidote for exclusionary zoning. It is an essential strategy for creating a more affordable housing supply in high opportunity communities. Opening up high-opportunity communities requires two conditions. First, there must be suitably priced, available housing. Second, there must be a regional mobility counseling program to help low-income households move from low-income areas into the opportunity-based housing.

IZ helps meet the first requirement. IZ produces a modest proportion of low-income housing without depending on public subsidies; a properly designed IZ law uses density bonuses to cover the cost of below market-rate, inclusionary housing production.

Though no state has mandated IZ state-wide as yet, over 400 cities and counties have enacted mandatory IZ laws. Some 39 million people – about 13 percent of the nation’s population – live in communities that mandate mixed income development.

Significantly, though, all IZ laws have been enacted in relatively unaffordable housing markets concentrated in California, Florida and the East Coast from Washington, DC to Boston, and the Denver and Chicago regions. City councils and county commissions are not motivated to enact IZ laws primarily by concern for social justice and opportunity for the poor; they are moved to act when middle class workers/voters encounter increasing difficulty in locating affordable housing.

Though wages and salaries vary greatly among different regions of the country, occupations tend to occupy the same relative ranking on the income scale. IZ ordinances express their income targets in terms of percentages of annual HUD-determined Area Median Income (AMI). The box shows representative occupations at different wage levels.

Pct of AMI	typical occupations
111-120%	school principal, lawyer
101-110%	engineer, architect, psychologist
91-100%	systems analyst, dental hygienist, construction manager
81-90%	registered nurse, loan officer, accountant
71-80%	librarian, police officer, high school teacher, medical tech
60-70%	postal worker, firefighter, elementary school teacher
51-60%	electrician, LPN, legal/executive secretary, dental assistant

41-50%	machinist, paramedic, bookkeeper, carpenter, truck driver
31-40%	secretary, bus driver, sales clerk, bank teller, nursing aide
21-30% ³⁸	cook, janitor, home health aide, desk clerk, child care worker

38 The federal minimum wage is currently \$7.25 per hour, or \$15,080 for a full-time/full-year worker. For a single parent with two children, that is below the current poverty level (\$18,310). The current poverty level is 30 percent of the national median family income of \$63,366 in 2008 (adjusting the poverty level for a median family of 3.22 persons, or \$19,130.)

Overwhelmingly, IZ laws are targeted towards the upper ranges of the “workforce.” Most assisted households cluster close to the target income ceilings. Of 127 IZ programs we’ve analyzed, 82 (or 65 percent) set a maximum eligibility range of 120% AMI for at least one-third of the IZ units produced; 13 cities (or 10 percent) do not explicitly apportion any IZ units for lower income levels. Some 102 cities and counties (or 80 percent) explicitly set 80% AMI as an income ceiling.

Many fewer IZ programs explicitly target very low-income households (31-50% AMI) and extremely-low income households (less than 30% AMI) – the working poor that are eligible for federal public housing and federal housing vouchers.

Only 58 of 127 IZ ordinances (or 45 percent) explicitly apportion some units for households below 50% AMI and only three cities (Carlsbad, Roseville, and San Marcos, CA) explicitly apportion some units for households below 30% AMI.³⁹



Inclusionary housing (a 4-plex) in the Carrington subdivision in Fairfax County.

It is far easier to develop public and political support for IZ laws to allow a community’s police officers, firefighters, and teachers to live in the community they serve. Sales clerks, nursing aides, and child care workers are also essential for a community to function yet, deprived of real identities and faces, they usually fall into the stereotypical category of “those people” who are unwanted.

Thus, even in light of the relative ease of rallying support to meet the housing needs of a community’s own police/firefighters/teachers, “the Devil made me do it” is still often required for IZ laws to succeed.

Let’s examine the status of IZ in the USA’s ten counties with the highest median household incomes (2008). Of the ten, five “Big Box” counties have enacted IZ laws voluntarily: # 9 Montgomery County, MD (the USA’s IZ pioneer and pacesetter); #3 Howard County, MD (a limited program for apartment units only); Fairfax County, VA (a comprehensive IZ program like Montgomery County’s); #1 Loudoun County (“Fairfax lite”); and #8 Arlington County, VA (inclusionary, transit-oriented development at its five Metro stops). Douglas County, the sixth “Big Box,” studiously zones out any but higher-income households. (Only four percent of Douglas County Public Schools students qualify for subsidized meals.)

39 This tabulation, however, does not account for the most effective way of providing housing assistance for very low- and extremely low-income families: the direct purchase of one-third of IZ units produced by the public housing authority practiced by Fairfax County, VA and, in particular, by Montgomery County, MD, whose Housing Opportunities Commission, by 2009, had purchase 1,700 IZ units and rented another 1,500. Fairfax County sets its eligibility ceiling at 70% AMI and Montgomery County at 65% AMI.

In the four “little boxes” counties, all zoning power is exercised by municipal government; county government has no zoning power. However, in #4 Hunterdon County, #5 Somerset County and #6 Morris County, through its famous *Mt Laurel* ruling (1975) the New Jersey Supreme Court ordered local governments to build affordable housing to meet their “fair share” of *regional* housing needs. Many cities, boroughs, and townships have adopted IZ or mixed-income housing policies as part of their (often begrudging) *Mt Laurel* compliance (12 of 26 municipalities in Hunterdon County, 15 of 21 municipalities in Somerset County, and 30 of 34 municipalities in Morris County).

“Big Box” governments can overcome localized NIMBY-ism and enact IZ laws that benefit the larger community. “Little boxes” governments are typically immobilized by the perceived self-interest of their narrower constituencies.

Finally, fed up with inaction by Long Island’s “little boxes” that created such a workforce housing crisis that it threatened to crater the Long Island economy, through the Long Island Workforce Housing Act of 2008, the New York State Legislature mandated that all 69 municipalities in #10 Nassau County and all 40 municipalities in #24 Suffolk County enact state-prescribed IZ ordinances – though the state’s mandated income ceiling is 130% AMI and the law clearly targets young professionals and middle-managers (and *not* the working poor).

There is a lesson embedded just in this brief review. “Big Box” governments, such as counties with broad land use powers and large cities with many diverse neighborhoods, can overcome localized NIMBY-ism and enact IZ laws that benefit the larger community. “Little boxes” governments are typically immobilized by the perceived self-interest of their narrower constituencies.

The federal government, of course, is the biggest “Big Box” there is – but constitutionally the federal government has no direct regulatory powers over land use planning and zoning; that is a power reserved to the states (which they, in turn, delegate to local governments – with or without Smart Growth-type guidelines and standards).

But the federal government can exercise decisive leverage in fostering sustainable and inclusive communities through requirements that could be attached to

- a) grants-in aid to state and local governments (\$145 billion by HUD, DOT, and EPA in 2009⁴⁰);
- b) federally-guaranteed mortgages (\$700 billion by FHA in 2009);
- c) federal “tax expenditures” (an estimated \$214 billion in tax credits for home owners and apartment developers by 2011⁴¹); and

40 These are on-going grant-in-aid programs and do not include \$12.7 billion for HUD, \$45.2 billion for DOT, and \$6 billion for EPA under the American Recovery and Reinvestment Act of 2009 (the “stimulus” program).

41 This does not include \$6.6 billion in first-time homebuyer tax credits and \$4.3 billion in tax credits for homeowner energy saving investments under the stimulus program.

d) Fannie Mae⁴² and Freddie Mac's⁴³ immense mortgage portfolios.

The Sustainable Communities Initiative should be a laboratory for developing and testing policies that would ultimately be attached as conditions to such federal programs that would far exceed the direct impact of SCI's \$150 million appropriation.

Some of the policies that would create more opportunity-based housing would include:

- Inclusionary zoning;
- State or local legislation banning source of income discrimination;⁴⁴
- State policies allocating Low Income Housing Tax Credits to family projects in high opportunity communities;
- State policies setting minimum requirements for affordable housing for all local jurisdictions and establishing a state mechanism for overriding local disapproval of affordable housing developments;⁴⁵
- State and local policies providing subsidies for low-income housing as components of mixed-income, predominately market-rate developments, including direct purchase of IZ units by public housing authorities; and
- State and local policies that provide funds for purchasing foreclosed homes in high opportunity communities for placement of low-, very low-, and extremely low-income families as either owners or renters.

Such policies should be part of the assessment of applications for SCI planning or implementation grants. (A point system should be developed for grading applications.)

Creating an affordable housing supply for low-, very low-, and extremely low-income families in high opportunity communities is only half the task. The other half is to create a regional mobility counseling and placement program that can help such families to transition successfully from low opportunity to high opportunity communities.

There are many examples of such programs but one of the best is the Baltimore Housing Mobility Program. Under the provisions of a partial settlement of *Thompson v. HUD*, over 1,500 client

42 Fannie Mae recently reported that "Our mortgage credit book of business was \$3.23 trillion as of December 31, 2009 New business acquisitions were \$823.6 billion for all of 2009, which included financing for approximately 3,125,000 conventional single-family loans and approximately 372,000 multifamily units. Our estimated market share of new single-family mortgage-related securities issuance was 38.9 percent in the fourth quarter of 2009."

43 In December 2009, Freddie Mac reported a \$1.9 trillion mortgage portfolio, and that in that year it had provided \$548.4 billion of liquidity to the mortgage market, helping finance approximately 2.2 million conforming single-family loans ("one out of four") and approximately 253,000 units of multifamily rental housing.

44 Source of income discrimination is currently banned by state law in California, Connecticut, Maine, Massachusetts, Minnesota, New Jersey, North Dakota, Oklahoma, Oregon, Utah, Vermont, Wisconsin and the District of Columbia and by local ordinance in 37 cities and counties (see www.prrac.org/pdf/AppendixB-Feb2010.pdf for the latest PRRAC-updated list).

45 Examples would be the Connecticut Affordable Housing Land Use Appeals Act, the Massachusetts 40(B) program (the "Anti-Snob Zoning Act"), the Illinois Affordable Housing Planning and Appeal Act, and New Jersey's post-*Mt Laurel* ruling Fair Housing Act.

families of the Housing Authority of Baltimore City have been aided in moving from low opportunity to high opportunity neighborhoods (89 percent into the city’s suburban counties).⁴⁶



Inclusionary housing (a duplex) in McLean Courts in Fairfax County

The program works so well because it includes key policy enhancements that are not yet part of the regular Section 8 program:

- *A large dedicated pool of federal housing vouchers reserved for the mobility program’s clients.*
 - *Race- and poverty-based geographic targeting of eligible neighborhoods to ensure that families are moving to neighborhoods with the true potential to change lives.*
 - *Regional voucher administration with higher exception-payment standards, so that participants can overcome Section 8 barriers to true mobility and actually move to units in opportunity neighborhoods.*
-
- *Financial literacy, credit repair and life counseling* to create competitive rental applicants and successful tenants. The program can take up to two years to get participants “voucher ready,” which includes raising credit scores and saving money for a security deposit.
 - *Housing search assistance and outreach to both “mom and pop” landlords and apartment management companies*, stressing the timely voucher payments, ongoing counseling, and other positive and unique aspects of the program which make it a good business proposition for property owners.
 - *Monitored placements with data and maps* to avoid over-concentration in any one neighborhood or building, and thus to preserve residential diversity, stability of housing and neighborhood receptiveness.
 - *Two-plus years of post-move counseling* to help families adjust to and attach to their new communities and sustain successful tenancy.
 - *Second-move counseling* to encourage residential and school stability and minimize unwanted moves out of opportunity neighborhoods due to market barriers.
 - *Security deposit assistance for eligible families.*
 - *Employment and transportation assistance* to help families access the rich employment resources of suburban areas despite the sometimes weaker public transit systems of those areas.

A regional housing mobility program should be a required element of any Sustainable Communities planning or implementation grant. These provisions should be essential elements of such a regional mobility program.

46 See Lora Engdahl, *New Homes, New Neighborhoods, New Schools: a Report on the Baltimore Housing Mobility Program* [www.prrac.org/pdf/BaltimoreMobilityReport.pdf]

COMMENTARY

NO. 8 Mixed-Income Housing's Bottom Line

To the maximum extent, Sustainable Communities planning must result in new housing development and redevelopment providing affordable shelter for low-, very low-, and extremely-low income families within mixed income, market rate developments in higher opportunity communities.

“Housing policy is school policy”

Where a child lives largely determines the quality of the child’s educational opportunities – not basically because of how much money the local school board spends per student but because of who the child’s classmates are.

The impact of the socioeconomic background of schoolchildren’s families on academic outcomes was first documented by James Coleman in *Equality of Educational Opportunity* (1966). Sponsored by the then-US Office of Education, Coleman and his research team examined pupil, family, and school characteristics for over a million public school children in search of factors that were associated with academic success.

The Coleman Report concluded that the socioeconomic characteristics of a child and of the child’s classmates (measured principally by family income and parental education) were the overwhelming factors that accounted for academic success. Nothing else – expenditures per pupil, pupil-teacher ratios, teacher experience, instructional materials, age of school buildings, etc. – came close.

“The educational resources provided by a child’s fellow students,” Coleman summarized, “are more important for his achievement than are the resources provided by the school board.” So important are fellow students, the report found, that *“the social composition of the student body is more highly related to achievement, independent of the student’s own social background, than is any school factor.”*⁴⁷

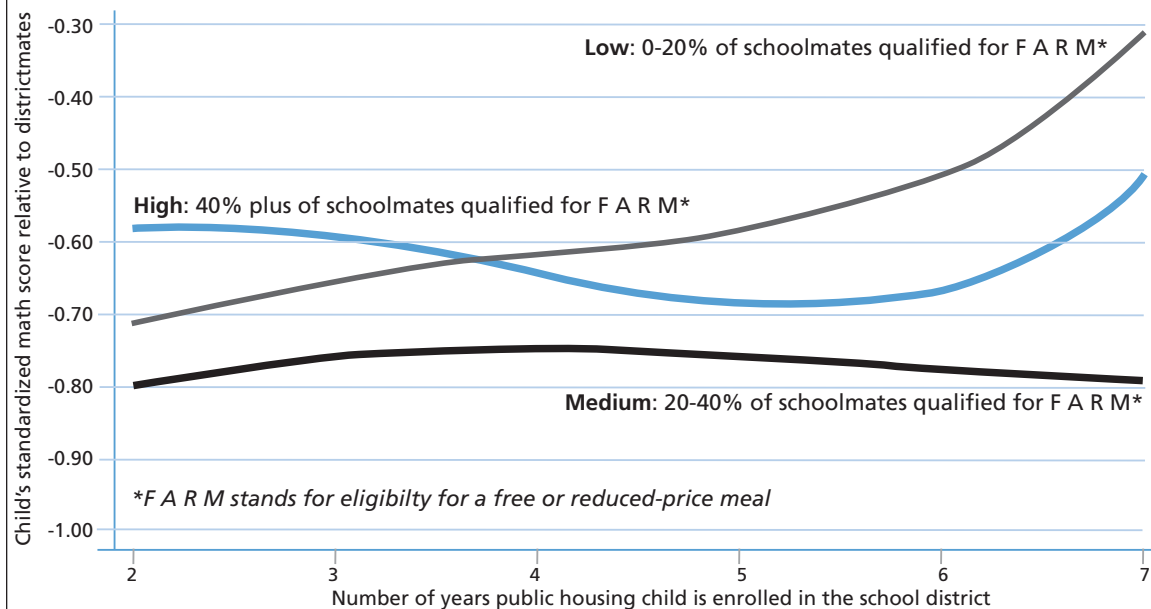
For over three decades, educational researchers, including Coleman, have revisited, refined, and debated Coleman’s original findings. There has been no more consistent finding of educational research that the paramount importance of a school’s socioeconomic makeup on academic achievement:⁴⁸ in effect, poor children learn best in middle-class schools.⁴⁹

47 Quoted in Richard D. Kahlenberg. *All Together Now: Creating Middle-Class Schools through Public School Choice*. Brookings Institution Press: Washington, DC. (2001), page 28. Kahlenberg’s 33 pages of footnotes to chapters 3 and 4 catalogue most major studies to that date on the effects of racial and economic school integration.

48 The author has done 16 such region-wide studies, ranging from examining the relationship between SES and test scores for 1,108 individual low-income pupils (Albuquerque) to elementary school level results for Denver (391 schools), Connecticut (516), Gainesville FL (22), Peoria IL (51), Baltimore MD (373), Montgomery County MD (125), Southwestern Michigan (483), Toledo OH (110), Lancaster PA (82), York PA (43), Green Bay WI (43), and Madison WI (60) to school district level results in Atlanta GA (28 districts), Gary IN (16), Westchester County NY (40) and the five largest metro areas in Texas (189). Among other articles, my research is summarized in “Housing Policy Is School Policy,” a chapter in David K. Hamilton and Patricia S. Atkins, eds. *Urban and Regional Policies for Metropolitan Livability*. M. E. Sharpe: Armonk, NY and London, UK (2008), pp. 204-231.

49 To our knowledge, the definitive proof of the fact that poor children learn best in middle-class schools is “Do

FIGURE 1. PUBLIC HOUSING CHILDREN'S MATH SCORES IN RELATION TO THE POVERTY LEVEL OF THEIR SCHOOLMATES



Public housing children steadily improve up to 12 percentiles after seven years in low poverty schools to within 8 percentiles of school district average (67th percentile nationally). With special programs (e.g. full-day kindergarten), public housing children in high poverty schools start higher, lose ground, but rebound to smaller gain (2-3 percentiles). Without either high-income classmates (low-poverty schools) or special programs (high-poverty schools), public housing children in medium poverty schools make no progress (22 percentiles below district average). Source: see footnote 49.

There is also no finding of educational research that has been more consistently – we would say, even deliberately – ignored by many educators and most politicians. They flee from dealing with the underlying racial and economic segregation of American society.

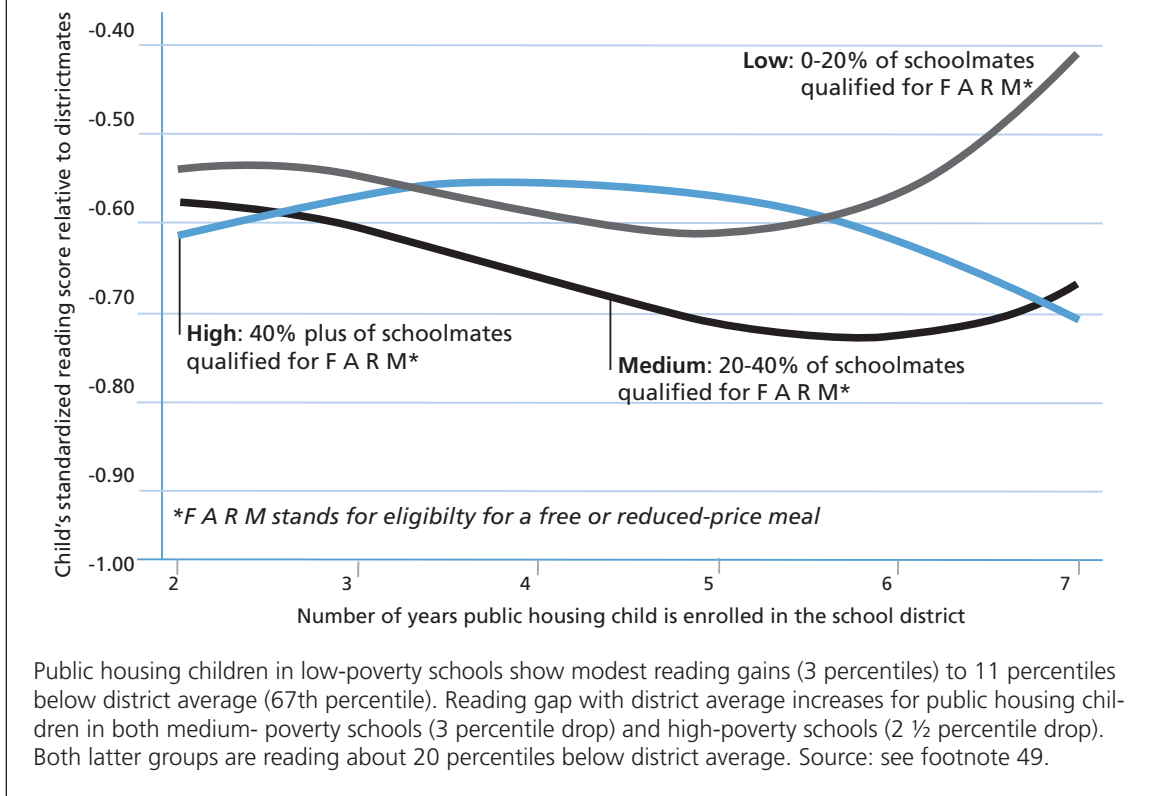
To date, such is the case also with the Obama Administration's Department of Education that demonstrates scant interest in encouraging and supporting racially and economically integrated schools. Instead, in our view, Education Secretary Arne Duncan is pursuing the "same old/same old" – just with new labels (e.g. "Race to the Top") and billions of dollars more than the federal government has ever made available for public education.⁵⁰

The absence of the US Department of Education (USDOE) from the new Partnership for Sustainable (and *Inclusive*) Communities cries out for action by the Obama White House. Effective public schools are the fourth essential factor in the equation of creating environmentally

poor children benefit academically from economic integration in schools and neighborhoods? Evidence from an affluent suburb's affordable housing lotteries," the doctoral dissertation of Heather Schwartz (The Graduate School of Arts and Sciences, Columbia University: 2009). Two charts summarizing her findings are presented as part of this commentary.

50 The National Coalition for School Diversity has submitted recommendations to USDOE that can be accessed at www.prrac.org/pdf/schooldiversitystatement.pdf.

FIGURE 2. PUBLIC HOUSING CHILDREN'S READING SCORES IN RELATION TO THE POVERTY LEVEL OF THEIR SCHOOLMATES



sustainable and racially and economically inclusive regions. At least some USDOE resources should be brought to bear in support of HUD, DOT, and EPA’s initiative.

We recommend that SCI planning grants result in new housing development and redevelopment providing affordable shelter for low-, very low-, and extremely-low income families within mixed income, market rate developments in higher opportunity communities. However, the likelihood of achieving racially and economically integrated classrooms is very different between new, “greenfields” development in newer suburban settings and new, “brownfields” re-development in cities and many older, already developed suburbs.

New greenfields development in new suburban neighborhoods will be primarily market-rate housing for middle- and upper-middle class families. As a result, neighborhood schools will have a great preponderance of middle-class students; they will be almost invariably high-performance schools ... regardless of the level of resources provide by the school board. “Opportunity-based housing” for low-income families can be achieved by policies such as mandatory inclusionary zoning and targeting Low Income Housing Tax Credit (LIHTC) on family-serving developments in high-opportunity communities.

An outstanding example of inclusionary zoning is Montgomery County, MD whose Moderately Priced Dwelling Unit (MPDU) ordinance went into effect in 1973. The MPDU policy requires any housing development of 20 or more units (originally 50 or more units) to have from 12.5 to

15 percent of its housing units affordable to households at less than 65 percent of Area Median Income (or AMI, in effect, in the lowest third of the income scale).⁵¹

Almost uniquely among the 400 plus cities and counties that have enacted inclusionary zoning nation-wide, Montgomery County directs its Housing Opportunities Commission, the county-wide housing authority, to buy or rent one-third of the MPDUs for federal housing subsidy eligible families (less than 50 percent of AMI). Over the past 35 years, private, for-profit developers have produced over 12,500 MPDUs integrated seamlessly with over 80,000 market-rate units in new single-family home and apartment developments. The public housing authority purchased over 1,700 MPDUs and currently rents another 1,500.

While such a policy may seem modest (i.e. 15 percent of all housing units are inclusionary), if practiced throughout entire metropolitan regions, the cumulative impact would be dramatic. We have modeled what an MPDU-type policy hypothetically would have produced for 118 metropolitan areas with relatively unaffordable housing markets. From 1990 to 2006 these 118 metro areas experienced the construction of 13.5 million new housing units; an MPDU policy would have yielded 1.62 million affordable units with over 540,000 being purchased as scattered site units by public housing authorities.

We have modeled the impact of such inclusionary housing policies on public school attendance for the seven-county, seven-school district Baltimore region and the five-county, 17-school district Denver region.

In 2001-2 the economic school segregation index of the Baltimore region for its 372 elementary schools was 61.7 (100 = total economic apartheid). Had the seven school boards adopted policies of balancing enrollments of all elementary schools *within* their districts around the district-wide average of low income students (plus/minus 15 percent), the Baltimore regional economic school segregation index would have been reduced to 53.5 (a 13 percent improvement).

However, during the previous two decades had a “fair share” MPDU-type policy also been implemented region-wide (with low-income families readily moving across county boundaries through an effective regional mobility counseling program), and the seven school boards implemented the same within-district enrollment balancing policies, the Baltimore regional economic school segregation index would have been reduced to 25.8 – a total 58 percent reduction.

For the Denver region, in 2001-2 the economic school segregation index was 58.9 for its 391 elementary schools. Had the 17 school boards balanced enrollment by economic class within their 17 districts, the index would have been reduced to 48.4 – about a 20 percent reduction. Had a region-wide “fair share” housing policy also been implemented underlying such school board policies over 20 years, the Denver region’s economic school segregation index would have been reduced to 13.9 – almost a three-quarters reduction.

These are hypothetical, “perfect world” calculations, of course, but the inclusionary sub-division suburban model has been successfully implemented by communities like Montgomery County, MD and Fairfax County, VA.

51 Montgomery County developers receive a 15 to 22 percent density bonus “as of right” in return for their mandated compliance with the 12.5 to 15 percent set-aside for affordable housing.

The hypothetical calculations also assumed, however, that low-income children leaving high-poverty schools in urban districts would be replaced by an equal number of middle-class children in those same urban schools. Realistically, that has not happened. Neither market-driven gentrification nor deliberate, mixed-income redevelopment have resulted in the re-enrollment of middle-class children in city school districts. New residents have been either singles, mingles, gays, or empty nesters – that is, households without school age children – or, faced with the daunting prospect of sending their own child to a high-poverty, low-performance neighborhood school, middle-class parents opt for parochial or private schools.

One strategy for rebuilding middle-class enrollment in urban districts would take advantage of one of most cities' most valuable assets – city-based but regional, high quality institutional employers such as college and university campuses, major hospitals, major governmental agencies, and concentrations of employees located in downtown office cores. Their employees often must commute long distances to reach their city-based jobs.

Family structure is changing. The number of single-parent families increases steadily. Also, in most two-parent families, both parents work. Both types of families face “latchkey” problems: how do I assure that my child is all right when the school day ends around 2:30 pm and I must still be at work?

In Albuquerque in the mid-1980s, two neighborhood advocacy groups (Martineztown/Santa Barbara Neighborhood Association and Downtown Neighborhoods, Inc.), Albuquerque Public Schools, and the City of Albuquerque collaborated to create a very innovative solution. The school district committed to install a high quality, magnet-style curriculum in Longfellow and Lew Wallace Elementary Schools that were located in once very desirable, now poverty-impacted neighborhoods surrounding downtown Albuquerque. City government paid the school district to extend the school day from 8 a.m. to 6 p.m. The enrollment policy was set that no more than half the seats would be filled by neighborhood children (overwhelmingly poor); the other half were reserved for children of downtown office workers.

The program was wildly popular with downtown office workers – many of whom preferred to drive their child to a school just a few blocks from their office, know that their child was in a high-educational quality, adult-supervised environment for the full day, and then pick their child up again at day's end.

The neighborhood children benefited academically with the infusion of higher income classmates into their classrooms. (Their academic progress tended to erode when the neighborhood children moved on to middle- and high schools that lacked a similar infusion of higher SES classmates, however.) And, with a neighborhood school situation that they could “deal with,” young, professional families were encouraged to buy into the neighborhoods.

These are the kinds of school-based strategies that are essential if redevelopment in cities and stressed older suburbs is to result in stable, environmentally sustainable and racially and economically inclusive neighborhoods.

In the long run what HUD Secretary Shaun Donovan is doing could have far more positive impact on educational opportunities for America's low-income children than what Education Secretary Arne Duncan is currently doing.

It is essential that the US Department of Education add its resources and join the Partnership for Sustainable Communities.

COMMENTARY

NO. 9 Conforming Federal Grants

Upon review and certification of the compliance of a regional comprehensive plan with the goal of promoting more sustainable and inclusive regional communities, HUD, DOT, and EPA (and such other federal agencies as the President or Congress may designate) must make all applicable grants-in-aid in accordance with the provisions of the plan.

The FY 2010 HUD appropriations act provided \$150 million as start-up funds for the Sustainable Communities Initiative and another \$150 million has been requested for FY 2011. Of each annual amount, \$100 million is for “Regional Planning Grants to support the linking of transportation and land use planning; and \$40 million is for “Metropolitan Challenge Grants to foster reform and reduce barriers to achieve affordable, economically vital, and sustainable communities.”

The Livable Communities Act, sponsored by Senator Chris Dodd, would further authorize \$750 million for FY 2011, \$1.25 billion for FY 2012, and \$1.75 billion for FY 2012 for HUD to issue follow-up “Sustainability Challenge Grants.” Such grants would be limited to \$15 million for a small metro area or micropolitan area, \$35 million for a mid-sized metro area, and \$100 million for a large metro area.

Such grants are not small change, but hardly transformative.⁵² However, once the current economic crisis has past, the imperative for the Obama Administration and the Congress will be to bring the federal deficit under control. Such appropriations for new initiatives will be problematic.

Moreover, even \$100 million would be dwarfed by the cumulative total of federal grants from HUD, DOT, EPA, Education, Labor, Commerce, and other domestic federal agencies.⁵³

Thus, the real impact of the Sustainable Communities Initiative would come from requiring that on-going federal grants-in-aid must be made by the different federal agencies in conformance with the regional comprehensive plan. Indeed, the executive director of the Capitol Region Council of Governments, the Hartford region’s MPO, has likened such an SCI as “an A-95 with teeth”,

52 In 1994 the Clinton Administration gave up \$100 million (plus \$200 million in tax credits for job creation) to Baltimore, Philadelphia-Camden, Detroit, Cleveland, Chicago, Atlanta, Los Angeles, and New York (Harlem and the Bronx) as “Empowerment Zone Communities.” Such funds hardly had the transformative impact anticipated by the Administration and Congress even on the limited neighborhood target areas selected.

53 For FY 2010, grants-in-aid from HUD, DOT, and EPA will total \$145 billion (not including tens of billions of dollars more from the American Recovery and Reinvestment Act).

recalling the past authority that regional planning agencies had to review and comment on all federal grants-in-aid.⁵⁴

The three federal partners must require a common sense balance between environmental sustainability and regional socio-economic opportunity. Several months ago, the Urban Institute and NYU unveiled a methodology for balancing the two goals in which sustainability was determined by a combination of population density and access to public transportation. High-density, high-transit central cities and built-up suburbs ranked high on the sustainability scale, but low on the socio-economic opportunity scale. Low density, low-transit outer suburbs ranked low on the sustainability scale, but with their growing job centers and low-poverty, high-performance schools ranked high on the socio-economic opportunity scale.

A plan that emphasized sustainability would result in directing HUD to locate more subsidized housing in high sustainability communities (cities and built-up first suburbs) and prevent HUD from locating subsidized housing in low sustainability communities (outer suburbs). That is exactly the opposite of where subsidized “opportunity-based housing” should be located and simply mirrors HUD’s traditional location decisions, substituting “sustainability” criteria for “need” criteria (that is, more subsidized housing should be built where poor people already live – in high poverty, therefore “high need” communities).

Instead, the SCI-driven pattern should be

- in cities and first suburbs, new subsidized housing should be built only as a part of mixed-income, predominantly market-rate developments whose addition to a lower-income community will result in raising that community’s average income and reduce the family poverty rate; and
- in outer suburbs, inclusionary zoning should result in mixed-income, market rate developments where HUD subsidies should be utilized to lower the housing cost to affordable ranges for low-income families (including direct purchase of units by a regional public housing authority) so that more low-income families can move from low-opportunity cities and first suburbs into high-opportunity outer suburbs (thereby increasing their density and potential demand for public transportation).

...regional opportunity must not be sacrificed on the altar of regional sustainability.

In sum, regional opportunity must not be sacrificed on the altar of regional sustainability.

54 The A-95 review process was summarized in the Final Report of the National Commission on Fair Housing as follows: “In 1968, the federal law governing “Section 701” grants to regional planning agencies was amended to require a “housing element” to assess regional housing needs. This led to the development of “fair share housing plans” in many metropolitan regions. In 1969, this requirement was enhanced by the creation of the so-called “A-95 Review” process which empowered regional planning agencies to review and sign off on federal grants to municipalities for their conformance with the regional plan. This system, which successfully engaged many metropolitan regions in a coordinated fair housing planning process, effectively ended with the Nixon Administration’s housing moratorium in 1973 and the subsequent passage of the Housing and Community Development Act of 1974, which weakened federal oversight of block grants to cities and towns.” See Marc Smith, *Developing A Fair Share Housing Policy for Florida*, 12 J. of Land Use & Environmental L. 63, 74, 75 (Fall, 1996); see also Myron Orfield, *Land Use And Housing Policies To Reduce Concentrated Poverty And Racial Segregation*, 33 Fordham Urb. L.J. 877 (Mar. 2006)

COMMENTARY

NO. 10 Workforce Development

The recipients of all infrastructure grants-in-aid made in compliance with a regional comprehensive plan must implement policies and programs to increase the training and employment of women and minorities on such infrastructure projects.

Over past decades the major impact of the Federal Highway Administration on economic opportunity for African America men and women has been “job sprawl” – the constant re-location of jobs farther and farther away from cities and first suburbs where most African Americans live. By 2006, 45 percent of jobs in the 98 largest metropolitan areas were located more than 10 miles from downtown (a number that may well exceed 50 percent today with the current recession’s job losses concentrated in the cities and older suburbs).

Job sprawl’s negative impact on the black community is magnified by the historic exclusion of African Americans from highway construction trades. Despite progress since the Civil Rights Act of 1964, African Americans are still significantly underrepresented on highway construction jobs. A study of the 25 largest metropolitan areas for the Transportation Equity Network (TEN)⁵⁵ found that “if blacks were employed in construction at the same rate that they are employed in the overall workforce in 2006, we estimate that 137,044 more blacks would be employed....”

Furthermore, the TEN report found that “women held only between 1 and 9 percent of construction jobs” against a target of 25 percent (as deemed a reasonable level for women in the construction trades by the US Labor Department).

Finally, the report found that in all but three metro areas (Cleveland, Boston, and Pittsburgh) Hispanics were a higher percentage of the construction workforce than of the general workforce (and even in those three regions, the “gap” was tiny). However, job quality rather than job quantity was the issue. Hispanics tended to be concentrated in the lowest wage and often more hazardous occupations and often received few or no employment benefits.

Among TEN’s recommendations for improvement in training and employment of women and minority group members in the construction trades are

- Federal transportation law (23 USC 140) allows states to utilize up to ½ of 1% of Surface Transportation Program (federal highway) funds for workforce development. This provision should be made mandatory and extended to all federal transportation projects, including public transit.

55 Todd Swanstrom. *The Road to Good Jobs: Patterns of Employment in the Construction Industry*. Public Policy Research Center, University of Missouri: St Louis (September 30, 2008). <http://www.transportationequity.org/images/stories/Road2GoodJobs-Final.pdf>

- SAFETEA-LU included a “Sense of Congress” (Section 1920) that called for state DOTs to “facilitate and encourage” collaboration to “leverage scarce training and community resources and to help ensure local participation in the building of transportation projects.” Section 1920 should be made mandatory and extended to all large federal construction projects, including projects by the Department of Housing and Urban Development (HUD), the National Aeronautics and Space Administration (NASA), and the U.S. Corps of Engineers. Implementation of this provision would mean that 30 percent of the work hours on large federally funded construction projects would be reserved for low-income people, ex-offenders, women and minorities.
- State Departments of Transportation (DOTs) should reserve 30% of the work hours on highway and transit projects for low-income people, ex-offenders, minorities and women. State DOTs should encourage the development of local task forces to publicize opportunities in construction and should work with community-based organizations to develop apprenticeship programs to prepare underrepresented groups for employment in the construction industry.
- Local governments should pass ordinances requiring local workforce development on all large publicly funded construction projects.

All of these provisions should be included in the pending Surface Transportation Authorization Act. Regardless of the status of that legislation, the Partnership for Sustainable Communities should adopt these policies, and they should be incorporated as requirements for Sustainable Communities planning and implementation grants, obligations of state and local grant recipients, and conditions for all subsequent grants-in-aid for construction projects made in the future by HUD, DOT, and EPA in conformance with regional comprehensive plans.

Appendix A

March 11, 2010

Ms. Shelley Poticha
Director
Office of Sustainable Housing and Communities
Department of Housing and Urban Development
451 7th Street, S.W. Room 10180
Washington, DC 20410

RE: Comments on Sustainable Communities Initiative Planning Grants

Dear Ms. Poticha:

We are writing on behalf of the Building One America coalition and other civil rights and housing organizations that share Building One America's commitment to building a nation of racially and economically integrated and environmentally sustainable regions. We are most enthusiastic about the potential of the Sustainable Communities Initiative to significantly advance that goal, particularly in light of the commitments made by HUD Secretary Shaun Donovan, DOT Secretary Ray LaHood, and EPA Administrator Lisa Jackson, who all stated, in effect, that "sustainable must be equitable" at the New Partners for Smart Growth Conference on February 4 in Seattle. That commitment was memorably reinforced by HUD Deputy Secretary Ron Sims in his inspiring remarks to conclude the conference. We are committed to helping him and you make the Sustainable Communities Initiative a transformational chapter in the quest for social justice and regional opportunity.

In responding to the Sustainable Communities Planning Grant Program Advance Notice and Request for Comment [Docket No. FR-5396-N-01], we are guided by two parameters:

- a) HUD and its partners, DOT and EPA, have been provided with very broad latitude in designing the SCI Planning Grant Program through the very general explanatory language of the Consolidated Appropriations ACT of December 16, 2009; thus, in terms of developing national models for achieving both greater social justice and enhanced environmental sustainability HUD-DOT-EPA must set the bar very high for the pilot planning grant program; and
- b) Significant, measurable progress in eliminating racial and economic segregation and concentrations of poverty must be an explicit, required, and central element of any regional plan and of all grants-in-aid provided by HUD, DOT, and EPA to implement such a plan.

Our recommendations, focusing on regional opportunity goals, will be summarized in this letter and expanded upon and documented in attachments. We offer ten primary recommendations.

1. An SCI Planning Grant must be genuinely regional in scope, covering the jurisdictions that comprise a metropolitan or micropolitan area, or, at least those jurisdictions forming the urbanized area of such, including the principal city or cities and first suburbs.
2. The recipient of an SCI Planning Grant must be a governmental unit (such as a county for single-county regions), or consortium of governmental units (such as a Metropolitan Planning Organization or Council of Governments) or, in the absence of interested local governments, a state agency – in short, public bodies that control development policy (land use, commercial and industrial development, housing, transportation and other infrastructure, etc.) within a region.

3. There must be proportional representation on an SCI Planning Grant recipient's governing body of the residents of principal cities and first suburbs (where minorities and low-income households are typically concentrated); or, failing that test, an SCI grant recipient must establish a decision-making substructure that achieves proportional representation.
4. An SCI Planning Grant applicant must set forth a plan for meaningful citizen involvement in the planning process, including the involvement of regional opportunity advocacy organizations.
5. A primary goal of an SCI Planning Grant must be the reduction of racial and economic residential segregation and school segregation and concentrations of poverty on a regional basis with aggressively affirmatively furthering fair housing as a fundamental policy; a method must be specified to document progress in achieving greater racial and economic integration.
6. Using one of several methodologies provided by the Office of Sustainable Housing and Communities, an SCI Planning Grant recipient must conduct a regional opportunity assessment that measures relative opportunity (jobs, schools, local services, safety) by municipality or census tract.
7. A mandatory element of an SCI Planning Grant must be policies and programs that result in low-income residents of low opportunity communities having realistic options of moving to high opportunity communities as well as policies and programs to upgrade the quality of life in low opportunity communities.
8. To the maximum extent, an SCI Planning Grant must result in new housing development and redevelopment providing affordable shelter for low-, very low-, and extremely-low income families within mixed income, market rate developments in higher opportunity communities.
9. Upon review and certification of the compliance of a regional comprehensive plan with the goal of promoting more sustainable and inclusive regional communities, HUD, DOT, and EPA (and such other federal agencies as the President or Congress may designate) must make all applicable grants-in-aid (such as transportation infrastructure, housing and community development, and water and sewer infrastructure funds) in accordance with the provisions of the plan.
10. The recipients of all infrastructure grants-in-aid made in compliance with a regional comprehensive plan must implement policies and programs to increase the training and employment of women and minority group members on such infrastructure projects.

The regional members and national allies of the Building One America coalition look forward to meeting with you to discuss these recommendations at the earliest possible time.

Sincerely,



Mike Kruglik
Executive Director,
Building One America

Building One America members and additional supporting organizations:

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New Jersey Regional Coalition

William Montgomery, Co-Chair
Jacquelynn Puriefoy-Brinkley, Co-Chair
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PRRAC: Research and Advocacy to Address Structural Racial Inequality

PRRAC
Poverty & Race
Research Action Council

The Poverty & Race Research Action Council (PRRAC) is a civil rights policy organization based in Washington, D.C. Founded in 1989 by several national civil rights and poverty law organizations, PRRAC's primary mission is to help connect advocates with social scientists working on race and poverty issues, and to promote a research-based advocacy strategy on structural inequality issues. PRRAC sponsors social science research, provides technical assistance, serves as a clearinghouse, and convenes advocates and researchers to explore innovative advocacy and organizing models. PRRAC's work particularly focuses on the importance of "place" and the continuing consequences of historical patterns of housing segregation and disinvestment for low income families in the areas of health, education, employment, and incarceration. In support of this agenda, PRRAC has worked closely with the National Commission on Fair Housing, the National Coalition on School Diversity, the Civil Rights Task Force on Federal Housing Policy, the Housing Justice Network, and Building One America. In addition to research and advocacy work at the federal agency level, PRRAC supports regional desegregation efforts in Baltimore, Maryland and Hartford, Connecticut. Our work is informed by an extensive national network of researchers, organizers, attorneys, educators, and public health and housing professionals. PRRAC's public education program includes the bimonthly newsletter/journal *Poverty & Race*, the award-winning civil rights history curriculum guide, *Putting the Movement Back Into Civil Rights Teaching*, and regular symposia, reports and resource guides. For more on our organization, go to our website, at www.prrac.org.

Building One America – an overview

Building One America (BOA) is a national grass roots coalition of community leaders, advocates, and regional interfaith organizations committed to breaking down the racial and economic divisions that hold us back as a nation.



Building One America supports regional opportunity in housing, transportation and education policy, to deconcentrate poverty, protect the environment, strengthen our urban neighborhoods, and support the increasingly diverse "first suburbs" of our major metropolitan areas.

Building One America's founding national conference in September 2009 brought in over 700 delegates from 18 states to hear from White House adviser Valerie Jarrett, HUD Deputy Secretary Ron Sims, several House Members, and a wide range of state and local elected officials.

BOA priorities for 2010 include implementation of a Sustainable, *Inclusive* Communities Initiative, incorporation of strong regional equity measures in the Transportation Reauthorization Bill, passage of a Section 8 Voucher Reform Act that promotes regional housing opportunity, and support for HUD's new Transforming Rental Assistance program.

Key BOA member groups include the New Jersey Regional Coalition, the Southeastern Pennsylvania First Suburbs Project, Baltimore Regional Initiative Developing Genuine Equality (BRIDGE), the Illinois Indiana Regional Organizing Network (IIRON), the Kirwan Institute at Ohio State University, the Poverty & Race Research Action Council, the Institute for Race and Poverty at the University of Minnesota, the Innovative Housing Institute, the Chicago Area Fair Housing Alliance, as well as supporting civil rights, transportation equity, and housing advocacy groups in Minnesota, Michigan, Connecticut, Texas, Ohio, and other states.



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