

# FIGHTING POVERTY THROUGH COMMUNITY DEVELOPMENT

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**T**he Great Recession forced families and communities to confront the worst economic collapse most of us had seen in our lifetimes. When President Obama took office, the economy was shedding 750,000 jobs per month, and foreclosures were rising to record levels. Since then, the economy has added over 4.5 million jobs, and the jobless rate has fallen—but work remains to repair the damage caused by the economic crisis.

As others in this book have noted, the shock of the economic crisis compounded a longer-term trend toward growing inequality and, over the last decade, higher poverty. As a result of the economic divergence since 1980, real median household income has grown four times faster for the top 10 percent of households as it has for middle-income households, making it

harder for families to afford housing, transportation, health care, energy, and college.

The effects of the crisis were most severe for low-income Americans: 22 percent of all children in the United States are poor, and more than 10 million people now live in high-poverty neighborhoods. Poverty and social isolation not only make it hard for these individuals to succeed, but also affect the welfare of our country, and our economy, as a whole.

Recognizing these challenges, the Obama administration has adopted a multifaceted approach to reducing poverty and promoting opportunity in order to ensure that all Americans have the ability to reach their full potential. In addition to implementing broad efforts to improve job growth, this approach has focused on reducing immediate hardship owing to the recession while at the same time putting in place longer-term strategies to reduce poverty and put the American Dream in reach for all Americans.

## **THE IMPACT OF THE GREAT RECESSION**

The Great Recession caused many middle-class families to confront unemployment and economic hardship, and even fall into poverty. Millions more families were struggling long before the recession began, and found themselves falling further after the recession took hold. The effects of the recession drove the typical (or median) household income to its lowest level since 1996, with the poverty rate increasing to 15.1 percent in 2010, with 46.2 million Americans living in poverty, which for a three-person family means earning less than \$18,530 per year. Over 50 million more Americans are on the edge of poverty.

The poverty rate is highest among children, with nearly 16 million children growing up below the poverty line. More than 30 percent of minority children today live in poverty. And almost half of American children who are born to parents on the bottom rung of the income ladder remain at the bottom as adults. These children tend not to have the range of opportunities that have

long characterized the American experience. For example, the aggregate impact of child poverty in the United States leads to reduced skills development and economic productivity, increased crime, and poorer health, all of which is conservatively estimated by recent research to cost the United States more than \$620 billion per year.<sup>1</sup>

That one in five children in the richest nation in the world should live in poverty is a moral failing. But it also compromises our country's ability to compete in a global economy. A 22 percent poverty rate among our children not only costs Americans 5 percent of gross domestic product (GDP) every year, but it also sidelines huge pockets of untapped talent, creating barriers to the educational opportunities and skills development all children need to join an American economy built to last.

The impact of poverty is severe wherever it is felt but even as the spatial distribution of poverty changes, with higher increases in suburban communities, we recognize that its impact is particularly acute in America's highest-poverty neighborhoods, where poverty often spans generations. More than 10 million people live with the problems of concentrated neighborhood poverty—high unemployment rates, rampant crime, health disparities, inadequate early care and education, struggling schools, and disinvestment—up from 2.8 percent of the population in 2000 to 3.5 percent of the population in 2005–2009. This tells us that when it comes to addressing poverty in America, place matters. And locally based community developers are at the heart of an evolution in building the infrastructure necessary to provide support to families experiencing poverty, whether in suburbs

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1 The economist Harry Holzer and colleagues have estimated that every percentage point of the child poverty rate costs the U.S. economy nearly \$30 billion a year because of lost earnings and increased costs, particularly health and crime-related costs. In 2007, this meant there was a total annual cost of \$500 billion per year from child poverty. By this estimation, the 4 percentage point increase in child poverty in the three years since the start of the Great Recession could cost the United States an additional \$120 billion annually. Harry J. Holzer, Diane Schazenbach, Greg Duncan, and Jens Ludwig, "The Economic Costs of Poverty in the United States: Subsequent Effects of Children Growing Up Poor." Working Paper Series # 07-04 (Washington, DC: National Poverty Center, 2007).

first confronting these challenges or neighborhoods beset by distress over decades.<sup>2</sup>

As community developers have long recognized, the problems that contribute to poverty are very much interconnected. While poverty cannot be explained as merely a consequence of housing, education, and health, each poses unique challenges to low-income families at the community level—and none can be understood independently of one another.

## THE WAY FORWARD

Since his first day in office, President Obama has taken important steps to combat the worst impacts of the economic crisis while putting in place long-term policy reforms to make sure everyone has a shot at the American Dream. For example, the American Reinvestment and Recovery Act (Recovery Act) kept nearly 7 million Americans out of poverty, and poverty was lessened for 32 million more in 2010 alone. Several of the administration's policies in the Recovery Act helped low-income Americans by providing tax relief and assistance with basic needs such as keeping food on the table, accessing health care, and maintaining a roof over families' heads. Well-timed and targeted tax credits, which included modest expansions in the Earned Income Tax Credit and Child Tax Credit as well as a Making Work Pay tax credit that offset payroll taxes, helped keep more than 3 million Americans, mostly those in families with children, out of poverty.<sup>3</sup> These tax credits, particularly the Making Work Pay credit, also reached middle-class families, providing help to those families and buttressing our economy. Modest expansions and

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2 While suburban poverty is still lower than urban or rural poverty, it has since the Great Recession seen higher rates of growth (50 percent) from a lower base compared with increases of 25 percent in urban and rural areas. Further, just as suburbs are not immune from neighborhood poverty, children from middle-class families are not exempt from the effects either. Indeed, a federal evaluation of the reading and mathematics outcomes of elementary students in 71 schools in 18 districts and 7 states found that even when controlling for individual student poverty, there is a significant negative association between schools with high levels of poverty and student achievement.

3 Data drawn from tabulations of the U.S. Census and reported by the Center for Budget and Policy Priorities. See Arloc Sherman, "Poverty and Distress Would Have Been Substantially Worse in 2010 without Government Action, New Census Data Show" (Washington, DC: CBPP, November 7, 2011).

further outreach for Supplemental Nutrition Assistance Program (SNAP) benefits kept many families out of poverty and meant there was no increase in child hunger or food insecurity despite the severe economic downturn.

Indeed, during the past three years, the Obama administration has worked hard to put Americans back to work while building a foundation to address poverty and create ladders of opportunity for all Americans. The \$7 billion invested through the Neighborhood Stabilization Program not only fought decline and blight in hard-hit communities, but it is also on track to create 90,000 jobs in the places that need them most.<sup>4</sup> More than 400,000 education-related jobs were created or saved by investments in the Recovery Act, ensuring that teachers remained in classrooms and children continued learning.<sup>5</sup> Through the Recovery Act, the Obama administration invested in summer and year-round jobs for disadvantaged youth, which placed more than 367,000 young people in jobs.<sup>6</sup> In addition, investments in the Recovery Act placed more than 260,000 low-income individuals in subsidized jobs.<sup>7</sup>

Recognizing that education is a key to success, the Obama administration has made historic investments to ensure that all children enter school ready to learn and all Americans have access to a complete and competitive education, from cradle-to-career. Typically, educational failure clusters in communities of need. Lack of school readiness among the youngest children, chronically poor-performing elementary and secondary schools, and limited postsecondary completion compound and sustain

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4 This encompasses direct, indirect, and induced jobs that are likely supported by program expenditures, which was estimated by the Office of Policy Development and Research at the U.S. Department of Housing and Urban Development using the IMPLAN model. IMPLAN is a well-respected input-output model developed in collaboration between the University of Minnesota and the U.S. Forest Service: <http://implan.com/V4/Index.php>.

5 The White House, "Education and the American Jobs Act" (2011), available at [http://www.whitehouse.gov/sites/default/files/aja\\_cd\\_state\\_by\\_state\\_report\\_final.pdf](http://www.whitehouse.gov/sites/default/files/aja_cd_state_by_state_report_final.pdf).

6 The White House, "Creating Pathways to Opportunity" (2011), available at [http://www.whitehouse.gov/sites/default/files/revised\\_creating\\_pathways\\_to\\_opportunity\\_report\\_10\\_14\\_11.pdf](http://www.whitehouse.gov/sites/default/files/revised_creating_pathways_to_opportunity_report_10_14_11.pdf).

7 Ibid.

intergenerational poverty. But integrated approaches can overcome these persistent challenges. Many of the lowest-achieving schools targeted for improvement under Race to the Top, an Obama administration competition to encourage and reward states that are creating the conditions for innovation and reform, are located in communities where local leaders are pursuing a range of neighborhood revitalization initiatives. So are many of the lowest-achieving schools targeted for significant reforms through School Improvement Grants that support their turnaround. In addition, our investments in improving access to high-quality early education have created opportunities for program alignment and the ability for community developers to leverage improvements in educational opportunity, as the administration has expanded Head Start, invested in efforts to expand evidence-based teaching methods, and required programs that do not meet quality benchmarks to compete against others for continued Head Start funding.

The Obama administration's new direction also includes efforts to improve health and health care. When families lack health insurance, they not only face limited access to care, but also a far greater risk of getting sick and incurring a mountain of health care bills that can lead to financial ruin. The Affordable Care Act will expand health insurance coverage to more than 30 million Americans. Many of those Americans have incomes well below the poverty line or that hover just above it but who remain ineligible for Medicaid today. Coverage means both access to care and protection against the financial risk that can come with illness. Access to affordable coverage is also critical to staying healthy and productive.

The Department of Health and Human Services is working closely with community groups and states to identify those neighborhoods and areas with the highest rates of uninsured individuals to help guarantee that the Affordable Care Act brings insurance coverage to those places with populations most in need. In addition to improving coverage, we have added to the health infrastructure in the most underserved areas. With

investments made possible by the Recovery Act, more than 2,800 grants were awarded to health centers for construction, renovation, new equipment, and the implementation of health information technology; and 127 new health center sites were created, providing comprehensive, quality primary health care services to medically underserved communities and vulnerable populations with limited access to health care. The Affordable Care Act has continued this effort with almost 600 capital projects and the creation of nearly 300 new service delivery sites. Health centers' expansion into high-poverty neighborhoods recognizes these communities lack access to even basic preventive care, and it will change the mix of supports available to residents, providing an opportunity for coordination for developers serving high-need residents.

Under the President's leadership, the Obama administration has focused on expanding access to opportunity for all Americans. This focus has been accompanied by a new approach to governing, one that seeks to unlock individual and collective potential; that rewards results, evidence, and best practices over ideology; that puts people and places over programs; that rewards work and supports skill building; and that leverages the power unleashed when we join forces across all sectors—government, business, and nonprofits, both community-based and national—recognizing we are strongest when we work together.

The uniquely people- and place-based nature of the challenge of poverty in America requires people-based and place-based responses to expand access to opportunity. It is not enough to focus only on economic circumstances of individual families; we must also be clear-eyed about the opportunities and stressors that surround them where they live.

While we've discussed many of the Obama administration's most powerful efforts to expand opportunity in families' lives, the remainder of this chapter focuses on the place-based aspects of the Obama administration's larger strategies. To successfully revitalize high-poverty neighborhoods, change the trajectories of kids

in those neighborhoods, and compete in the twenty-first century economy, we must follow the example that innovative local actors have set across the country—solving housing, education, safety, workforce, and health challenges concurrently, in partnerships built across government, business, and nonprofit sectors.

## **FOCUS ON PLACE-BASED STRATEGIES TO BUILD STRONG COMMUNITIES**

As the first president to have worked in public housing, President Obama understands the need for this approach. The President is deeply familiar with how poverty connects to every aspect of a family’s life and a neighborhood’s success, as well as the innovations our community developers have forged to fight poverty and community distress. The President knows fighting poverty requires flexibility, adaptability, and above all, a comprehensive focus. That is why, in describing the Harlem Children’s Zone, he noted that we need an “all-encompassing, all hands on deck” approach.

That’s also why our three agencies have worked with one another and partners throughout state and local governments, businesses, and the community development field to attack poverty comprehensively—in the President’s words, recognizing that “we cannot treat symptoms in isolation.”

This shift may have been new for the federal government, but not for the “third sector” of nonprofits and philanthropies in the community development field, which long ago recognized that embracing educational, health, and other perspectives was critical to successful housing and to reducing concentrated poverty. Long before President Obama took office, community developers had recognized that rebuilding educational opportunities for children trapped in neighborhoods of concentrated poverty was just as important as rebuilding the neighborhoods themselves. They had seen how reducing homelessness was inextricably tied to our ability to provide behavioral health and other wrap-around services. And they understood that when the government does

not act alone, but as a leader among private and nonprofit partners, these goals become achievable.

To take the innovative solutions developed at the neighborhood level across the entire country, we have focused on five fundamental principles:

- 1 Do what works.** We have identified innovative policies that improve economic mobility, considered new ideas with a strong theoretical base, and scaled up promising approaches that have begun to show good evidence.
- 2 Use a clear set of measurable results.** Successful community development requires a focus on a clear set of measurable results for children, families, and communities. Results allow stakeholders within and outside the administration to orient around common goals. A core set of desired results not only provides stakeholders with information about whether the discrete programs are making a difference, but also makes policymakers (and public and private funders) more willing to align with and invest in them.
- 3 Use existing resources more efficiently and effectively.** At a moment when taxpayer resources are scarce at federal, state and local levels, we must focus on using our resources as effectively as possible based on the best available evidence. We must closely examine what works, being willing to challenge existing orthodoxy. That requires a reinvigorated research agenda that evaluates programs rigorously and provides evidence to facilitate continuous improvement.
- 4 Coordinate across partners.** A comprehensive approach to transforming communities requires a strong partnership that includes the federal government, state and local government, and private and nonprofit partners. That includes improving government capital efficiency by leveraging private capital to maximize impact, reducing risk through credit enhancement, and creating conditions—in neighborhoods and regions—that are attractive for private capital investment.

**5 Focus on people and places.** In order to address barriers that arise from individual life circumstances as well as neighborhood and regional environments, efforts must be both people-based *and* place-based. This cannot be an “either/or” proposition; successful pursuit of this agenda demands a dual-track approach with complementary and mutually reinforcing efforts. This work must be centered on people-based policies and programs that increase economic mobility and break intergenerational cycles of poverty, including macro-level policies that ensure future economic growth is accompanied by real increases in wages and median incomes, as well as micro-level policies to support healthy child development, academic success, skills development, economic stability, geographic mobility, and work. They also must promote responsibility—to emphasize the importance of graduating from high school, making responsible parenting choices, and seeking and maintaining full-time work. And they must incorporate place-based access to opportunity, and counteract the place effects of concentrated poverty.

This approach is woven into three major administration place-based initiatives, each of which signals the direction that federal, state, and local governments can pursue to work as better partners across the community development sector, and build the foundation of America’s twenty-first century economy.

## **TRANSFORMING NEIGHBORHOODS OF CONCENTRATED POVERTY: THE NEIGHBORHOOD REVITALIZATION INITIATIVE**

Recognizing the disproportionate needs in America’s highest-poverty neighborhoods, the Obama administration has pursued a groundbreaking, “all hands on deck” approach to neighborhood revitalization.

In the past, the federal approach toward neighborhoods of concentrated poverty was disconnected from new actors in the third sector. Rarely were efforts to transform public housing, invest in community health centers, or turn around local schools

coordinated or aligned. It was not uncommon to see rebuilt public housing surrounded by failing schools or even other troubled housing, rife with lead hazards and asthma triggers.

In response to this history, the Obama administration formed the White House Neighborhood Revitalization Initiative (NRI), bringing together five agencies (Education, HHS, HUD, Treasury, and Justice) to support the work of local leaders from the public and private sectors to attract the private investment needed to transform distressed neighborhoods into sustainable, mixed-income neighborhoods with the affordable housing, safe streets, and good schools every family needs.

A centerpiece of the administration's initiative is a comprehensive neighborhood revitalization tool called Choice Neighborhoods, which builds on the HOPE VI public housing revitalization program that is planned to create more than 100,000 homes in healthy, mixed-income communities.<sup>8</sup> The program has already leveraged twice the federal investment in additional capital and raised the average median income of redevelopment sites by 75 percent or more.<sup>9</sup> Choice Neighborhoods provides local leaders with innovative, flexible tools to rebuild rundown housing in high-poverty neighborhoods, while expanding educational and economic opportunities for residents.

In San Francisco's Eastern Bayview neighborhood, where 40 percent of residents live in poverty and which suffers from high vacancies, poor schools, and inadequate access to job centers, we can see how the NRI is incorporating strategies designed by local leaders to meet the specific needs of unique, locally designated neighborhoods, creating the conditions for private capital to flow into disinvested communities.

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8 Thomas Kingsley, "Taking Advantage of What We Have Learned." In *From Despair to Hope: HOPE VI and the New Promise of Public Housing in America's Cities*, edited by Henry Cisneros and Lora Engdahl (Washington, DC: Brookings Institution, 2009).

9 *Ibid.* Seventy-two percent of leveraged capital, an estimated \$7.81 billion, came from private sources, which included private investments in the Low Income Housing Tax Credit; Abt Associates, "Interim Assessment of the HOPE VI Program, Cross Site Report." (Washington, DC: U.S. Department of Housing and Urban Development, 2003), available at [http://www.huduser.org/Publications/pdf/HOPE\\_VI\\_Cross\\_Site.pdf](http://www.huduser.org/Publications/pdf/HOPE_VI_Cross_Site.pdf).

There, a public-private nonprofit consortium composed of McCormack Baron Salazar (a private development company), the San Francisco Housing Authority, Lennar Homes (a publicly traded real estate development company), the city, school district, and Urban Strategies are using a Choice Neighborhoods implementation grant to build more than 1,200 mixed-income units, replacing 250 units of public housing and creating a new master-planned community with market-rate and workforce housing. The consortium has also identified a clear plan and goals to address their local needs, building on the School District's progress to improve the school quality and educational opportunities, setting employment targets, and working with the Job Readiness Initiative and the local Citybuild program to provide job training and placement. In addition, the team is bringing in needed everyday services and jobs by improving streetscapes to attract retail, removing blighted housing, and pursuing new commercial assets, fresh-food stores, and a new bus rapid transit with direct connections to key commuter rail lines.

Choice Neighborhoods recognizes that a healthy neighborhood depends on more than successful, stable housing and must ensure that children in newly built, mixed-income housing also have access to high-quality educational opportunities. That's why the administration has tied Choice Neighborhoods to another centerpiece of the Neighborhood Revitalization Initiative, the Department of Education's Promise Neighborhoods initiative, which emphasizes local, innovative partnerships to put education at the center of efforts to fight poverty.

Where Choice Neighborhoods' focus is on troubled housing, Promise Neighborhoods, inspired by the Harlem Children's Zone, works to significantly improve the educational and developmental outcomes of children and youth in our most distressed neighborhoods, and to transform those neighborhoods by building a complete continuum of cradle-through-college-to-career solutions of educational programs and family and community supports, with great schools at the center of each community. The continuum of solutions in Promise Neighborhoods

includes high-quality early learning programs and services designed to improve outcomes across multiple domains of early learning; ambitious, rigorous, and comprehensive educational reforms; programs that prepare students to be college- and career-ready; and family and student support indicators. Promise Neighborhoods' success is measured by not only educational outcomes, but health and safety outcomes as well.

One of the five fiscal year 2011 Promise Neighborhoods implementation grantees, the Minneapolis Northside Achievement Zone (NAZ), operates as one integrated program across 50 organizational and school partners, with NAZ families and students at the center, and a shared goal to prepare all NAZ children to graduate from high school ready for college. NAZ helps parents to believe their children will succeed, and provides the right tools to improve their achievement in school and in life. NAZ families and children move through a cradle-to-career continuum of comprehensive supports from prenatal through adulthood, through three areas of impact: family engagement and opportunity alignment; an educational pipeline; and whole family support.

Since 2010, NAZ has shown promising results. Parents are setting and achieving education-focused goals (many for the first time); enrolling in and completing parent education classes at unprecedented rates; participating in high-quality early childhood education programs; stabilizing their housing; and setting their own improved career pathway plans.

As a Promise Neighborhood, NAZ is scaling up its successful strategies with a goal of reaching 1,200 families with 3,000 children all successfully on a path to college, and each experiencing a transformation in their lives. When Shira first met her NAZ Engagement Team “family coach,” she had tears in her eyes.<sup>10</sup> She could not afford to keep the apartment she shared with her children and was becoming increasingly desperate. Shira's Engagement Team member connected her with the NAZ

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<sup>10</sup> Name has been changed.

“cradle-to-career” continuum of services, starting with the NAZ Housing Action Team.

With her home stabilized, Shira now focuses on supporting her children’s academic success. She has graduated from both an eight-week parent empowerment training class and a twelve-week early childhood parent education class through the NAZ Family Academy—courses that provide a strong foundation to help her to build a culture of achievement in her home.

With the support of NAZ, Shira continually sets goals for herself and her family. She has returned to work and is taking college courses. Her daughter is enrolled in high-quality preschool, and her son attends a NAZ Anchor school, and he has been matched with a mentor through Big Brothers / Big Sisters.

Every child deserves the opportunities that NAZ is building in Minneapolis, and ensuring that all children have those opportunities requires innovative partnerships that stretch across government, private, and nonprofit sectors. At a time when federal funding is constrained, the Neighborhood Revitalization Initiative has been critical to stretching taxpayer dollars further, leveraging an array of untapped assets in those communities, from transit lines that connect housing to jobs, to nearby hospitals and universities. Indeed, the \$122 million in Choice Neighborhoods implementation grants made thus far have already leveraged a combined \$1.6 billion—more than 13 times their total grant award—with more to come as the redevelopment work accelerates. And Promise Neighborhoods has leveraged more than \$36.5 million in local matching funds and resources through \$38.5 million awarded.

## **OPENING DOORS: PREVENTING AND ENDING HOMELESSNESS**

A decade ago, it was widely believed that the men and women who slept on our street corners, struggled with chemical dependency and mental illness, and often cycled from shelters to jails to

emergency rooms would always be homeless and in some cases, even wanted to be.

But local leaders from rural Mankato, Minnesota, to urban San Francisco refused to believe the chronically ill, long-term homeless could not be helped. Partnering with local and state agencies and the private and nonprofit sectors, hundreds of communities committed themselves to proving otherwise.

In reducing chronic homelessness by more than one-third inside of five years by combining housing and supportive services, these communities proved what just a few years ago seemed nearly impossible: That we could actually end homelessness.

The tool these communities were using is known as permanent supportive housing, which recognizes that while every homeless person living on the street lacks affordable housing, just as often, they lack access to health and social services as well.

One study, reported in the *Journal of the American Medical Association*, centered on Seattle's 1811 Eastlake supportive housing project. Researchers examined 75 of the center's chronically homeless residents, one-half of whom had serious mental illness and all of whom struggled with alcohol addiction. In the year before participants in the program entered supportive housing, the 75 residents collectively spent more than 1,200 days in jail and visited the local medical center more than 1,100 times at a cost to Medicaid of more than \$3.5 million. In the year after entering 1811 Eastlake, days spent in jail were cut almost in half. Medicaid costs dropped by more than 40 percent because hospital visits dropped by almost one-third.<sup>11</sup>

Another study in Chicago reached a similar conclusion. Housing assistance provided to homeless patients suffering from HIV/AIDS, or other chronic illnesses made medical services so much more effective that days in the hospital dropped 42 percent,

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11 Mary E. Larimer et al., "Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems," *The Journal of the American Medical Association*. 301 (13) (April 1, 2009).

days of required nursing home care dropped 45 percent, and most critically of all, the number of emergency room visits dropped 46 percent.

These examples remind us that using resources more effectively isn't only about doing more with less. Just as often, it is also about small investments that yield big savings.

Certainly the most ambitious partnership is Opening Doors, the first federal strategic plan to end homelessness, which was released by the Obama administration in 2010. Harnessing the talents and resources of 19 different federal agencies, Opening Doors provides a roadmap for ending chronic and veteran homelessness by 2015 and homelessness among families, youth, and children by 2020, while setting the country on a path to eradicate all types of homelessness. The plan proposes realignment of existing programs based on what we have learned and the best practices that are occurring at the local level, so that resources are focused on what works. From years of practice and research, the plan identifies successful approaches to end homelessness. Evidence points to the role housing plays as an essential platform for human and community development. Stable housing provides an ideal launching pad for the delivery of health care and other social services focused on improving life outcomes for individuals and families. It also redoubles our focus on expanding access to high-quality educational opportunities for homeless children and adults, helping to decrease financial vulnerability and the likelihood of homelessness later in life.

With the active participation of other cabinet secretaries and the White House, we have had unprecedented collaboration among federal agencies and with state and local governments and nonprofits.

Armed with this proven success, the number of beds for permanent supportive housing has increased by 34 percent since 2007. Building on these efforts, HUD, with support from President Obama and Congress, has made an unprecedented commitment

to permanent supportive housing to end homelessness for people with severe disabilities and long histories of homelessness.

Another proven solution to ending homelessness that we have embraced is the combination of prevention and rapid re-housing. In 2009, the Recovery Act created the Homeless Prevention and Rapid Re-housing Program (HPRP), which has saved 1.2 million people from homelessness.

HPRP has helped homeless men and women transition into permanent supportive housing, often providing those at risk of homelessness with something as simple as a security deposit. For the majority of the people assisted by HPRP to date, it was the program's ability to help them find or stabilize housing arrangements quickly and effectively that made the difference.

Grantees report that fully 90 percent of people assisted by HPRP in its first year successfully found permanent housing. In a state like Michigan, 94 percent of homeless persons in rapid re-housing didn't fall back into homelessness.

We have seen similar successes across the country. These funds have helped speed progress in states like Utah, which in the last few years has invested in permanent supportive housing, helping to reduce chronic homelessness by nearly 70 percent since 2005. By targeting its HPRP resources to rapid re-housing, Utah was able to reduce chronic homelessness an astounding 26 percent over the last year alone.

While the lives of those who were homeless or at risk of homelessness have been helped dramatically by the HPRP approach, just as significant is how HPRP is “fundamentally changing” the way communities respond to homelessness, as the U.S. Conference of Mayors put it.<sup>12</sup>

For instance, Cleveland's Continuum of Care program is using HPRP funds to create a central intake system that provides

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<sup>12</sup> U.S. Conference of Mayors, “Hunger and Homelessness Survey: A Status Report on Hunger and Homelessness in America's Cities,” (Washington, DC: Conference of Mayors, 2009), available at <http://usmayors.org/pressreleases/uploads/USCMHungercompleteWEB2009.pdf>.

customized services to those entering the shelter system. This helps the community not only manage beds and services more effectively but also ensures that households are transitioning to permanent housing as quickly as possible.

Cleveland provides a good example of how a federal program like HPRP is helping communities move from fragmented, duplicative programs to a comprehensive twenty-first century system that targets resources to those most in need—not with top-down rules, but with flexible tools from the ground up.

These successes have paved the way for critical reforms such as the HEARTH Act and helped several successful partnerships to emerge and flourish. In 2010, HUD partnered with the U.S. Department of Veterans Affairs (VA) to establish joint goals and monitor progress in the fight to end veterans' homelessness. Using the HUDStat performance system to identify promising practices and problems, the number of veterans housed under the "HUD-VASH" partnership increased by nearly 20 times in just two years. By June 2011, HUD and VA assisted nearly 30,000 veterans, surpassing the program's target by 50 percent. This progress is a big reason homelessness among veterans declined by 12 percent in 2011, and why we were able to secure another 10,000 vouchers for HUD-VASH in our FY2012 budget.

Another partnership, led by HHS, is improving services for people with disabilities. Using HHS' "Money Follows the Person" resources, HUD and HHS are working together on a significant capacity-building effort in five states to learn how to create a more seamless partnership between public housing authorities and state Medicaid agencies to help people with disabilities transition from institutional care to community living.

We know these sorts of partnerships work, as illustrated by the experience of Kay, from Cleveland, OH. Because of her psychiatric disability, Kay had gone between shelters and nursing homes for the majority of her life. She was discharged from a nursing facility to a temporary shelter, but could not afford a permanent home and was at risk of being re-institutionalized. With a

Housing Choice Voucher provided through HUD and the help of Ohio's Home Choice Program, funded by HHS, Kay got the support she needed to transition into her community.

New partnerships can be challenging at first, but communities have shown us they can be overcome and are leading the way. For example, the Greater Kansas City area is developing a Housing Sustainability Plan that integrates many of the strategies in *Opening Doors*—forging partnerships at the metropolitan level among governments, local businesses and nonprofits, philanthropies, and the investment community.

As *Opening Doors* highlights, the federal government—or government at any level—cannot end homelessness alone; it needs partners and community developers across the spectrum.

## **WORKING IN PARTNERSHIP WITH LOCAL LEADERS: STRONG CITIES, STRONG COMMUNITIES**

If the economic crisis has taught us anything these last several years, it is that America needs strong cities and regions to create an economy built to last. And of all the elements that comprise a city, its leaders and institutions are the most fundamental; they impact the populace, the local economy, and all assets available in the region. But until now, Washington has not traditionally supported and partnered with local leaders and institutions to support their capacity and growth.

This administration recognizes that no city can succeed without strong local leadership and institutional capacity, no matter how big the federal grant or how well-crafted the federal policy. We have reflected that recognition through a customized pilot initiative called “Strong Cities, Strong Communities,” which is providing on-the-ground technical assistance and resources to local leaders in six distressed cities and regions. Using no new federal dollars, SC2 recognizes that what distressed cities need from a federal partner is the flexibility to pursue their own visions—and the support to realize them.

While a federal partner that understands the importance of local capacity is important for every city and region in America, it is absolutely essential for those places that were facing long-term structural challenges long before the recession hit.

The six pilot cities and regions (Memphis, TN; Cleveland, OH; New Orleans, LA; Chester, PA; Fresno, CA; and Detroit, MI) were chosen not simply because they face common challenges—population loss and long-term economic challenges, high levels of poverty and unemployment, and low property values and deteriorating infrastructure—but also because of the assets they bring: anchor institutions; comprehensive visions for economic development; and political leadership and will of regional, city, and philanthropic leaders.

Modeled on the transformation of cities like Chicago, Seattle, and Pittsburgh, which successfully transitioned from one-industry powerhouses to the hubs of the dynamic, diverse, resilient, regional economies, SC2 is piloting several critical tools to the six economically and geographically diverse communities and regions.

The first tool consists of the Community Solutions Teams in each city, comprised of highly skilled federal officials who are working full-time on-site to help these cities navigate and harmonize existing federal programs. Together, they are identifying barriers to growth and helping these communities strategically put to work millions in federal dollars already awarded.

More than 90 percent of the members of Community Solutions Teams on the ground right now are not political appointees but career federal employees who will bring this knowledge and experience back to their agencies.

These cities also will benefit from the second tool: a Fellowship Placement Program, funded not by government but philanthropy, and “deepening the bench” of these pilot cities. The Fellowship Program makes sure there is capacity and strength within the

local government not just to carry on when the federal teams depart, but to lead.

To ensure these lessons and tools can assist local governments across the nation, SC2 also created a National Resource Network that can act as a “one-stop-shop” for technical assistance. The Network will convene groups of national experts with wide-ranging skills that can provide the kind of cutting edge support and counsel cities need to maximize public and private dollars. And by ensuring this public-private partnership lives outside of government and is coordinated by philanthropy, our hope is that it can become the kind of critical capacity-building resource to communities that Living Cities is to the nonprofit sector.

Of course, many localities that have large deficits in their fiscal capacity are not as far along with respect to developing a comprehensive strategy for their economic future. For these places, SC2 developed an Economic Challenge that will competitively award funding to six additional cities and regions so that they themselves can hold “X-prize style” competitions that challenge multidisciplinary teams of experts to help develop and implement comprehensive, twenty-first century, globally competitive economic strategies for their regions.

The transformations underway in these cities will not happen overnight. But already, SC2 has made important progress.

In Memphis, our SC2 team is working in partnership with the Bloomberg team to create a CityStat performance management system that measures progress on the dozens of strategies already underway in the city.

In Cleveland, our SC2 team is working to align northeast Ohio’s workforce delivery system with economic growth opportunities presented by efforts such as the Integration Initiative’s Evergreen Cooperative green business development.

In New Orleans, our SC2 team is collaborating with city staff to improve access to primary care services and to develop a

behavioral health strategy that establishes strong community partnerships to integrate behavioral health within the community.

In Detroit, we have seen that careful planning in places that have lost population and have high vacancy rates is essential, but not without challenges. There, our team has seen that capacity constraints within local government can affect the alignment with philanthropy. We are working to resolve these tensions, while understanding that some of them can be healthy.

We are also seeing how new partners can emerge. In Fresno, the General Services Administration worked with the Social Security Administration to help the latter sign a 15-year lease in downtown Fresno to bring more people into the heart of the city's historic district.

In all these cases, the work of SC2 is emblematic of the approach that this administration has taken with cities—engaging as a partner, focused on local visions, local leadership and local assets.

## **THE FOUNDATION FOR AN ECONOMY BUILT TO LAST**

Even before the Great Recession, the middle class was under siege. But with median family net worth dropping nearly 40 percent, millions of families have been pushed even closer to the brink of poverty and far too many more are falling behind. The growing gap between the wealthiest Americans and those with the least makes the task of climbing into the middle class tougher than ever before.

Instead of economic growth fueled by speculation and phony profits, we need investment in the people and places that can prepare our communities for long-term economic success in a globally competitive economy. President Obama has called for putting in place long-term policy reforms for our nation to “out innovate, out educate, and out build the rest of the world,” while taking important steps to combat the worst impacts of the economic crisis. We have focused on creating pathways to opportunity for all Americans, and the administration's approach to revitalizing neighborhoods of concentrated

poverty, ending homelessness, and supporting city governments are but three examples of the kind of new thinking we need to strengthen communities and end the scourge of generational cycles of poverty.

The cost is too great to leave countless families on the sidelines as we compete in a global economy. We have an economic and moral imperative to ensure that all children grow up in places that prepare them for the twenty-first century economy. And we must recognize how far and wide that imperative stretches, from education reforms that ensure all Americans have access to a complete and affordable education, to tax policy that encourages and facilitates work, to transportation and telecommunications infrastructure that expands access to job opportunities, to a health care system where every American can get the care they need to get healthy and stay well.

The administration has developed an integrated approach to community development that supports locally-driven comprehensive strategies, invests in what works with a focus on data and results, leverages resources to maximize current and future federal investments, and lays a foundation for stronger urban, suburban, and rural communities.

Our focus must be to provide the kind of partnership that recognizes the importance of the federal role when it comes to community development but is humble enough to recognize the federal role is one of many. It's a partnership of families, neighborhoods, and governments that uses data to focus not simply on access and dollars, but on the outcomes that public investment produces, and understands the power not simply of federal investment in community development, but its ability to foster civic engagement and personal enrichment at the local level. With broad access to opportunity in an economy built to last, we can ensure that wherever Americans grow up, their hard work allows them to realize the American Dream.

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**SHAUN DONOVAN** was sworn in as the 15th U.S. Secretary for Housing and Urban Development on January 26, 2009. He has devoted his career to ensuring access to safe, decent, and affordable housing, and has continued that effort in the Obama administration. Secretary Donovan believes that America's homes are the foundation for family, safe neighborhoods, good schools, and job creation. His tenure as HUD Secretary has reflected his commitment to making quality housing possible for every American. Sworn in at a time when the foreclosure crisis had devastated American families, under Secretary Donovan's leadership HUD has helped stabilize the housing market and worked to keep responsible families in their homes. The agency has instituted reforms that have solidified the Federal Housing Administration's financial position and protected the taxpayer against risk, while still preserving FHA's mission of providing responsible access to homeownership. Prior to HUD, Secretary Donovan served as commissioner of the New York City Department of Housing Preservation and Development. Secretary Donovan previously served in the Clinton administration as Deputy Assistant Secretary for Multifamily Housing at HUD, where he was the primary federal official responsible for privately-owned multifamily housing. He also served as acting FHA Commissioner during the Clinton/Bush presidential transition. Prior to his first service at HUD, he worked at the Community Preservation Corporation (CPC) in New York City, a nonprofit lender and developer of affordable housing. He also researched and wrote about housing policy at the Joint Center for Housing Studies at Harvard University and worked as an architect. Secretary Donovan holds a BA and masters' degrees in public administration and architecture from Harvard.

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**ARNE DUNCAN** is the 9th U.S. Secretary of Education. He has served in this post since his confirmation by the U.S. Senate on Jan. 20, 2009, following his nomination by President Barack Obama. Secretary Duncan's tenure as secretary has been marked by a number of significant accomplishments on behalf of American students and teachers. He helped to secure congressional support for President Obama's investments in education, including the American Recovery and Reinvestment Act's \$100 billion to fund 355,000 education jobs, increases in Pell grants, reform efforts such as Race to the Top and Investing in Innovation, and interventions in low-performing schools. Additionally, he has helped secure another \$10 billion to support 65,000 additional education jobs; the elimination of student loan subsidies to banks; and an over \$630 million national competition for early learning programs. Before becoming Secretary of Education,

*Secretary Duncan served as the chief executive officer of the Chicago Public Schools (CPS), a position he held from June 2001 through December 2008. Prior to joining the Chicago Public Schools, from 1992 to 1998, Secretary Duncan ran the nonprofit education foundation Ariel Education Initiative, which helped fund a college education for a class of inner-city children under the I Have A Dream program. He was part of a team that later started a new public elementary school built around a financial literacy curriculum, the Ariel Community Academy, which today ranks among the top elementary schools in Chicago. From 1987 to 1991, Duncan played professional basketball in Australia, where he also worked with children who were wards of the state. Secretary Duncan graduated magna cum laude from Harvard University in 1987, after majoring in sociology. He was co-captain of Harvard's basketball team and was named a first team Academic All-American. Secretary Duncan is married to Karen Duncan, and they have two children who attend public school in Arlington, VA.*

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**KATHLEEN SEBELIUS** *was sworn in as the 21st Secretary of the Department of Health and Human Services (HHS) on April 28, 2009. Since taking office, Secretary Sebelius has led ambitious efforts to improve America's health and enhance the delivery of human services to some of the nation's most vulnerable populations, including young children, those with disabilities, and the elderly. As part of the historic Affordable Care Act, she is implementing reforms that have ended many of the insurance industry's worst abuses and will help 34 million uninsured Americans get health coverage. She is also working with doctors, nurses, hospital leaders, employers, and patients to slow the growth in health care costs through better care and better health. Under Secretary Sebelius's leadership, HHS is committed to innovation, from promoting public- private collaboration to bring life-saving medicines to market, to building a 21st century food safety system that prevents outbreaks before they occur, to collaborating with the Department of Education, to help states increase the quality of early childhood education programs, and give parents more information to make the best choices for their children. Secretary Sebelius served as Governor of Kansas from 2003 until her Cabinet appointment in April, 2009, and was named one of America's Top Five Governors by Time magazine.*