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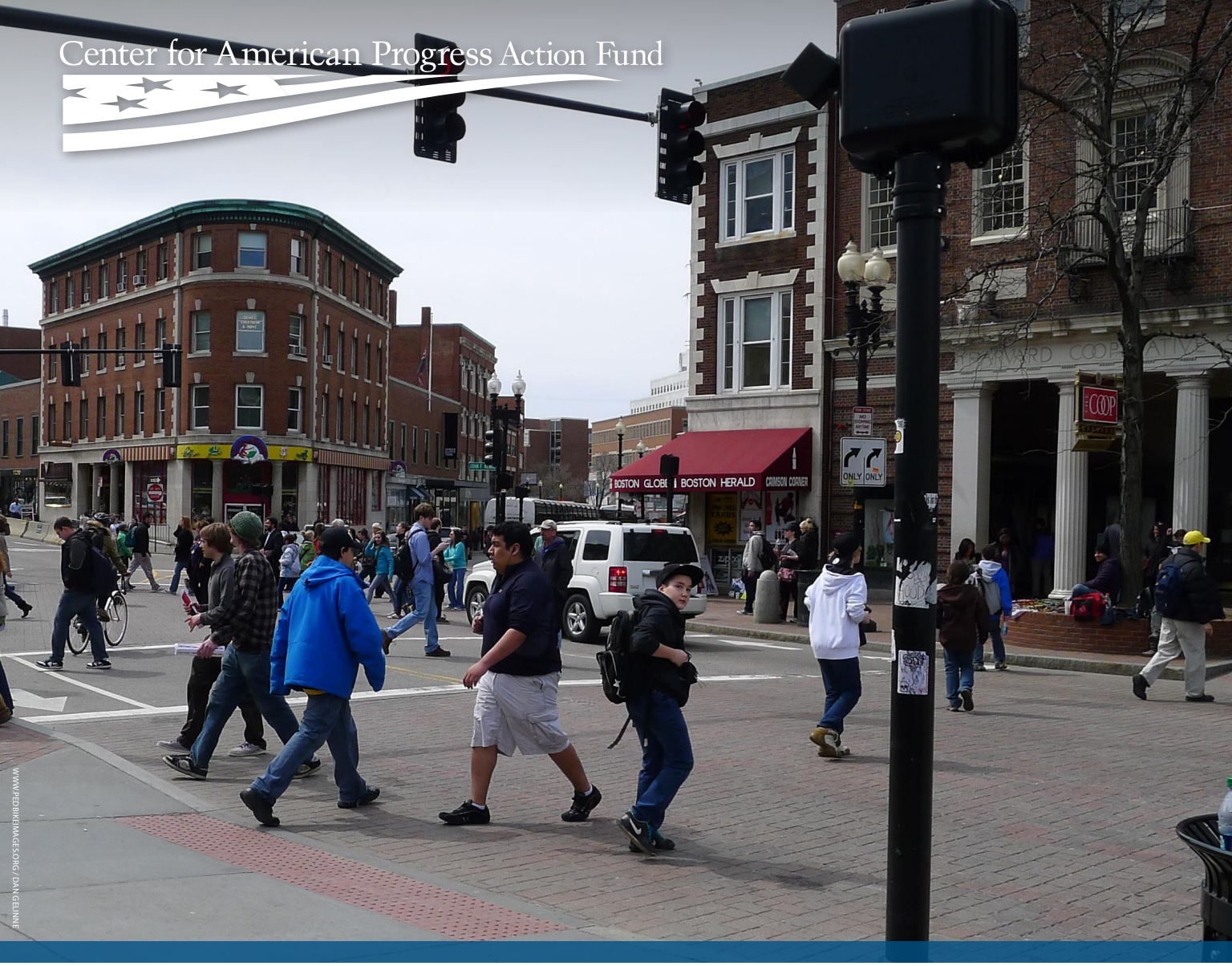

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Cities at Work: Progressive Local Policies to Rebuild the Middle Class

Joel Rogers and Satya Rhodes-Conway
COWS (Center on Wisconsin Strategy)

February 2014

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Introduction

American politics often treats cities as unwanted stepchildren. At best, they're "a nice place to visit, but I wouldn't want to live there." At worst, cities are collections of pathologies: searing poverty, violent crime, dysfunctional schools, bloated bureaucracies, and corrupt politics.

We are often told that cities are subject to a sort of Iron Law of Urban Decay, dooming even those that are initially successful to eventual fiscal and social crisis. By this alleged law, as incomes rise, people inevitably move out to greener suburbs. The suburbs then insulate themselves from the taxes or other revenue claims from the central city that they feed from. Municipal public goods deteriorate, or taxes rise, or both, leading to more middle-class flight and business divestment. The city's revenue base eventually collapses, and the poverty within it concentrates. A variety of morbid symptoms inevitably appear.

Such things happen, of course. But they by no means reflect the workings of an "iron law." They are matters of political choice. And the basic economics, consumption patterns, and values of cities suggest that other choices can be made.

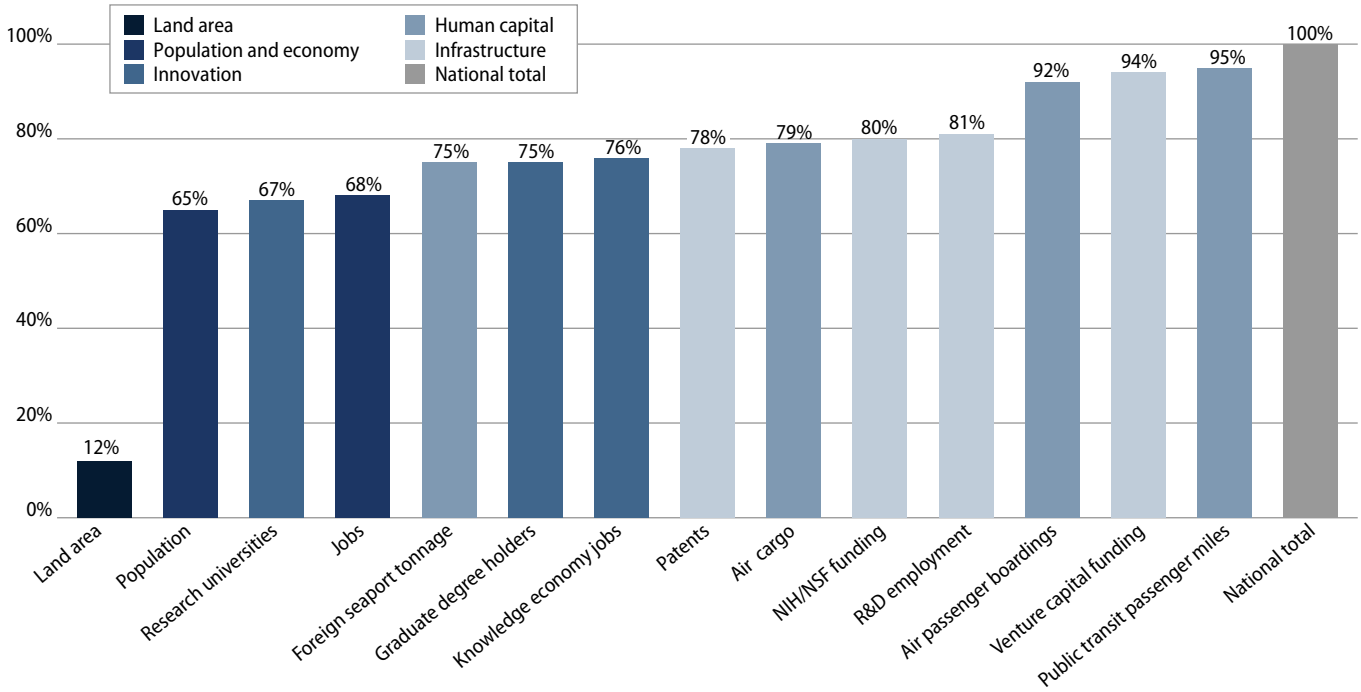
In fact, cities and the metropolitan regions, or "metros," that cities anchor are the source of most wealth and innovation in America. Our top 100 metros alone, which are on a mere 12 percent of our land area, are home to two-thirds of our population and account for at least three-fourths of our gross domestic product. These metros contain an overwhelming share of our best schools, universities, and research centers; our most critical infrastructure; our most productive labor; and our most competitive industries of all kinds, including "new economy" industries such as biotech, advanced robotics and instrumentation, digital media, applications, and design.

Well-managed cities are also the key to global sustainability. Atmospheric carbon dioxide concentrations are nearing catastrophic levels,[3] and nature is getting scarcer than people. Globally, we need to drastically reduce our greenhouse gas,

FIGURE 1

Big contributors

Top 100 metros account for 75 percent of U.S. GDP, largely by aggregating assets



Source: Brookings Institution Metropolitan Policy Program "MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity", (2007), available at: http://www.brookings.edu/~/media/research/files/reports/2007/11/06%20metronation%20berube/metronationbp.

or GHG, emissions and move our consumption patterns and public policy toward more efficient and restorative use of our waning natural capital.

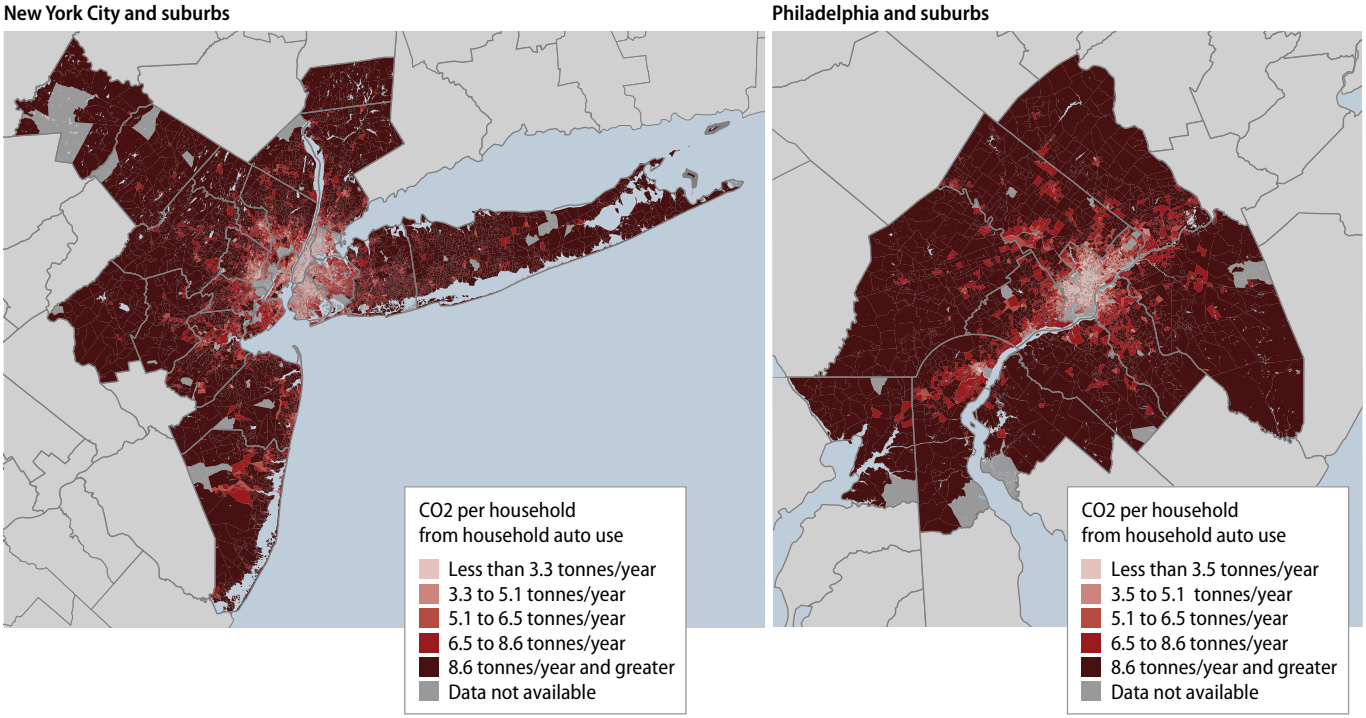
Cities already effectively model many of the needed efficiencies because they meet far more of their mobility needs through transit, walking, and biking; they make more intensive use of shared infrastructure; and they emit far lower GHG per capita than suburbs and rural areas. New York City, with 8.3 million inhabitants,[4] is more populous than most states.[5] But it uses less energy than all of them.[6]

And what is true of New York is true for virtually all cities: They are simply much better for the environment. The maps below show the auto-related carbon-dioxide emissions per household in Philadelphia and New York and their immediate suburbs from a low of white to a high of dark red. They reveal a similar pattern and one that holds for most cities: They are better for the environment.

FIGURE 2

Cities are better for Mother Nature

Auto-related GHG emissions per household[7]



Source: Center for Neighborhood Technology "H+T® Affordability Index", (2012), available at: http://htaindex.cnt.org/.

It is therefore good that more and more of humanity—attracted to greater opportunities and wealth—is moving to cities. About half the world's more than 7 billion people already live in metro areas. Another 3 billion people are expected to arrive in the next generation. That will take the urban share of humanity to more than 70 percent.[8]

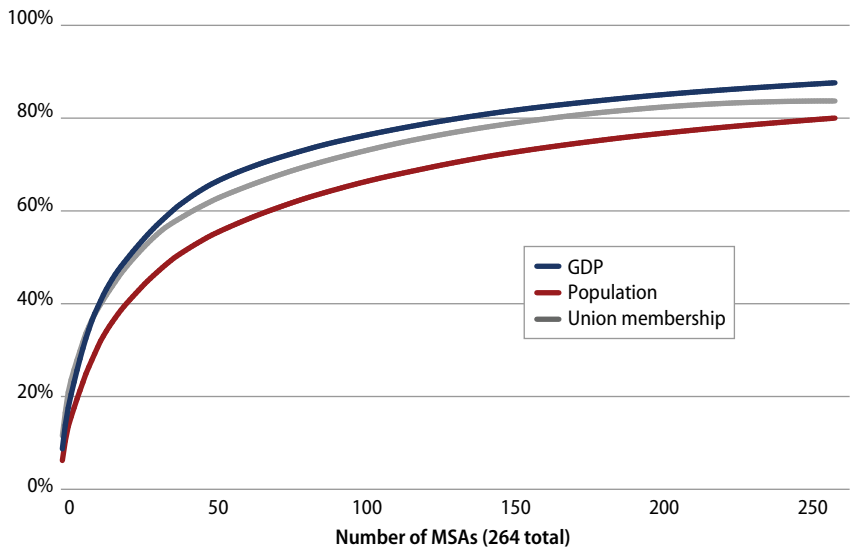
This fact only underscores the importance of city choices. How people live in cities will effectively decide how humanity lives. We can have a nightmare "planet of slums" with the inequality all too typical of American cities now. Or we can have a world of diverse, vibrant, and healthy urban communities. That is what this generation will decide. And while hardly decisive for the rest of the world, the pattern of urban development in the United States will have enormous influence globally.

Finally, it helps that cities in the United States and elsewhere are more progressive in their social and political views than other areas. They are more committed to

public goods and equity and more welcoming of diversity. This is reflected in their partisan political choices and in their social organization. In the United States especially, unionization has a distinct spatial component. As the figure below indicates, the share of GDP provided by cities outpaces their share of population, reflecting their greater productivity. But the city share of unions outpaces both.

FIGURE 3

Cumulative Percent of U.S. Total in U.S. Metros, 2009



Source: Bureau of Economic Analysis, U.S. Census Bureau.

Note: Sample size (Obs) for many cells are small and should be used with care.

For all these reasons—their wealth, their greater sustainability, their democratic values, and their organization—cities are the natural pillars of the high-road economy and society that progressives want to build. This is a world in which firms compete on the basis of their productivity—including the productivity of the natural capital on which they draw—and the value of their goods and services that they produce. It is also a world in which places—cities, states, regions, and nations—organize themselves to support competition on those terms.

Instead of taking the "low road" of treating people as if they are roadkill, the earth as if it were a sewer, and government as something to starve while extracting special-interest favors, high-road firms and regions see shared prosperity, environmental sustainabilty, and effective democratic organization as essential complements, not tragic tradeoffs. They work with company and regional stakeholders—including investors and owners, managers, production workers, community residents, government, and business, labor, and other civic organizations of all kinds—to add value, reduce waste, and locally capture and share the benefits of doing so. They learn from what they have done, and then they do it again, only smarter and with higher performance.

In this "high-road" scenario, effective democratic organization is recognized for its importance not just to social equity and inclusive representation but also

to wealth generation. Democracy itself, in the form of government or popular democratic organization, is seen as equally critical to production as land, labor, technology, and capital are to production. It can set the rules on competition that any market needs to operate. Democracy can provide the vital public goods that market competitors have no individual incentive to supply. And it alone can elicit fuller and free contribution from the economy's many stakeholders—through their ideas, as well as physical effort, and their help in monitoring and improving the performance of all institutions and rules.

Cities, more clearly than anywhere else in our society, show the real possibility of living well and better within nature's limits as a free and democratic people in such a high-road world. That's the promise of cities.

The American Right has always rightly appreciated this promise as a threat. That's why it basically hates cities. Its politicians always run against cities, demonize their residents, deny them resources once in office, and dilute their vote through the cracking and packing techniques of gerrymandering election districts. Most recently, as we all know, they've even tried to directly suppress their vote.

But the challenge to realizing the promise of cities goes deeper than the Right's objection to their existence. By consitutional design and centuries of accumulated custom, much of the way we do government's business in America seems almost designed to stifle cities. We have a competitive race-to-the-bottom federalism among states, fractured local government often modeled on 14th century England, and an entirely fabricated legal deference to states over contrary city initiative. Our federal government has been largely absent and often actively destructive in promoting the promise of cities, typically siding with states against them. In a real sense, cities are on their own in American politics.

And truthfully, cities have often been their own worst enemies. They fail to involve their own people in their governance and do not directly contest the crazy quilt of local fragmentation. We generally lack anything similar to real metro politics in America—something with organized conflicting visions of their development, understood by their residents, with possibilities for choice among them. Almost nobody gets elected to be the effective mayor of a metro region; instead they get elected mayor of a municipality with no control over adjacent municipalities. And the planning processes and private investment decisions that drive the prosperity and sustainbility of those regions—and the fate of particular municipalities within them—are generally obscure to the public until they are decided. The dependence

of local government on local revenue encourages destructive competition among the many localities in any given region, each competing for the richest tax base and the fewest poor people dependent on it. This naturally degrades their politics from organizing possibilities to avoiding threats.

Many cities today, often with new leadership that appreciates cities' vital strengths, are still innovating in policy and taking national leadership on issues that our largely dysfunctional national government continues to ignore. Even today under the most straitened fiscal circumstances and the worst economic calamity since the Great Depression, cities are working to reduce waste, add value, and capture and share the benefits of doing both. They are expanding access to healthy food, reducing crime, opening up public spaces, investing in key physical and social infrastructure, and promoting sustainability and its key ingredients of clean energy and efficiency. And they are, of course, doing real economic development to improve the quality and distribution of jobs.

Even today, the elected leadership of cities typically do these things—let alone have the courage and capacity to even attempt them—only when they have a broadly, friendly, and also alert and organized democratic public on their side. This suggests a quiet revolution in city governance. No mayor or city council today would cheerfully advance a program of "urban renewal, black removal"; none would dare. And all elected leaders would claim to seek real public involvement in critical decisions that affect their lives. They do this not only because they fear political fallout from decisions taken without consulting, but also because they know that almost any planning and policy decision can be improved with the local knowledge that only "the people who live there" have.

This creates an enormous opening for progressive grassroots' leaders to take such leaders at their word and make them keep it. But this opening also generates new demand on progressives themselves. We need a program—a vision of the city we want and specific ways to bring it to reality. Just as the days of autocratic planners and elected bullies are passing, so too are the days when progressives can get respect by claiming grievances but offering no constructive ideas.

Hence this book. What we try to do in the following pages is inventory and organize some of the good ideas that are out there. We attempt to recommend, as clearly as we know now, what local leaders are now doing, what others could do, and how to put their cities on the high road.

The intended audience for this book is progressive, locally elected officials and the organized democratic public that critically supports them. But we also think of this audience as an author. We hope to make this a "living" document that will be improved over time by comments and suggestions on good things we have missed or things we have gotten wrong—and over time, by adding the growing record of accomplishment and policy innovation by those same progressive urban forces.

The book is organized around eight broad areas of local government policy and responsibility: economic development and job creation; infrastructure; municipal revenue; job standards; housing; education; health; and civil rights. In each area, we first describe the importance of taking action on it and the general goals of progressive policy. Second, we describe key proven strategies for reaching those goals and identify several specific steps that cities can take toward their effective implementation within those strategies.

In each case, we give examples of what we are talking about. There are overall hundreds of specific suggestions for improving your city and even more examples of those who have done that. It is possible—though we doubt it—that your city has done none of these things. But we are certain that your city has not tried all of them.

Either way, there is work to be done to improve your community. We hope you find this guide useful to help do that important work.

A sampling of this report's policies

The policies discussed in this report are numerous and varied, but in all cases they represent steps along the high road for local governments. Of course, in all the policy areas discussed, a comprehensive approach is needed to implement high-road economic development; repair and make our infrastructure greener; create good jobs and improve the quality of existing ones; expand municipal revenue options; provide high-quality, affordable housing; reform our education system; promote healthy communities; and protect civil rights.

Some of the things we recommend have been implemented in multiple places; others are relatively untested ideas but still worthy of consideration. We highlight below a short list of policy examples, which represent the broad scope of ideas needed to move metro areas onto the high road:

- **Prepare an asset map of your city or region, including major and critical industries, critical firms in those industries, and value flows among those firms and others.** Include an assessment of human capital, investment, infrastructure, business performance, and public impact. The Twin Cities of Minneapolis and St. Paul, Minnesota, for example, have drafted asset analyses as business plans in partnership with the Brookings Institution.

- **Leverage permitting power and procurement to improve wages and benefits in the private economy.** In particular, ensure that contractors permitted to operate at large anchor institutions, such as airports, are responsible contractors who provide standard wages and benefits. Los Angeles and San Francisco are good examples of metros that have this kind of policy.

- **Set required wage and benefits standards as a condition of economic-development subsidies.** Santa Fe, New Mexico, for example, requires a Community Workforce Agreement on any city-funded construction project of more than $500,000.

- **Implement a payment in lieu of taxes, or PILOT, program for property owned by tax-exempt organizations.** Boston has taken a particularly well-organized and balanced approach to this issue.

- **Develop creative funding structures to support infrastructure investment and green retrofits.** Babylon, New York; Sonoma County, California; and Seattle all have interesting programs that have acheived this.

- **Create a land bank that focuses on the conversion of vacant, abandoned, and tax-delinquent properties into productive uses such as affordable housing, urban gardens, local businesses, and parks.** The Genesee County Land Bank in Michigan is a great example of this.

- **Implement health-impact assessments to determine the impact of all proposed city policies on population health.** Atlanta has successfully used this policy tool.

- **Strengthen police and community relations and ensure the most effective use of police resources by limiting its local role in immigration law enforcement.** Chicago passed the Welcoming City Ordinance, which prohibits Immigration and Customs Enforcement, or ICE, agents from accessing an individual in custody unless it serves a legitimate criminal law-enforcement purpose.

- **Provide municipal IDs that also serve as stored value cards, library cards, and parks-and-recreation membership cards, among others, to encourage broad use by seniors, youth, immigrants, and others.** The Elm City Resident Card in New Haven, Connecticut, is an example of this.

- **Adopt strong policies limiting racial profiling and discriminatory stop-and-frisk practices.** Nashville, Tennessee, for example, has a comprehensive training program for police officers aimed at preventing racial profiling.

Endnotes

1 Throughout this report, unless explicitly distinguishing suburbs from their central cities, we use "city" and "metro" interchangeably. We also use "city" and "local government" interchangeably, but note here that villages, towns, counties, school districts, and other local government can and should implement many of the policies we suggest.

2 Alan Berube, "MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity" (Washington: The Brookings Institution, 2007), available at http://www.brookings.edu/~/media/research/files/reports/2007/11/06%20metronation%20berube/metronationbp.

3 At this writing, CO2 levels—as recorded at Mauna Loa Observatory in February 2013—are 396.8ppm and increasing at an annual rate of ~2ppmand accelerating. Unless checked, we will be very close to or exceed 500ppm by the end of this century. This level was last reached during the Eocene period some 50 million years ago when the world was without ice and sea levels were about 300 higher than today. "CO2now.org," available at co2now.org (last accessed July 2013).

4 New York City Department of City Planning, "Population: Current Population Estimates," available at http://www.nyc.gov/html/dcp/html/census/popcur.shtml (last accessed July 2013).

5 Bureau of the Census, *Current Estimates Data* (Department of Commerce, 2013), available athttp://www.census.gov/popest/data/index.html.

6 For New York City energy use data, see the Energy chapter of PlaNYC, "Energy" (2013), available at http://nytelecom.vo.llnwd.net/o15/agencies/planyc2030/pdf/planyc_2011_energy.pdf; For state energy use, see State of Nebraska, "Energy Consumption Comparison by State" (2013), available at http://www.neo.ne.gov/statshtml/120.htm.

7 Center for Neighborhood Technology, "H+T® Affordability Index," available at http://htaindex.cnt.org/ (last accessed July 2013).

8 Richard Dobbs and others, "Urban World: Mapping the Economic Power of Cities" (New York: McKinsey Global Institute, 2011), available at http://www.mckinsey.com/insights/urbanization/urban_world.

Strengthen local economies and create jobs

Introduction

Of all the areas of policy in which cities engage, economic development is an area of almost limitless possibility for reform and improvement. The vast majority of city economic-development dollars are currently spent inefficiently, subsidizing development that would have happened anyway and receiving little return in local economic benefit for those dollars.

Local government subsidies are a very significant pot of money, as they currently offer between $5 billion and $10 billion in property tax subsidies alone.[1] Indeed, a single company, Wal-Mart, has been the recipient of well over $1 billion in state and local subsidies.[2]

Cities too often pursue low-road economic-development policies. They compete against each other to see which locality can provide the greatest subsidy and the most favorable development terms for large national corporations, which stay as long as the subsidies keep flowing before pulling up stakes for the next locality.

This classic "race to the bottom" results in massive waste and inefficiency and, at best, is likely to merely transfer jobs from one locality to another, disrupting lives and local economies and resulting in no new jobs overall. At worst, local siting of large national companies may take revenue away from small local retailers and the local distribution chains they rely on, undermining the job-creation effects of the subsidies they receive.

But there is a better way. The truth is that the kind of companies that cities really want to attract—those that create quality jobs and will not offshore their operations at the first hint of trouble—rarely make location decisions based on the availability of subsidies. These decisions are instead based on access to infrastructure, the quality of local human capital, supply chains, markets, and quality of life for their employees.

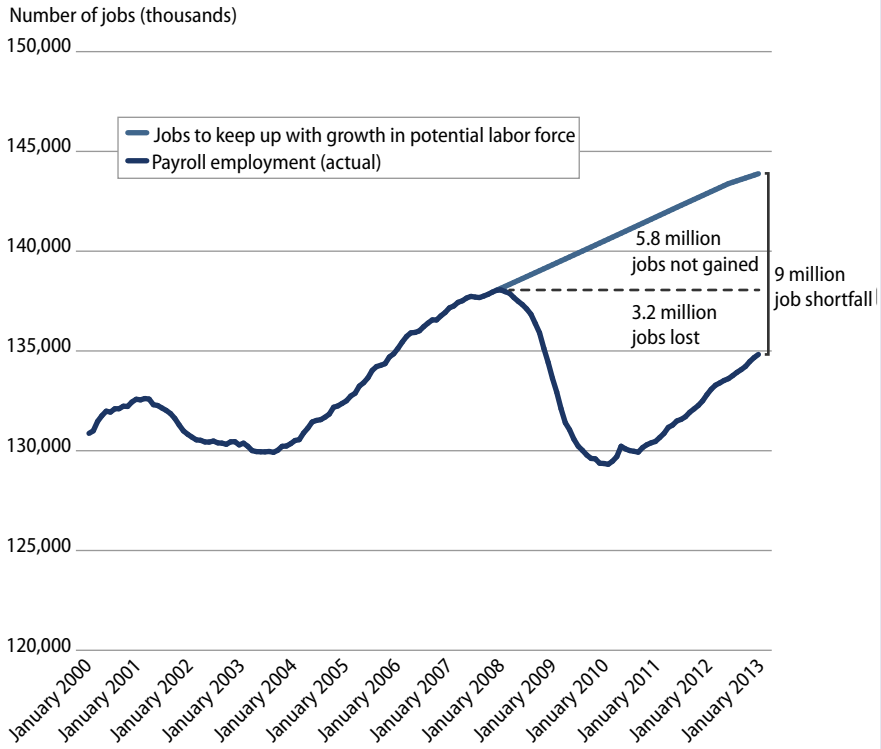
So rather than spend increasingly stretched local resources by throwing subsidies and tax incentives at multinationals, local governments should pursue high-road economic-development strategies that attract and build stable, sustainable local economies. They should map their regional economy to locate areas of potential competitive advantage and develop those areas with the aid of more efficiently organized places. They should modernize and make their local infrastructure and transportation networks more efficient. They should cultivate and strengthen their human capital, enhancing the skills of the local workforce in ways immediately relevant to the region's best employers. They should concentrate on growing local, place-based businesses rather than pursuing national chains. And they should focus on capturing the value of all of the above locally and sharing it broadly.

Recommendations for doing so are contained in this chapter.

FIGURE 4

Recession has left a job shortfall of over 9 million

U.S. employment and the number of jobs needed to keep up with the growth in the potential labor force, 2000–2013



Note: Congressional Budget Office estimates of the potential labor force (found here: http://cbo.gov/sites/default/files/cbofiles/attachments/43910_KeyAssumptionsProjectingPotentialGDP.xls) are used to calculate the number of jobs needed to keep up with the growth in the potential labor force.

Source: Authors' analysis of Bureau of Labor Statistics' Current Employment Statistics public data series and Congressional Budget Office data

Data-driven economic development

Background

When approaching economic-development, or ED, strategy, cities often focus on business subsidies. While these may be responsive to existing businesses, they are not always strategic and do not add up to a proactive, comprehensive ED strategy. Growing a city's existing assets—its industry clusters, natural capital, educational

resources, talent and workforce, local supply chains, and exports—is a powerful economic-development strategy that builds on a city's strengths and resources.

Asset mapping is the first step in that strategy. At its most basic level, asset mapping will provide city leaders with an inventory of key resources that they can use in economic development. While city leaders generally have a sense of the big local economic drivers—anchor companies and industry clusters, for example—they may not have a detailed picture of the local economy or the flow of funds and products that contribute to it.

Beyond the initial survey, more comprehensive asset mapping will result in an understanding of key networks and cultural attitudes that shape the city's economy, "gap" areas where investment is needed, and a baseline to measure future ED progress.[3]

Gathering this crucial information and devising strategies based on the findings launches a city forward in its ED efforts from a starting point based on data—rather than anecdote or political pressure—to target real opportunities. It also leverages existing resources such as local ownership, supply chains, and export potential, and it creates opportunities to grow these resources.

San Antonio, for example, was recently hailed as a "recession-proof city"[4] and is powered by three major industries: education; medicine and biosciences; and military and local government. These industries employed a third of the city's workers in 2010. The city's 31 colleges and universities enroll 100,000 students, boosting the city's population by 8 percent during the school year.

The mayor acknowledges that the city's growth has been slow relative to its peer cities and that the bedrock of San Antonio's economy is not in "bright shiny venture capital industries" but in safe, noncyclical industries, which are evidently recession-proof.[5] Knowing this allows the city to reinvest in these critical industries and further strengthen the economy.

At its most basic level, asset mapping will provide city leaders with an inventory of key resources that they can use in economic development

Detailed asset analysis and map

All local governments should conduct an asset mapping as part of their economic-development planning. An asset map provides an in-depth look at a city or region's assets and a dashboard assessing indicator characteristics relative to goals and/or

peers. An asset map incorporates the elements equivalent to the latitude, longitude, landmarks, topography, and routes of any physical map.

- A city's major industries, identified by the size of their employment and sales
- Its critical industries, identified by their high location quotient, or LQ[6]
- Critical firms in those industries
- Value flows—purchases and sales—among those firms and others

Beyond those basic elements, several additional indicators can add context and depth to the asset map:

- **Talent indicators**, including education pipeline; workforce quality; R&D potential; science, technology, engineering, and mathematics, or STEM production; and lifelong learning.
- **Investment indicators**, including R&D intensity; business startups; inward investment; and access to capital.
- **Infrastructure indicators**, including business climate; transportation; broadband; energy; and sustainability.
- **Business performance indicators**, including productivity; exports; and market capitalization.
- **Public impact indicators**, including state GDP; employment growth; income distribution; state revenues; and standard of living.

The data for these analyses may come from the state departments of commerce, energy, environment, education, and natural resources; Metropolitan Planning Organizations; regional planning commissions; transit agencies; and private firms. Independent organizations, including several nonprofit organizations focused on urban development, can also lend support.

Several cities and metropolitan areas—including the Puget Sound, the Twin Cities, and Northeast Ohio—have drafted asset analyses as business plans in partnership with the Brookings Institution, which launched a metropolitan business planning program focused on developing compelling investment opportunities in cities.[7] Brookings has also developed an interactive mapping and downloads tool that provides in-depth access to regional clean economy data that can be accessed online.[8]

In addition, the Initiative for a Competitive Inner City has studied inner-city economies in 100 U.S. metropolitan areas since 1994 and conducted on-the-

ground consulting engagements in 20 inner cities, including city-led approaches to ED in Boston[9] and Newark, New Jersey,[10] based on cities' existing strengths.

Some asset analyses such as "Indicators for the Washington Innovation Economy"[11] are mainly quantitative. The report plots out Washington state's performance in each of the indicators in the above table against peer states in an effort to pin down the state's assets.

Other analyses, such as "Mobilize Maine: Asset-Based Regional Economic Development"[12] and the Halifax-Moncton Growth Corridor Asset Mapping Baseline Research Project, in Nova Scotia[13] are more qualitative, drawing a picture of the region's assets and calling out key advantages and red flags along the way.

When drafting asset analyses, it is important for cities to consider all types of assets. One asset not detailed in the list of indicators above is natural capital, which can greatly contribute to the health of a local economy. And the definition of imports and exports should be broad. Portland, Oregon, for example, rightly considers transportation fuels an import, and thus non-fuel-based modes of transportation contribute to the health of the local economy by reducing imports and the outflow of money to pay for them.

Regardless of the methodology, the intent of all these analyses is to give decision makers information about a city or region's existing assets and to inform ED policy and plans. Gathering and sharing data, and then making data-driven economic-development decisions, is critical to building healthy, sustainable economies.

Human capital

Economic development—growing the economy, jobs, and wages in metropolitan areas—requires the cultivation and strengthening of human capital, which is the skill, experience, and education of the region's workforce. As the skills of the workforce are enhanced to fit the region's best employers, productivity and regional competitiveness grow. Human capital strategies can thus be central strategies in any economic-development plan.

Human capital strategies are also central to *progressive* economic development because enhancing human capital is one way to help workers achieve better jobs and opportunities. These strategies can offer the win-win outcome of better skills

and productivity for employers and better wages and standards of living for workers. By focusing on who gets skills and how skills are delivered, metropolitan areas can strengthen the economy and opportunity in it at the same time.

While human capital is also developed inside firms, the public education system is the most relevant target for public policy and training innovation. We will focus here on strengthening the connection between education and training to work and employers, while other sections below will deal with K-12 and other education issues. The community college system is especially relevant as it often has the strongest potential to reach employers, as well as the workers and prospective workers who need to build their skills to get decent work. A region's social service providers and the federally funded but locally administrated Workforce Investment Board also reach into communities that most need skills and better jobs and have their own relationships with employers as well.

Workforce development belongs in any asset mapping and cluster strategies, as we will discuss in the next section. In short, the important thing is to build a *system* that is both more relevant and responsive to employers and more accessible to and supportive of working adults and prospective workers.

Cities should focus on policy and program innovation that systematically builds a bridge from workers who need more skills to get into decent jobs to the region's better employers that offer decent work. Doing this "systematically" is necessary because all too often human capital and training systems work in piecemeal and retail ways, connecting one program or social service agency with a single employer or even just their human resources manager. Urban labor markets are riddled with the redundancy and confusion created by such a diffuse approach.

Also important is a focus on the region's "better employers." Too often the employers with the fastest revolving door on their frontline work are also the ones that turn to public systems to fill their jobs. Public training systems need to find ways to connect with better employers.

Lastly, public systems need to find a way to get skills to those who need skills to get to better work. Low-wage workers are often struggling just to get the hours and income they need to survive. In those circumstances, attending traditional higher education is simply too much to ask. Shorter-term options, which integrate basic and occupational skills and are offered when low-wage workers can get to class, are part of the human capital solution as well.

One option for doing so is workforce intermediaries. In Seattle in the mid-1990s, then-Mayor Norm Rice wanted to do something about human capital, and the Seattle Jobs Initiative, or SJI, was born. SJI organized the demand side and career pathways, but it also created a stronger referral network with the city's community-based organizations, or CBOs. Using an intermediary to anchor the relationship from communities into work is a slightly different model and one worth attention.

The project describes itself this way:

> *Seattle Jobs Initiative offers low-income individuals training that leads to college credentials in growing local industry sectors. We creatively align support services – intensive college navigation, housing, childcare and transportation – to provide participants the best opportunity to complete their career pathways and to secure and retain well-paying jobs.*[14]

Since its inception, SJI has served more than 15,000 Seattle residents, placing some 6,000 in jobs. They have developed and promoted a comprehensive system with CBOs on issues such as case management, job-readiness training, and job development. They also have worked with community colleges to promote access and success for low-wage working adults.[15]

Though the SJI began as a city project, it spun off from the city in 2003 and established itself as an independent 501(c)(3) nonprofit organization. SJI continues to function as a workforce development intermediary today and is committed to improving the local workforce development system for the benefit of low-income job seekers.

Clusters

Economic clusters are collections of related companies in a particular industry—sporting goods, software, or health care, for example. Usually a region's relevant economic clusters include local institutions and organizations that provide skilled workers and other specialized services to the firms in the cluster and provide workers and services that may be key to maintaining the cluster's competitive position.

Helping to preserve the economic vitality of these clusters is a critical economic-development task because these clusters are the source of an economy's competitive advantage and deliver a disproportionate share of its good jobs. By focusing

on key sectors, cities can identify, strengthen, and help secure and anchor their unique economic assets.

Local leaders need to identify the economic clusters in their area that are growing or poised for growth. They should use quantitative data—including regional or local data on sales, employment, patents issued, typically by sector; information on local sales and purchases; and information gleaned from business directories or existing business groups—to identify the general outlines of a cluster and qualitative data—surveys, interviews, case studies, among others—to assess its unique characteristics and needs.

Local leaders need to identify the economic clusters in their area that are growing or poised for growth.

A defining feature of clusters is that they have unique attributes and distinct needs. There is no one best model for cluster-based economic development because no two clusters are exactly the same. Cities need to research how these clusters function and why they succeed and consult with members of the cluster to identify gaps and service needs local service providers can fill to both strengthen the cluster and further ground it in the local community. This means that multiple public-sector agents—from economic development to K-12 schools to postsecondary education—all need to support the cluster and respond to it rather than simply market existing services to the industry.

Functioning clusters must have or develop the organizational and communications capacity to discuss issues within the cluster, identify joint needs, help develop and amend remediation strategies, and then implement them. The public sector can convene them and help build the answers to the joint problems identified. Government can also encourage and facilitate clusters working with local education and training institutions to develop workforce skills and continually promote workforce training. Skill-development policies should fill discrete skill gaps in the local labor market that could otherwise inhibit cluster development.

Cities can also target economic development to firms in these clusters and their supply chains. Viewing local and regional economies through the lens of clusters provides a compelling logic for reorienting economic development away from both the generic "one-size-fits-all" approach and its opposite, the "special favors" approach, where economic-development "packages" are provided to select firms, often more as a result of connections or lobbying than any underlying economic value to the community.

No city can afford to use its economic-development resources indiscriminately. Cluster strategies recognize that consistent and strategic investing in existing strengths is the most efficient and effective way to drive regional economic

growth. Economic clusters by themselves cannot guarantee a strong local or regional economy with opportunity for all, but understanding and supporting them is part of building a high-road, high-wage economy for all.

Localized supply chains

Business growth is a core driver of urban economic development. Along with access to capital and management education for business owners, connecting businesses to procurement and supply-chain networks is a key accelerant for business growth.

Strategically deepening supply chains for strong industries is an ED strategy that strengthens a city or region's assets and grows new businesses with an established, local market. Supply chains are generally shorter with local suppliers, leading to a greater predictability with delivery times and lower delivery costs. Local suppliers can also be more responsive during high-demand periods. In addition to benefitting local businesses, local sourcing obviously contributes to a city's economy by keeping jobs and dollars local.

Working with priority firms and/or clusters, cities should map their supply chains. They should identify opportunities for existing local businesses within these supply chains and gaps where there are no local businesses. Their economic-development efforts should focus on attracting or growing businesses that can fit into these supply chains.

In its economic-development strategy, Portland, Oregon incorporated a cluster analysis, focusing the city's ED efforts on four industries: clean tech and sustainable industries, activewear, software, and advanced manufacturing. To support these clusters, particularly the advanced manufacturing cluster that depends on extensive product procurement, the city is actively trying to deepen the local supply chains for these industries.

In the city's ED strategy, the work plans for each cluster contain specific actions, including the recruitment of companies that grow the supply chain or otherwise complement existing cluster firms.[16] Their coordinated city, state, and regional recruitment have paid off by establishing firms such as Vestas, Iberdrola, and Solar World—all leaders in the wind and solar industries with manufacturing bases in Portland.

Economically targeted investments

Background

Every city controls relatively large streams of money, which it collects, invests, and uses somehow. In both investment and expenditure, local government has an opportunity to leverage those dollars to create jobs, particularly for the unemployed, underemployed, or hard to employ. This requires two things: to find ways to invest and spend money to create jobs and to connect local people to those jobs.

Local governments need to pay attention to where their investments are placed and how they are used. Under the rubric of economically targeted investment, or ETI, investors and policymakers are increasingly considering investment strategies that promote broad-based sustainable development. ETI entails investments with rates of return comparable to conventional investment options but that also improve the economic well-being of a region by stimulating job and business creation, increasing or improving the stock of affordable housing, or improving infrastructure.

ETIs are not an asset class in and of themselves. They do not exhibit a common set of performance tendencies and are not subject to common regulation. ETI is instead an investment perspective that highlights a range of often-overlooked financial opportunities and offers both social and financial returns.

ETI is particularly valuable because it helps to deal with capital gaps, or investment areas underserved by markets. These include housing loans for low-income individuals, financing for small- and medium-sized businesses, certain types of infrastructure development in low-income urban areas, and private lending in low-income areas.

Small firms, for example, must rely on private-debt financing, yet over the past decade, small-business lending has declined nearly 10 percent as a percentage of total business lending.[17] Banks have increasingly moved their investments away from small commercial loans for other higher-return and shorter-term investments. This makes small-business lending a key opportunity area for ETI. Such lending identifies areas for profitable investments that markets have missed due to inconsistent time horizons or imperfect information.

Facilitating economically targeted investments

The first step is to identify public projects that are good candidates for investment, in that they require upfront capital but provide revenue or savings over time. Examples will likely include infrastructure projects such as water and sewer systems, landfills, and parking facilities; energy efficiency and renewable-energy projects; and housing developments. In order to attract capital to these investment opportunities, cities should focus on two sources: publicly controlled investments and private investors.

Cities should create guidelines for using city-controlled investments such as pension funds to finance these types of projects. Guidelines should include the percentage of the total that may be invested in ETI, a transparent process to choose or solicit projects, job-quality guidelines, and policies excluding projects that harm public-sector jobs.[18]

Public pension funds, for instance, are increasingly considering infrastructure to diversify their portfolios. This is due to the low correlation of infrastructure with traditional asset classes and the fact that pension funds' long-term investment horizon makes them a good match for infrastructure investments. Pension-fund managers are also beginning to acknowledge the collateral benefits that accompany strategic investing of pension-fund assets.

There are obviously no circumstances under which pension-fund trustees can adopt policies or practices that violate their fiduciary responsibilities. But to the extent that trustees can accomplish other goals without sacrificing performance, it makes sense to investigate opportunities for geographically targeted infrastructure investment and locally or regionally targeted economic development. Furthermore, ETI is advantageous because of its longer time horizon and countercyclical nature, relative to traditional asset classes.

Most pension funds will not invest more than 5 percent of their assets through an ETI strategy. As of 2007, however, public-sector pension funds had committed approximately $11 billion to ETI.[19]

- The Dallas Police and Fire Pension system became the first U.S. pension fund to invest directly in a major road project with its investment in Texas Department of Transportation's managed express lanes project on I-695 in Dallas.[20]
- The Contra Costa County Employees Retirement Association, the Los Angeles County Employees Retirement Association, and the Los Angeles Fire and Police Pension Fund, all in California, have devoted portions of their funds to ETI.[21]

- New York City uses a portion of its pension assets to provide capital via indirect investment for low-, moderate-, and middle-income housing construction and improvement.

As of December 31, 2011, the five-year overall return on the pension funds' ETIs was 7 percent, compared with the Barclays U.S. Aggregate Bond Index's five-year return of 6.5 percent.[22]

With more than $20 trillion in funds under management, institutional investors in the United States are another potential source of capital for cities. Cities can create common investment vehicles through which various entities—public and private pension funds, university endowments, socially responsible investors, among others—can invest in ETI projects.[23]

The Bay Area Family of Funds, run by the nonprofit Bay Area Council in Northern California, ties both private- and public-sector investors into regional initiatives to promote business growth in low-income communities.[24]

According to the New York City Bureau of Economic Development, the New York Public Private Apartment Rehabilitation program:

> *Finances multifamily buildings in the five boroughs. Working with 8 private and not-for-profit lenders, the funds issue forward commitments to provide permanent, long-term mortgages for the rehabilitation or new construction of multifamily buildings that will remain affordable for the long term. For calendar year 2011, $127 million has been invested and/or committed for 3,382 units of affordable rental housing.*[25]

Anchor institutions

Background

Anchor institutions such as universities, airports, hospitals, and large cultural institutions are often critical to the economic well-being of metropolitan areas. In more than half of the top 100 cities by population, an anchor institution is the largest employer. One in every 15 large hospitals and one in every eight colleges and universities are located in an inner city.[26]

The purchasing power of these institutions is collectively in the billions of dollars, and they employ millions of people nationwide.[27] But more importantly, they are a significant proportion of the employment in their respective regions.[28] Their economic heft, however, is not what makes them the keystone of an economic-development strategy. It is their connection to place that makes them important—the fact that they are unlikely to pick up and leave as so many businesses have.

Anchors play several key roles in local economies, all of which can be organized and directed to benefit the surrounding community. The institution must prioritize community welfare and improvement, and stakeholders must be able to work together. Local government leaders can foster such partnerships by building strong relationships with institutional leaders and regularly convening them to discuss opportunities for collaboration. They can also take the lead on more structured initiatives such as the ones described in this section. In all cases, the surrounding community needs to be at the table, so their needs and priorities are taken into account.

Anchors play several key roles in local economies, all of which can be organized and directed to benefit the surrounding community.

We describe below how cities can benefit from the multiple roles anchors play in the economy. There is one perhaps obvious role that we do not detail: the primary mission of the institution. A hospital's primary mission, for example, is health care, and many hospitals are involved in health initiatives in their home communities. Similarly, colleges and universities often have education-based outreach programs. Such programs are more likely than the ones described below to emerge naturally and thus are not our focus.

Anchor as consumer

Substantial evidence shows that the local economy retains a higher percentage of a dollar spent at a locally owned business than if that same dollar were spent at a nonlocal business. So one of the most powerful ways an anchor institution can help build the local economy is by purchasing goods and services from local businesses.

The University of Pennsylvania, for example, has brought in $94.8 million to West Philadelphia's economy by redirecting only 10 percent of its annual purchasing to local suppliers.[29] University Hospitals in Cleveland used local procurement and local hiring by contractors in its strategic growth plan, Vision 2010. Local businesses received more than 90 percent of the contracts during the plan's five-year implementation.[30]

Local governments can partner with anchors to increase their local purchasing either by setting local purchasing goals for contracting and procurement by anchor institutions or by including a local purchasing preference in their procurement system. Similar to governments, anchor institutions should also include job-quality requirements, including wage and benefits standards, in their contracts.

Focusing on the supply chain of anchors makes for an even more comprehensive approach, as demonstrated by Cleveland's Evergreen Cooperatives. Evergreen is a joint venture between the city of Cleveland, the Cleveland Foundation, The Democracy Collaborative, and the three largest anchor institutions in Cleveland: Case Western Reserve University, the Cleveland Clinic, and University Hospitals. These institutions spend approximately $3 billion annually on contracted services alone, excluding wages and direct operating costs. Evergreen focuses on capturing those dollars locally by providing the services the anchors contract for while also offering good jobs for local residents.[31]

Local governments can work with anchors to map their supply chains and redirect business to local and responsible firms.

Anchor as employer

Local governments have a strong and legitimate interest in making sure that anchor institutions—particularly institutions such as airports and hospitals that provide important public services—maintain safe working conditions and provide quality jobs.

Quality jobs are important for the local economy, of course, but they are also important to maintain labor peace at these institutions in order to prevent service interruptions. So it is in the local government's interest to promote or protect the right of workers to family-supporting wages, adequate benefits, safe and fair working conditions, and the right to organize for all of the above. For anchor institutions that are public or quasi-public, local governments should require common-sense job-safety and job-quality measures.

The most basic of these are affordable and accessible employer-provided health care for workers and their dependents, paid sick leave for workers to recover from illness or to care for a child or immediate family member, and family-supporting wages for all classifications of workers. These standards should apply to contracted

workers in addition to regular employees, and contractors should not be able to evade health care or paid-leave standards by breaking up service contracts into multiple part-time positions rather than using full-time staff.

These measures benefit employers as well. When the San Francisco Airport Commission established a mandated minimum wage plus benefits and paid leave, employee turnover fell by approximately 30 percent.[32]

Offering initial and ongoing training to employees consistent with their positions and responsibilities further helps to promote safety and security and to retain workers. Businesses that are receiving contracts should also be required to submit a detailed training plan that outlines the training required for each position.

The Los Angeles Airport training requirements, for example, cover rules, safety, security, Transportation and Security Administration regulations, emergency response, and relevant equipment operation for all service employees. [33]

A stable, trained, and experienced workforce that knows the facilities, protocols, and chain of communication to report security breaches and public-health hazards is essential to the safe and secure operation of workplaces such as airports.

Another way to maintain workforce consistency in these institutions is to adopt worker-retention policies for their contracts. Such a policy would provide for a 90-day transition period in which incumbent workers can only be terminated for cause or where the successor contractor determines lower staffing levels are needed to perform services under the contract. New York,[34] Los Angeles,[35] Philadelphia,[36] San Francisco,[37] St. Louis, [38] Washington, D.C.,[39] and Newark, New Jersey,[40] all have policies requiring a successor contractor to retain the incumbent workforce.

Local governments should additionally ensure that anchor institutions adopt a broad labor harmony policy applying to all service workers. Such policies represent an agreement between management and labor that service to the public will be maintained during any labor disputes. Again, promoting labor peace is important for local governments because bad labor relations can cause service interruptions at hospitals, airports, and other crucial facilities.

Two types of anchor institutions are worth noting here. The first is airports: They deserve special attention because they are usually controlled by public entities, but the majority of employees are usually employed by contractors and may be subject to unsafe working conditions, low pay, and no benefits.

Local governments should use permitting power to ensure that private contractors providing passenger services in airports are responsible; provide standard wages, benefits, and paid leave; and ensure stability of the workforce. In addition to the policies discussed above, San Francisco and Los Angeles provide instructive examples on how to do so.

The second is health care institutions such as hospitals and nursing homes. These anchors operate all day, every day and employ large numbers of people. In fact, in smaller communities they may be the largest employers. In addition, the jobs in these institutions require a large range of education and experience and thus can provide both entry-level jobs and career pathways to employees.

Hospitals should, of course, consider all of the strategies discussed in this section. But beyond that they should consider offering community benefits such as energy conservation and efficiency, support for the availability of fresh and healthy food, availability of their facilities for community activities, and even help to incubate startup businesses and organizations.

All anchor institutions can take steps to hire staff from adjacent neighborhoods or from groups identified as underrepresented or with particularly high rates of unemployment. Cities should work with anchor institutions to establish a program to promote hiring residents from surrounding neighborhoods.

The University of Southern California has a program that prioritizes hiring residents from surrounding neighborhoods, including hosting job fairs and a drop-in recruiting center. The program offers training in resume-writing and interview skills and provides free professional development to current employees.[41] Columbia University partners with first-source hiring[42] programs that identify, screen, and refer potential candidates from low-income neighborhoods. And four Boston-area hospitals participate in the Healthcare Training Institute,[43] a nationally recognized partnership that offers training and career-advancement services with a particular emphasis on helping low-income workers and community residents secure jobs that pay family-supporting wages.

Local governments can play a role in establishing these types of programs, particularly if they already use similar techniques to increase the local hiring of their contractors.[44]

Anchors can also help strengthen surrounding neighborhoods by encouraging their employees to purchase homes and live nearby. Local governments should

partner with anchor institutions to create employer-assisted housing programs that target neighborhoods in need of investment and revitalization and assist employees with rent, down payments, or home improvements.

The Yale Homebuyer Program, for example, has helped more than 1,000 employees purchase homes since 1994. Eighty percent of the employees were first-time homeowners.[45] Employees of nonprofit institutions in the Greater University Circle area of Cleveland—including Case Western Reserve University, Cleveland Clinic, Cleveland Museum of Art, and University Hospitals—are eligible for a range of housing assistance, including one month's rent, up to $8,000 in matching funds for exterior renovations, and between $15,000 and $30,000 in forgivable loans for the purchase of a home.[46]

Anchor as real estate developer

Anchor institutions are often significant landowners in cities. As such, they have a vested interest in the state of local infrastructure and the viability of surrounding neighborhoods. This is likely why anchors are taking a more proactive role in real estate development as a way to spur economic development and to improve neighborhoods.

In the best cases, this is tied to community development so that residents are served rather than being displaced. Johns Hopkins has focused on the neighborhood north of its medical campus in Baltimore, partnering with the city and others on the East Baltimore Development Initiative—the largest redevelopment project in Baltimore to date. The initiative includes developing a science and technology park, significant housing construction, and a new public school. It also has case management and workforce development components.[47]

In Memphis, Tennessee, LeMoyne-Owen College created a community development corporation that leverages financing for development projects and has contributed to a $5,000 increase in per capita annual income in the surrounding neighborhood.[48]

Syracuse University is working with the city of Syracuse, New York, on the Connective Corridor project—a $42.5 million infrastructure investment funded by a combination of public and private dollars. This has spurred an additional $200 million in development in the corridor and central business district.[49]

And the University of Akron in Ohio—along with Summa Health System, Akron Children's Hospital, Akron General Health System, and other partners—formed

the University Park Alliance to improve the quality of life in and raise the median income of the neighborhoods surrounding the university. They have made investments of more than $300 million in real estate development, crime prevention, housing improvements, and construction and infrastructure improvements. The alliance also leverages the talent at its member institutions to offer services such as tutoring and health screenings.[50]

Anchor as part of a cluster

Anchor institutions, particularly universities, are often associated with the high-tech sector because of their potential for research collaboration and technology transfer. As such, they can anchor a cluster of related businesses and incubate startups.

At the University of Houston, collaboration between university scientists and pharmaceutical companies has generated revenue and jobs for the region, notably from the development of a new form of the stem-cell transplant drug Busulfan, which had global sales of $40 million in 2008.

The University of Central Florida developed partnerships with biotech companies that purchase land in its adjacent Research Park for office, laboratory, and manufacturing activities. These efforts have resulted in a biotech cluster of 116 companies with 9,500 employees locating themselves in the Orlando-based Research Park.[51]

And Virginia Commonwealth University was the primary mover behind the Virginia BioTechnology Research Park, a business incubator done in partnership with the city of Richmond and the Commonwealth of Virginia. Dozens of companies—most of them based on VCU faculty research—started in the park. In 2000 these companies employed 829 people;[52] today the 59 resident companies employ more than 2,200 people.[53]

Key factors

For all of these approaches, several factors are important for success:

- **Be on the same page.** Regardless of where the effort initiates, the anchor institutions and local government need to explicitly identify an economic-development strategy that leverages the anchors to the benefit of all.

- **Involve the community.** This work should be done with the surrounding communities, not to or for them.

- **Identify a "project champion."** It is crucial in the early stages to have a leader who will champion the vision by providing or securing funding, cultivating the needed support from partners, and laying the organizational groundwork.

- **Find local political support.** Active promotion by influential leaders, who are willing to make the project a public centerpiece of economic development, is needed to catalyze the needed institutional commitments, financial backing, and technical partners to make the cooperative viable.

- **Identify and obtain buy-in from community anchors.** Taking an inventory of these actors—and of their largest expenditures within and outside the community—can help identify where the greatest entrepreneurial opportunities lie. Getting buy-in and commitments from these large economic actors may be less straightforward, but it is crucial to success. In addition to the benefits that accrue to the community in terms of jobs and local ownership, however, there are also many benefits to the anchor institutions that can be emphasized:

  - Maintaining a qualified, quality worker base and reducing turnover
  - Improving the community in which the institution is anchored by reducing crime rates, improving quality of life, and enhancing the attractiveness and reputation of the institution
  - Ensuring long-term demand in the community for the services or role performed by the institution

- **Partner for early success.** Early successes are essential. Engaging development and financing expertise, business-plan specialists, workforce-development trainers, community land trusts, and other partners as soon as the need is anticipated—rather than after problems are encountered—is a key factor to success.

Small and local business support

Background

While many of the strategies discussed above are directed at larger employers, municipal governments are increasingly thinking about how to cultivate smaller, locally owned businesses as well.

There are good reasons for this: Small businesses represent 99.7 percent of all employer firms and have generated 66 percent of new job growth over the past 15 years.[54] More importantly, local businesses keep a greater percentage of their profits in the local economy—more than three times as much, according to some studies.[55] Local businesses also tend to be centrally located and thus make more efficient use of infrastructure[56] to be attached to shorter—and thus less carbon-intensive—supply chains, and are significantly less likely to relocate in the near term.

Since consumer spending is a relatively fixed pie—sales gains at a new shopping development, for example, are usually offset by losses at existing businesses—it makes good sense for cities to focus on growing businesses that return the most to the local economy.[57]

But the fact that a business is locally owned does not guarantee that the jobs it creates are high quality or pay family-supporting wages; to the contrary, small businesses, which are less likely to have unionized workers, are often some of the worst offenders on wages and working conditions.

That is why cities need to encourage the growth of local businesses that pay decent wages and work with others to encourage them to do so. Each of the policy suggestions below offers an opportunity to educate and encourage the participating small businesses about the benefits of good wages, benefits, and workplace conditions or to require that they provide such in exchange for assistance.

ED policy supporting local businesses is not a substitute for comprehensive wage and hour standards as noted in the chapter on Job Quality, and those standards should broadly apply to small businesses as well as large.[58] That said, concentrating on local businesses and creating a healthy local economy is part of creating efficient, sustainable, and thriving localities, and cities should consider some of the approaches below as methods of doing so.

Education

The often confusing thicket of regulations and business knowledge that potential entrepreneurs must navigate to form a new venture is one obstacle to startups. City governments can help new small-business owners succeed by providing them with necessary business knowledge and public intermediaries to smooth interaction with regulators.

Some options include:

- **Educational resources and research assistance:** A low-cost, though also likely low-impact, way to encourage local businesses is to offer public access to business resources and research assistance. Chicago has created a Business Information Center as part of its public library system.[59] Through the center, patrons can schedule one-on-one consultations with business librarians for research assistance. The library also provides sample business plans and free access to subscription business resources such as magazines and databases—including Standard & Poor's, Crain's, among others. In Los Angeles the Office of Small Business maintains a business resource finder website, which links users to more than 150 local organizations that offer small-business assistance.[60]

- **Free or low-cost business classes:** New York City's Department of Small Business Services offers free courses in basic and advanced business topics.[61] For new businesses, the department gives training in marketing, business planning, and finance. Advanced classes include corporate coaching, construction management, and strategic-growth planning. A survey of 123 entrepreneurs who completed the city's strategic growth program found their businesses averaged a 41 percent increase in revenue, hired 100 new full-time and 60 new part-time employees in total, and secured an aggregate $1.6 million in new financing.[62] Labor standards should be part of these business classes.

- **Business plan competitions:** Many cities encourage potential business owners through business plan competitions, in which the winner or winners receive a cash award to use toward their business startup costs. Chicago's Office of the City Treasurer holds an annual Business Plan Competition for businesses less than three years old; the top three finalists each receive $10,000 in cash prizes.[63]

- **Liaison to city government:** San Antonio's Economic Development Department employs a small-business liaison who guides business owners through licensing and regulatory requirements and provides initial counseling on securing financing, developing a business plan, choosing a business entity form, and marketing.[64]

Many cities encourage potential business owners through business plan competitions, in which the winner or winners receive a cash award to use toward their business startup costs.

Incubation and research parks

Another relatively low-cost way—at least compared to most subsidy programs—that cities can support the growth of local businesses is through busi-

ness incubators. These are programs that support the successful development of entrepreneurial companies through an array of business resources and services.[65] This approach is particularly effective—and common—as part of university-based or university-related technology-transfer initiatives.

In 2008 the Semiconductor Research Corporation, a consortium of microchip manufacturers, chose the University of Notre Dame as one of its four U.S.-based research centers, creating the Midwest Institute for Nanoelectronics Discovery, or MIND. In support of MIND, South Bend, Indiana, cleared and developed Ignition Park and Innovation Park, two incubators that house MIND-inspired businesses and other tech startups, and the city committed $50 million to support the commercialization of products developed by MIND.[66]

Los Angeles partnered with local business organizations and universities to take advantage of the area's cluster of top research schools and created CleanTech Los Angeles, a research initiative that will develop innovations for an environmentally sustainable economy.[67] The city was instrumental in developing the CleanTech Corridor, a 4-mile-long business incubator on the edge of downtown, which will house clean-tech manufacturing centers and related businesses.

Access to capital

Small businesses often have difficulty accessing capital, either because their owners are not deemed creditworthy or simply because the megabanks that dominate the market postcrash do not find traditional loans to small businesses worth their while.[68]

Chicago's city leaders estimate an annual demand of $28 million for small-business microlending—small-dollar loans, often without collateral—that goes unfulfilled in their city.[69] Cities can help lessen this barrier to starting and growing a business by providing low-interest loans directly to small-business owners or by facilitating loans through partnerships with private lenders.[70]

Chicago, for instance, provides loans of up to $50,000 to small businesses through local partners—banks, credit unions, and nonprofits that focus on business and workforce development.[71] To reduce the risk of business failure, Wilmington, Delaware, requires potential loan recipients to complete a 10-week entrepreneurial training program that covers a variety of hard and soft business skills.[72] And Kansas City, Missouri, targets a third of its business microlending to distressed areas of the city.[73]

To give early stage, high-risk, and high-potential businesses the capital they need to get off the ground, some cities are investing their monies in venture capital or mezzanine capital funds.

Ventura, California, partnered with an outside venture capital firm rather than hiring in-house staff to manage the city's venture capital investment.[74] The city put $5 million in an investment pool as an equal partner, ensuring their funds would be highly leveraged. Part of the fund is solely dedicated to financing businesses located or locating in Ventura, including creation of a new business incubator in the city; the remainder of the fund will prioritize Ventura-based businesses but is not limited to them.

Cities have to be mindful, however, of the amount of risk in municipal funds. In order to mitigate risk while still encouraging small-business growth through capital investment, municipal leaders should consider facilitating investments by private funders rather than investing city money in these ventures.

The Angel Capital Association, a trade association of angel investor groups, suggests that local governments support higher-risk business investment by generating "deal flow"—referring entrepreneurs in their area to angel networks to ensure that angel groups can choose from a sufficient number of potential investments.[75]

Another option for spurring angel investment is to offer tax credits for targeted investments: New York Assembly Bill A 10711-2011 offered up to $20,000 in credits to investors who put their money behind a New York City-based startup. Seventy-five percent of the startup's employees must be based in the city for the company's investors to qualify for the credit.[76]

Improve small-business energy efficiency

Municipalities can help small businesses retain more of their earnings by educating owners on energy efficiency methods and government incentives.[77]

The Office of Sustainability in Austin, Texas, in partnership with the local Small Business Development Program, hosts lectures by topic experts to help small businesses lower their energy consumption costs.[78] In Seattle business owners can receive financial incentives from the city for replacing inefficient lighting equipment; given that lighting expenses may account for up to 60 percent of a small business's energy costs, this upgrade can have a significant effect on a small

business's balance sheet.[79] And Philadelphia offers sustainable-business tax credits to certified B Corporations.[80] These companies are certified to meet comprehensive and transparent social and environmental standards and are incorporated as Benefit Corporations.[81] The U.S. Small Business Administration maintains a list of state and local efforts to help small businesses improve environmental sustainability and reduce energy costs.[82]

Small-business location and appearance

For many small businesses, location and appearance is crucial to success. A low-cost way for cities to help new businesses determine where to locate is by maintaining accurate and up-to-date online databases of available commercial property.

Boston, for instance, maintains an inventory of city-owned land, including retail and commercial space, while cities such as Geneva, Illinois; Bethlehem, Pennsylvania; and Cathedral City, California, keep online lists of all available commercial property in their cities, regardless of the property's current ownership.[83]

Another relatively low-cost, effective way to simultaneously develop local businesses and improve the quality of city neighborhoods is façade improvement grants—matching grants or low-interest loans to small business owners.

Milwaukee offers improvement grants in excess of $2,000.[84] If a property owner receives more than $10,000, the city places a lien on the property that remains in effect for three years; if the property is transferred within the three-year lien period, a portion of the city's grant must be repaid.

To the extent possible, cities should attach conditions on job creation and wages to any direct grant; however, the small size of grants such as these limits cities' leverage on recipients.

Both Baltimore and New Orleans offer matching façade improvement grants for up to $20,000.[85] Both cities allow grant recipients to use their funding for the initial design work, labor, and materials needed to remove the existing frontage and for the installation of the new façade and signage. Louisville, Kentucky, meanwhile, offers small-business owners low-interest, fixed-rate loans to improve the appearance of their buildings.[86]

Growing existing businesses: Economic gardening

In 1989 Littleton, Colorado, became the first city to experiment with an "economic gardening" model. The model, based on research by David Birch at the Massachusetts Institute of Technology, or MIT, rests on the finding that the majority of jobs in any local economy are produced by the small, local businesses already in the area; gardening grows those local businesses that have the potential to expand.[87]

Cities have three main roles in an economic gardening plan: improving infrastructure, facilitating connections, and providing information.

First, in economic gardening, infrastructure includes not only the physical facilities a city has to offer but also amenities that improve resident employees' quality of life, including green spaces, community events, and well-maintained buildings. The city's educational- and workforce-development opportunities also train the local workforce with skills needed by local businesses.

Second, cities can help foster local business growth by facilitating connections between businesses, think tanks, academic programs, trade associations, and other relevant groups.

Third, economic gardening requires that entrepreneurs have access to tactical and strategic information. Littleton maintains sophisticated databases containing information normally only available to large corporations. The city provides entrepreneurs with pertinent information on industry trends, new product tracking, legislative information, marketing lists, and other data that can help business owners answer customized questions.

Since Littleton began the economic gardening model, the city's job base has nearly doubled from 15,000 to 27,000, and its sales tax revenue has increased from $6 million per year to $20 million while the city's population has only increased by 23 percent.[88]

As more communities realize that "economic hunting" is a game they cannot win, and as more and more multinational conglomerates move their production offshore in search of ever-cheaper labor markets, economic gardening will receive renewed interest as a way to create good jobs.

Support democratic employee ownership

Cities can promote democratic employee ownership, or DEO, of businesses as a means to create and preserve stable, well-paid jobs. Employee ownership encompasses a range of potential legal structures from employee stock ownership plans, or ESOP, to worker cooperatives, but the essential dimensions are the democratic governance of the organization and the workers' residual claims over the firm's assets. This combination of democratic representation of worker-owner interests and worker ownership of firm assets guarantees that workers have the legally enforceable authority and the decision-making mechanisms to maintain fair wages and stable employment.

The benefits of a strong DEO community for cities fall into three categories. First, DEO firms create stable employment. In a DEO firm major asset sales such as plant closings must be authorized by a vote from ownership, according to ESOP and cooperative statutes.

Second, DEO firms increase compensation for workers. The most recent nationally representative cross-industry survey of employee-owned firms found that these firms pay salaries on par with industry averages so that profit shares do not replace but supplement income.[89] This is clearly only the case when DEO firms are profitable. DEO firms, however, have also been shown to perform more profitably than comparable firms with concentrated ownership.[90]

Third, DEO firms are an ideal mechanism for workers' protection of their welfare. Not only are DEO firms subject to all of the same labor regulations as traditional firms, but DEO firms also give workers both the information access and authority to oversee and manage work-quality issues.

Local policymakers can take a number of practical steps to support the DEO community. Among the most attractive and plausible is encouraging retiring business owners to sell their businesses to employees. With the Baby Boomer generation approaching retirement, thousands of business owners in the coming 15 years will look for ways to sell their stakes.

Section 1042 of the Internal Revenue Code allows a business owner to defer long-term gain from the sale of his or her business to an ESOP or a worker-owned cooperative.[91] Legislation to create a similar benefit under state code was just introduced in New Jersey. Funded in part by public resources, the Ohio Employee Ownership Center conducts feasibility studies for local businesses considering

transition to employee ownership. They have developed a model and best practice guide for ownership succession in small businesses using the employee cooperative as an ownership structure.[92]

In their entrepreneurship and business incubation programs, cities can also give additional attention to democratic employee ownership. Lack of awareness of employee ownership is a key obstacle to its proliferation.

The city of Madison, Wisconsin, together with the University of Wisconsin-Madison Center for Cooperatives and a group of local-worker cooperatives, hosted the Madison Cooperative Business Conference in June 2012 to provide a networking opportunity across different sectors of the co-op community, to explore best practices in cooperative development, and to brainstorm ways in which local government can support the cooperative economy.

The mayor of Richmond, California, recently hired the country's first municipal co-op development coordinator. This co-op expert works with the California Center for Cooperative Development, a local nonprofit, to help startup worker cooperatives put together a business plan and provide other technical assistance and training on the co-op business model.[93]

In their entrepreneurship and business incubation programs, cities can also give additional attention to democratic employee ownership.

Subsidy oversight and control

Background

Local governments are operating with reduced resources, so it is essential that they evaluate and maximize the effectiveness of resources that they disperse. In part, that means assuring that taxpayer money is not being spent on giveaways to corporations that will not return economic benefit to local communities.

Local governments should enhance the transparency and productivity of public subsidies by publicizing information on subsidy allocations and their outcomes and by including in subsidy agreements clauses that enable communities to recoup the resources if subsidy recipients do not fulfill their initial promises.

Given that the size of local government subsidies is so significant—local governments currently offer between $5 billion and $10 billion in property tax subsidies alone[94]—even a small improvement in the productivity of these investments

could yield substantial benefits. Local governments should ensure that subsidies benefit local residents and the local economy.[95] But policies requiring public benefits will only be effective if they are enforced—a task that many municipalities fail due to lack of competence, capacity, or political will.

According to a recent report from Good Jobs First, taxpayers dole out $70 billion per year in incentives for companies through state and local government.[96] These subsidies come in a wide range of forms, including:

TABLE 1

Where the money goes

State and local government business subsidies

Direct grants or forgivable loans	Use of public money to support (usually) capital expenses of relocating, renovating, or building a new facility. Loans may convert to grants over time.
Low- or no-interest loans	Loans at below-market rates in return for moving to or expanding in a location.
Tax credits	Credits that decrease tax liability in future years and are usually at the state level.
Property tax abatements	Long-term exemptions from or reductions in corporate taxes on land and buildings and/or equipment and vehicles.
Tax increment financing	The diversion of the incremental increase in property, sales, and/or other taxes generated by a project to subsidize redevelopment of a specified district, including direct grants to businesses.
Sales tax rebates	Payment to big-box retailers or retail-space developers of all or some of the increased sales tax revenue generated by their new store.
Infrastructure improvements	Addition of or improvements to roads, sewers, and/or water lines for a specific business.
Land parceling or land write-downs	Assemblage of project footprints, sometimes using eminent domain or public dollars.[97]

These subsidies should be directed to companies and developments that actually need them. The companies that receive these incentives are too often not the types that would otherwise be unable to get financing or centrally located real estate through traditional means but rather those that have the most resources with which to lobby for them.

In addition, companies rarely make location decisions based on the availability of subsidies. These decisions are based on access to human capital, raw materials, transportation networks, supply chains, customers and markets, or amenities and quality of life for their employees.[98]

In many cases local governments are subsidizing investments that likely would have been made without the subsidies. Thus, one of the first tasks of local government is to screen potential investments carefully for maximum return on investment.

The prevalence of unscreened subsidies pits local governments against each other, driving subsidies up and public benefits from economic development down. In these "races to the bottom," city governments are the losers. They can spend millions of dollars of scarce local revenue in bidding wars to entice businesses to locate within the city limits. But the more money spent, the more questionable the net benefits accrued from that location. And without the kinds of policies we discuss in this section, there is little guarantee of any benefit at all.

Even when there are benefits, engaging in this kind of "economic hunting"[99] is a zero-sum game nationally—jobs are moved from one city to another, disrupting lives and local economies and resulting in no new jobs overall, even if it brings new jobs, however temporarily, to a particular city.

In their bids for subsidies, companies will often make claims about the quality of jobs they will create or the benefits they will provide but will frequently not follow through with their promises once the subsidy is granted. Alternatively, large national companies may undermine the job-creation effects of the subsidies they receive by not only taking revenue away from small local retailers but also the local supply chains on which they rely.[100] Finally, regardless of the benefits of business growth or long-term growth of a tax base, excessive use of subsidies may lead to cuts in public services due to resulting revenue shortfalls.[101]

To address these problems, local governments need to improve their oversight of economic-development subsidies. This entails placing conditions on economic-development subsidies, publicizing the subsidies being allocated and the benefits being promised, and creating mechanisms with which local governments can hold corporations to their commitments.

While states have gained some ground over the past 20 years—thanks in part to the efforts of good governance groups such as Good Jobs First and the Public Interest Research Group, or USPIRG, and its state affiliates—local governments have made less progress and received less attention. Because local governments use a range of subsidies that are distinct from those of states and because weak oversight by any municipal government undermines the efforts of other localities, subsidy-oversight policies at the local level are a key priority.

Subsidy conditions

The first step toward effective subsidy oversight is for cities to clearly state their expectations for the benefits that subsidies will generate. Subsidies necessarily involve some dimension of risk, in that they support investments that are not guaranteed to succeed. Cities and their taxpayers, however, should not carry the full burden of that risk. Cities, moreover, should not create situations in which firms are encouraged to enter into high-risk investments because they know they are protected from harm.

And if the investment fails, cities should have some protection. This can be achieved by structuring subsidies such as contracts, in which conditions are placed on subsidies, so city governments are guaranteed to draw some benefit from the transaction and so businesses are not encouraged to make risky investments.

City governments should also set high standards for these benefits. They should not invest in low-wage or low-skill jobs, just as they should not invest in schools with lax standards or in poorly designed infrastructure. When citizens invest their tax dollars in low-quality jobs, they will be forced to pay further in additional social services that result from an underpaid and underemployed population. Subsidies can be evaluated on three dimensions:[102]

- **Economic growth:** Subsidies can be held to various metrics of economic growth such as job creation, job retention, training, and investment.
- **Wages and pay:** Subsidies can be conditional upon the creation of jobs with particular wage and pay requirements or minimum numbers of hours.
- **Benefits:** Subsidies may be conditional on various employee benefit requirements, from full coverage to employer contributions. Paid leave may also be included.[103]

While no locality is perfect in this regard, many have made strides on different aspects of the above elements.

The Philadelphia City Council's 21st Century Minimum Wage and Benefits Standard mandates that companies that have service contracts with, or receive financial assistance (such as grants, loans, loan guarantees, or tax incentives) from the city must pay their employees a living wage and, as of 2012, offer paid sick leave for their workers.[104]

In Wichita, Kansas, the city government passed a resolution making eligibility for economic-development incentives conditional on the creation of "value-added jobs" that export goods and services outside of the Wichita metropolitan statisti-

cal area, wages and salaries above industry standards, health benefits or equivalent additional pay, and a certain level of "public" return on investment, as determined by the city government.[105]

The County of Monroe Industrial Development Authority in New York requires that any project receiving its assistance must use local labor for facility construction and that some projects must use local suppliers.[106]

By specifying these types of expectations, cities can both enhance the likelihood of attracting publicly beneficial projects and can also ensure that they are able to hold subsidized businesses accountable.

Subsidy disclosure

If conditions are the first step, transparency is the second step toward assuring that public resources are effectively allocated.

Public disclosure of company-specific information on subsidies received and jobs created—either anticipated or actual—gives citizens and public officials the resources to investigate and monitor the allocation of their tax dollars. Because the companies that receive subsidies have the responsibility to report the information and because the oversight itself is conducted by civil society, the costs of such a program are those of creating and maintaining a database. Costs and components of a public monitoring system are discussed further below in the discussion on clawbacks.

Oversight should be public, specific, and comprehensive. It should be collected in a central place and aggregated to the extent possible—for instance, on a government website that combines information on various types of local subsidies. It also should be published in an accessible format. The state of Michigan, for example, uses a map-based format that allows users to filter for different types of subsidies, see how they are concentrated geographically, and then access more information and links to the formal documentation.[107]

Data should also be regularly updated so that constituents can see companies' progress in meeting their employment-creation promises.

Lastly, cities should publish historical data so that users can more easily understand changing subsidy levels and companies' job-creation histories in a locality.

Specific information allows elected officials and the public to evaluate both the real and anticipated costs and benefits of subsidies. First, the source should list the company's name, preferably a unique identifier of the company—such as an employer identification number—and, where relevant, information about the industry in which the company operates. Second, the subsidy dollar amount and the date of the agreement should be documented, as well as the location of the project. Lastly, the documentation should include information about the number of anticipated jobs, the types of jobs to be created, the benefits employees will receive, and the degree to which these goals have been realized.

Specific information allows elected officials and the public to evaluate both the real and anticipated costs and benefits of subsidies.

New York City took good first steps on local subsidy disclosure.[108] In 2011 the city council passed a bill authorizing the publication of current and historical discretionary subsidy deals through the city's Industrial Development Agency. Formally known as the Annual Investment Projects Report, it includes data on current and promised employment, amounts and types of city subsidies, amount of subsidies recaptured, and various characteristics about the new employees, including whether they are city residents and whether they are offered health benefits.[109]

One political obstacle facing disclosure efforts is the concern that such policies will disclose confidential financial information about companies that will undermine their competitiveness. Legislators at various levels have used this argument to undermine proposed disclosure policies.[110]

There are good reasons, however, to discount this concern. First, companies are not required to take incentives, and such disclosure and reporting can be considered part of the cost of receiving such an incentive. Second, disclosure requirements can easily be drafted so that they protect sensitive information: To date, no company has offered evidence of competitors using disclosure information to gain an advantage over recipients.

Both Republicans and Democrats are concerned about crony capitalism and secretive government deals with corporate sponsors. This kind of transparency is a clear solution.

Subsidy clawbacks

Four years after receiving a subsidy package worth more than $200 million from the state of North Carolina, computer-maker Dell shut down its assembly plant

and moved operations overseas. Though the governor swore to recoup the taxpayers' money, only one-tenth of the subsidies were ultimately returned.[111]

Such horror stories remind us that cities must also have mechanisms to hold recipients of subsidies accountable if they fail to meet their promised economic-development goals.

Clawback provisions are clauses in both the ordinances that establish a subsidy program and the individual contracts for subsidies that authorize governments to recover distributed resources if recipients do not fulfill the conditions set out in their subsidy agreement.[112] Clawback provisions have grown more common over the past 20 years but remain focused at the state level and limited in their effectiveness.[113]

Municipal and county governments should learn from the mistakes of state governments and implement—and enforce—robust clawback provisions that provide a real incentive for compliance. This necessitates a number of steps:

1. **Companies must be forced to report outcomes regularly.** As discussed above, local governments need to set clear standards when granting subsidies. These need to translate into specific required outcomes for each individual subsidy, which the recipient must regularly and publicly report.

2. **Governments should independently verify output data.** This may entail program-specific audits of company records and verification of data with independent sources. Employment figures, for example, can be crosschecked with unemployment-insurance records.

3. **Penalties must be consequential and credible but may come in varied forms.**

   - Subsidy recaptures recoup previously allocated subsidies.
   - Subsidy recalibration allows for a downward adjustment on the value of future allocations.
   - Subsidy rescissions allow for termination of an agreement at any point in time and cancellation of future payments.

4. **Because clawback provisions are only useful if applied when necessary, local governments should be required to disclose when they are enforced.** Requiring disclosure of clawback enforcement allows civic organizations and the public to oversee whether the system is functioning effectively, both when it is being applied insufficiently and when it is being applied overzealously.

5. **Governments can structure subsidies to completely avoid the need for clawback provisions.** This can be done through pay-for-performance structures such as those used in traditional contracting situations.

Albuquerque, New Mexico, is one of a number of American cities that has become more active in its oversight and enforcement of subsidy performance. In 2002, two years after Philips Semiconductor received a subsidy package providing nearly $400 million in financing from the state of New Mexico and the city of Albuquerque, it closed its microchip plant. This financing, however, was the first subsidy to fall under the city's revised financing policies. Despite the fact that the taxing authority lay with the state and that clawback provisions were not in the state legislation, the city was able to demand money from Philips because it had passed a more stringent ordinance on the industrial revenue bonds it was allocating.[114] The city won back $13 million in tax exemptions that it had given as part of an industrial revenue bond and millions in other tax abatements.

Two concerns are occasionally raised in discussions about clawbacks. The first is that clawbacks undermine the business climate of a locality by creating an oppositional dynamic between business and government. To date, however, proponents of this view have not offered any cases of clawback provisions in subsidy legislation reducing business investment.

The more substantial concern is exemptions. Widespread exemptions undermine the policy's effectiveness. But if unforeseen circumstances like an economic downturn compromise a company's ability to generate the economic benefits promised in the time anticipated, clawback provisions may only worsen their financial position. An alternative to offering an exemption is to negotiate a grace period for achievement of economic goals under extenuating circumstances. This way, companies are held accountable, but are also able to survive unanticipated crises.

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Invest in green and resilient infrastructure

Introduction

Until recently, urban populations were declining, leaving cities without the population and financial bases they needed to maintain and upgrade their infrastructure and services. At the same time, demand for those services increased. Consider the increase in vehicle miles traveled per capita as the population became increasingly suburbanized, which has caused increased demand for, and wear and tear on, roads—all of which requires significant budget allocations from cities. Cities have been expected to solve our nation's most intractable social and economic problems with little support.

Despite a new attitude from the federal government, cities today are barely able to recover from the recession; most are still reeling from the fallout of the economic disaster that struck several years ago. This makes it much harder and more complicated—but increasingly more urgent—to implement high-road policies.

Another storm is gathering in the form of global climate disruption, which is already harming cities in concrete ways, including extreme weather. This is compounded by cities' increasingly decrepit infrastructure: storm water systems unprepared for multiple hundred-year floods in the span of a mere decade; uninsulated buildings heated and cooled in new temperature highs, lows, and sustained extremes by energy from unstably priced dirty sources; and roads and bridges unable to handle increased traffic and freight.

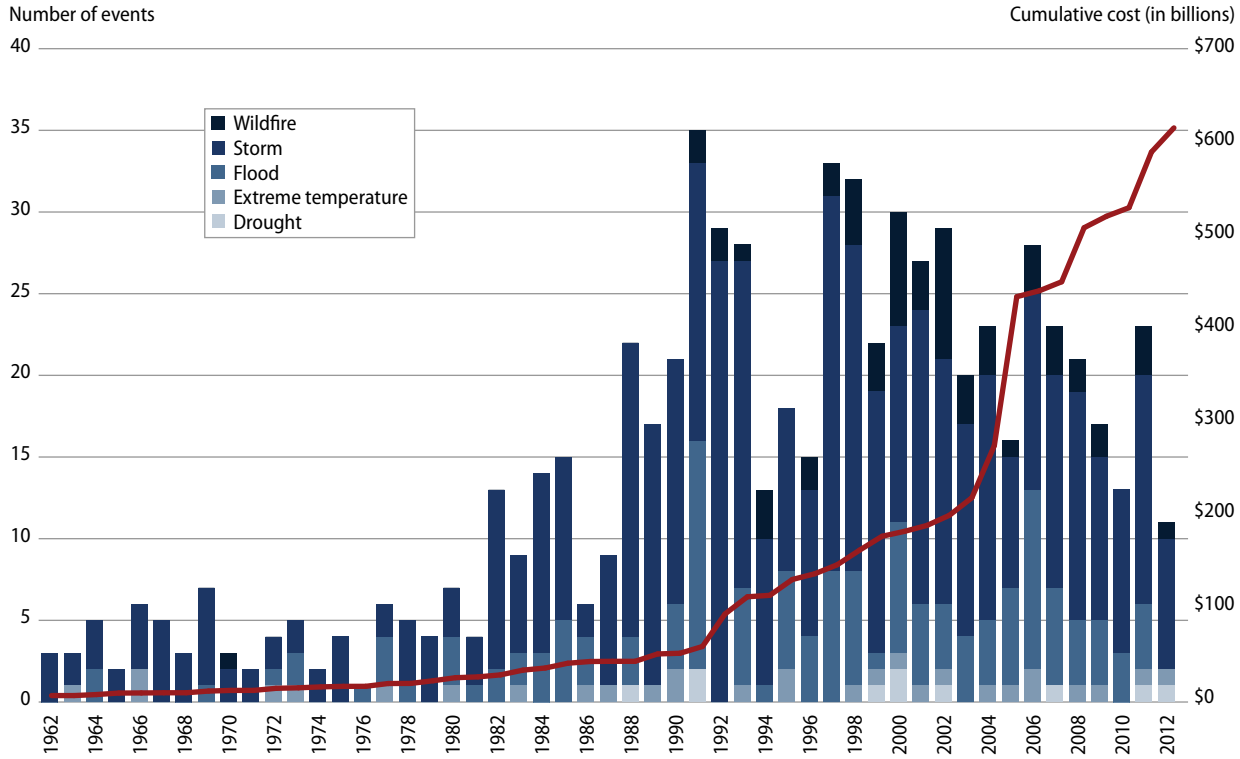
At the same time, cities are continuing the historical trend of pushing external costs of economic development and infrastructure onto low-income neighborhoods. The poorest communities in our cities have carried the brunt of the impacts of the financial collapse, crumbling infrastructure, and climatic turmoil. They live in the most inefficient buildings, spend the most proportionally on energy, and are most vulnerable to the health impacts of extreme temperatures. They have the least access to transit and walkable amenities, resulting in increased

Another storm is gathering in the form of global climate disruption, which is already harming cities in concrete ways, including extreme weather.

FIGURE 5

Costing us billions of dollars

Extreme weather events in the United States



Source: EM-DAT: The OFDA/CRED International Disaster Database www.emdat.be - Université Catholique de Louvain - Brussels - Belgium

car-dependence and associated spending. Their properties are more vulnerable to flooding. City budgets that deal with increasingly frequent emergency needs divert resources first from the services to the poor.

The physical infrastructure of cities and neighborhoods but also the systems that make our economy possible—such as energy, transportation, food and water systems, and waste management—are critical to economic recovery and climate resilience. The connections here are obvious: Our already aging infrastructure is under increasing pressure as a result of climate disruption and the changing temperature and precipitation patterns it brings. The economy both relies on these systems and affects our ability to construct and maintain them. As a whole, our infrastructure is aging, under maintained, and largely inefficient, and the impacts of that are not shared equally. There is a tremendous opportunity for improvement and almost no money to make that improvement.

We need to maintain, upgrade, and replace our aging, outmoded infrastructure with greener, more efficient, and more effective infrastructure. But that does not mean we need "more." In short, we need to build and rebuild better, not bigger—where "better" means not just efficiency or economy but also better service to the community, more jobs, more equitable outcomes, and more healthy—or less harmful—environments.

We need a built environment that reduces runoff, buildings that use less energy, and healthier transportation solutions. But we also need to distribute infrastructure costs more fairly. The amount of money needed for energy and infrastructure is often discussed, but the issue of distribution of those costs is rarely considered. The question of who pays and how is at least as important as the revenue total. When done right, pricing policy both reduces the total amount needed—as well as negative externalities from energy and infrastructure use—and can reduce longstanding economic inequities.

Through intelligent infrastructure investments, cities can save money, protect the environment, provide jobs to members of their community that need them, and mitigate climate change. Some strategies that can lead to newly vibrant and prosperous cities include: green storm water and energy-efficient investments that pay for themselves; local food systems with streamlined supply chains; and pedestrian and bicycle infrastructure that reduce auto dependence.

To further spur investment in infrastructure, leaders can help make the markets that operate in our communities more efficient and transparent. They could make available information such as one's current energy use provided by a smart meter or the energy use of a prospective new home provided to potential buyers.

Land-use planning

Background

The rise of the automobile led to transportation planning that created vast swaths of metro areas devoted to low-density residential neighborhoods, requiring long drives to work, school, and other destinations. This planning has been costly, as traffic volumes and longer distances mean bigger, more expensive highways and utilities—costs often borne by those in older areas of metros.

It has also effectively barred working-class residents, who face daunting costs to operate autos, from access to many jobs, neighborhoods, and other opportunities. Cruelly,

when people without cars do reach a car-centric destination, they often subsidize better-off drivers, whose free parking is built into the cost of rent, goods, and services.

The environment has suffered too, as vehicle emissions increased, and undeveloped and agricultural land was paved over. The planned open spaces of 1912 were parks that aided livability; too often the open spaces of 2012 are parking lots that do little to make cities more livable and degrade streams with tainted runoff.

Today metro areas are struggling to push the pendulum back—away from rigidly exclusive zoning and car-centricity to regain some of the economic and social vitality that was lost in the rush to "modern" planning. There are many obstacles, not the least being the late-20th century built environment. The racism and classism at the root of the white flight that hollowed out our urban cores still plays a role. The media and popular culture have also contributed, setting up suburbia as the American Dream and car-culture as the preferred option, such that many people still consider living in low-density, residential-only neighborhoods a sign of having "made it."

Too often the open spaces of 2012 are parking lots that do little to make cities more livable and degrade streams with tainted runoff.

Yet progress is happening; the move to lower density in U.S. urbanized areas has halted, and many cities and suburbs are relaxing restrictions on use and auto-orientation. Now cities face another challenge—using land-use and planning tools to adapt to climate change, especially extreme weather events.

Many of the policies discussed in the Infrastructure chapter will help with climate change by reducing greenhouse gas emissions and mitigating the intensity of the change. Others will help adapt to climate change—for example, using green infrastructure for storm water management will help adapt to flooding due to more extreme rainfall. Land-use planning needs to consider adaptation as well.

Plan and zone for compact, mixed-use neighborhoods

Most local governments use zoning codes to regulate land use, often providing guidance for zoning decisions via comprehensive plans. Zoning and planning documents together go a long way toward determining the form and function of the built environment.

An obvious way to combat exclusive, low-density zoning is to rewrite these documents to permit or even require a mixture of uses and densities that foster travel by foot, bike, and transit. Mixed use may be encouraged or required within individual

developments—typically this involves retail on the first floor of a multistory office or apartment building. Or the codes may permit different uses on individual parcels in close proximity, allowing for corner stores in a residential neighborhood, for example.

Examples of resulting development are now numerous, ranging from high-density downtown infill such as Atlanta's Atlantic Station,[1] to moderate-density greenfield projects such as Kentlands[2] in Gaithersburg, Maryland.

Some cities go a step further and decline to regulate uses—a vestige of the time when employment centers meant dirty factories rather than office buildings—and simply regulate the form that development should take, with rules on height, mass, and other physical elements but not on use.[3]

Reform parking requirements

At the dawn of the auto age, planners scrambled to figure out how to handle the new crush of vehicles on city streets. Cars, streetcars, trucks, and pedestrians all competed for limited space. Planners decided on a straightforward solution: Any new store, office, or residential structure must provide its own off-street parking. Minimum parking standards, based on square footage, employees, bedrooms, or other metrics, were quickly enacted, often with little supporting data.

The problem might have solved itself via the market, with parking meters and off-street garages providing paid spaces, but the new rules dictated such an oversupply that parking became free—or more accurately, became subsidized by the customers, tenants, and others doing business at each site, whether they used the parking or not.

This oversupply of parking spreads out development, making walking, biking, and transit less appealing. It also presents enormous opportunity costs, occupying valuable land with pavement that often goes vacant most of the time. And it contributes to runoff and other environmental ills. Perhaps most important, "free" parking generates more traffic than would occur if it were properly priced.

Some cities, such as Madison, Wisconsin,[4] are reducing or eliminating minimum parking requirements, allowing for multiple sites to share parking, or imposing parking maximums. Others, such as Pasadena, California,[5] are pricing street parking higher to ensure adequate supply, send a price signal to motorists, and capture revenues. One of the seminal thinkers in this area, Don Shoup of the University of California, Los Angeles, provides many more details and examples.[6]

Parking reforms are now fairly common in downtowns but less so in more suburban-style areas, where off-street parking is plentiful. Often chain developers in these areas insist on large parking areas even if codes do not require them. Because the built environment is so auto-centric in these areas, reforms will take longer to produce gains.

Plan land use and transportation coherently

In the streetcar era, land use and transportation went together. When developers wanted to build, they would provide transportation infrastructure so people could access the site. In the auto era, developers largely pushed that responsibility to local and state governments. They provided streets that were internal to their developments but not the thoroughfares that connected these neighborhoods, malls, or offices to other parts of the region.

Governments had to "chase" development by constructing new or wider roads. These new roads then provided quicker access to outer parts of metros, spurring more development, congestion, and road expansion.

This practice, combined with the planning, zoning, and parking policies described above, led to social exclusion and environmental harm. It is also financially unsustainable, saddling agencies with thousands of miles of now-aging roads and bridges that must be maintained and eventually rebuilt or abandoned.

More efficient land-use and transportation planning starts with the realization that each aspect affects the other, so they must be considered simultaneously. For example:

- Transit, which lessens the need for wide roads and parking areas, fosters the type of compact development that is more livable and equitable. Transit-oriented development[7] marries these explicitly. Provision of transit in areas with zoning that allows compact development more commonly results in a "transit multiplier"[8] effect, which reduces travel distances and costs even for those not using transit.

- "Transportation demand management"[9] encompasses a suite of measures that businesses can use to lessen commuting: subsidized transit passes, bike facilities, carpool matching, emergency rides home, and others. These measures reduce traffic and congestion and are thus attractive to local governments, which can require or encourage them during the zoning-approval process or across the board, as occurs in Bloomington, Minnesota,[10] and many other cities.[11]

Climate adaptation planning

Adapting to climate change is a large topic that cuts across most of the areas covered in this book. Cities must prepare for climate change in all manner of ways, but particularly in the planning, installation, maintenance, and improvement of infrastructure. The exact nature of adaptation planning depends on the geographic location of the city and the projected climate effects in that region.

Coastal regions, for example, must adapt to rising seas and increased flooding; mountainous regions are likely to see less snow pack overall; and dry regions are likely to experience increasingly severe droughts. Cities will, in general, experience more extremes in temperature and more intense storm events.

Cities should, first and foremost, learn how climate change will impact their region. Based on that, they should assess the vulnerability of the general population, municipal infrastructure, and municipal services to those impacts. Cities should create adaptation plans specific to these effects and vulnerabilities. Many have already started.[12]

The Institute for Sustainable Communities identifies key challenges in adaptation planning and suggests key elements to the planning process:

- Risk assessment and prioritization
- Integration of adaptation into planning and operations
- Commitment on adaptation from government and the public
- Cross-jurisdictional and cross-sectoral collaboration
- Economic evaluation of adaptation measures
- Funding adaptation
- Performance measurement for resilience[13]

Adaptation may seem daunting, but cities already respond to many of the challenges climate change will bring, albeit at a less severe level. What is important is to integrate climate change into planning and to think about the resilience of the community as a whole, with a particular emphasis on vulnerable populations. Probably the single-best way to increase the ability of low-income families to respond to climate change is to increase their overall economic stability.[14] Many of the policies recommended in this report will help local governments either mitigate or adapt to climate change, but cities should still create a specific adaptation plan.

Cities must prepare for climate change in all manner of ways, but particularly in the planning, installation, maintenance, and improvement of infrastructure.

Land-use planning is a particularly important tool in adaptation planning since the resiliency of a community is highly dependent on its land-use policy. Local governments can increase resiliency by discouraging development in areas vulnerable to hazards such as flooding, wildfire, land erosion, and by protecting natural capital such as wetlands and forests.[15] They can adapt to rising temperatures and deadly heat waves with cool roofs, cool pavements, and expanding the urban forest.[16]

Coastal communities in particular should use land-use and planning tools to adapt to sea-level rise and increased flooding. There are a number of tools to do so, nicely summarized in a report by the Georgetown Climate Center.[17] As part of a comprehensive adaptation plan, Chula Vista, California, has revised its land development codes to take into account the vulnerability of sites to flooding and to ensure that storm water infrastructure can accommodate it.[18]

Fix-it-first and build complete streets

Background

As car ownership became more widespread, government at all levels focused on expanding the system of roads and highways to reap the benefits of faster, cheaper, and more flexible transportation. But as we enter the 21st century, we are faced with the subsequent problems. Our roads and bridges are falling into disrepair, the cost of adding roadway capacity is increasingly prohibitive, and designing streets solely for cars—which often reduces mobility for walkers, bikers, and transit riders—is an inequitable and inefficient use of public funds.

Responsible transportation policy requires that we fix our existing infrastructure first. We should prioritize the maintenance of existing infrastructure over the expansion of roadway capacity and build complete streets to serve all users, not just drivers.

Fix-it-first

Fix-it-first policies emphasize the preventive maintenance and repair of existing infrastructure over infrastructure expansion. Applied to transportation, this means maintaining and repairing existing streets, bridges, and other transportation infrastructure first rather than spending money on expansion or new facilities. Where there is a legitimate need for new infrastructure, projects should be supported by the community and as cost effective as possible.

A fix-it-first approach to transportation investment improves safety, reduces maintenance backlogs, encourages smarter land use, and lowers vehicle emissions and operating costs.

Case in point: Potholed roads add to the cost of driving through poorer fuel efficiency, faster vehicle depreciation, and more frequent repairs to tires and suspension systems.[19] This cost is disproportionately borne by urban residents since roads in need of maintenance or repair are concentrated in urban areas. In 2007, 13 percent of all major roads in the United States were rated poor, but more than 25 percent of major urban roads were rated poor. And in many of the nation's largest cities, the situation is significantly worse. In Los Angeles, San Francisco, and New York City, more than 50 percent of all major roads are in poor condition.[20]

Researchers estimate that the average driver pays roughly $335 annually due to costs imposed by poorly maintained roads; drivers in some urban areas may pay nearly $750 annually.[21]

It makes sense for cities to fix bad roads and bridges before adding new capacity.

By maintaining and repairing existing infrastructure in a timely fashion, cities can also maximize the benefits of previous investments and reduce total required maintenance expenses. Beyond a certain point on the pavement lifecycle curve, small delays in maintenance can result in much higher costs. Researchers at Michigan State University have estimated that for every dollar spent on preventive maintenance, $4 to $10 is saved in rehabilitation expenses.[22]

Over the past decade many states and some local governments have implemented fix-it-first policies.[23] The Nashville Area Metropolitan Planning Organization in Tennessee recently embraced the concept in its 2035 Regional Transportation Plan, which identifies "adopt[ing] a 'fix-it-first' mentality in directing transportation funding" as a key objective.[24]

Complete streets

Although our transportation system has been largely focused on the personal automobile since World War II, a large percentage of the U.S. population does not drive for reasons of age, income, physical ability, or personal preference. Streets and roadways that only accommodate a single type of travel are "incomplete" because they do not serve all roadway users.

It makes sense for cities to fix bad roads and bridges before adding new capacity.

Streets and roadways that only accommodate a single type of travel are "incomplete" because they do not serve all roadway users.

A "complete street" has infrastructure that makes walking, biking, and using transit safe and practical. The public needs to be able to both travel along a corridor (via sidewalks, paths, and bike lanes) and across a corridor (via safe crossings, underpasses, and overpasses), and without undue detour.

The inability to safely walk, bicycle, or access public transportation restricts mobility, social interactions, and job access for anyone that cannot or does not want to drive for every trip.[25] Lack of sidewalks mean children cannot safely walk to school, people with disabilities may not be able to use the roadway at all, and transit users cannot safely access bus or rail stops.

Lack of safe walking and biking infrastructure also prevents many children and adults from using these "active transportation" options. The Centers for Disease Control and Prevention has determined that community design—such as that which discourages active transportation—is a contributing factor in the national obesity epidemic. The lack of safe places to be active—including through daily active transportation—is also a social equity problem.[26]

It is important that accessible facilities be provided on all roadways, regardless of the size, location, or type of adjacent land use. In too many cases, opponents of adding pedestrian, transit, and bicycle infrastructure will argue that there is currently no pedestrian traffic, bicyclists will not ride on the roadway, or there is currently no transit service, so passenger facilities such as sidewalks, bus pull-outs, or loading pads are not needed. The additional cost of providing these facilities is also used as an argument against complete streets.

In almost every case, however, the additional cost is minimal relative to the cost of the roadway project if the facilities are included in road construction or rehabilitation projects. Retrofitting roads as complete streets later is much more costly.

Many cities, counties, and metropolitan planning organizations, or MPOs, are now adopting complete streets policies or passing ordinances requiring the installation of bicycle, pedestrian, and transit accommodations on any new or reconstructed roadway.[27] An example of this language can be found in the Madison Area MPO Regional Transportation Plan 2030 in Wisconsin.[28]

Along with the adoption of complete streets policies and support for ordinances, local governments should ensure that developers pay for pedestrian, transit, and bicycle infrastructure through development impact fees, in addition to the sewers, street lights, and other infrastructure normally paid for with these fees.

The National Complete Streets Coalition[29] and Centers for Disease Control and Prevention[30] both provide model policies and a wealth of other information about complete streets.

Public transit

Background

Transit-supportive urban development combines urban densities with a mixture of land uses that include employment, residential, and commercial.[31] This urban development plus the quality and frequency of transit service is critical to the success or failure of a transit system. Transit that is able to move significant numbers of travelers provides a suite of economic, community, environmental, and social benefits.

Transit is an inherently more efficient method of transportation than a single-occupancy or low-occupancy vehicle. A single 40-foot bus can seat just more than 40 passengers with additional room for standing riders. This bus demands far less space on our roadways than individual cars with one or two people inside. Transit also places a much lower demand on our roadways, effectively freeing up limited public funds that cities may use to support other essential services.

Here is how cities can support public transit.

Establish a dedicated revenue stream for transit

Establishing a predictable revenue stream at the local and regional level, independent of fare revenue and federal funding, makes it possible to improve and support a transit system. Examples include sales, property, gas, income, or payroll taxes; vehicle registration or car rental fees; public-private partnerships; and parking revenue.

Identifying these revenue streams continues to grow in importance, as transit ridership increases in the face of diminishing federal and state support.

A recent report by the Transit Cooperative Research Program identifies the essential elements of a funding campaign to support transit operations.[32] These include engaging stakeholders, building community support, identifying funding sources, planning projects, and educating the public.

Building public support must not be undervalued. When raising revenue for transit, nonusers might question why they must help pay for transit service. One cannot overestimate the importance of fostering a public understanding of the larger value of a healthy transit system, including increased economic activity; decreased roadway congestion; and community, environmental, and lower infrastructure costs.

Cities such as Denver work through a state-established Regional Transportation District, or RTD, to provide long-range planning for transit, system build-out, operations, and financial management.[33] By combining federal and state funding with local sales and use tax revenues, and creative public-private partnerships, the RTD has pursued meaningful system expansions that provide enhanced economic activity, regional connectivity, and improved quality of life for the entire community.

Support transit-oriented development policies and projects

To support transit-oriented development, or TOD, cities should require new developments to build connected street networks, include transit service, and incorporate a mixture of residential, employment, and commercial uses, making transit a feasible and more appealing alternative to single-occupancy vehicle trips.

Transit-oriented development is more compact by design, reducing overall travel costs by shortening trips. And as demand for expanding lane miles and roadway width decreases, the cost of infrastructure construction and maintenance also decreases. It reduces the perceived need for wider roads and overbuilt parking.[34]

Minneapolis[35] and Denver[36] have included transit interests with other stakeholders to influence TOD policy discussions and project implementation. Examples from these two cities illustrate how TOD fosters the type of compact development that increases livability and equity by providing access jobs, goods, and services to nondrivers and drivers alike.

TOD also increases demand for transit by as much as 10 percent or 90,000 riders per day in the Washington, D.C., area.[37]

Participate in transportation-demand management programs

Transportation-demand management, or TDM,[38] encompasses a suite of measures that can be used to reduce commuting by workers driving alone. TDM

reduces traffic and congestion, limits stress on existing transportation infrastructure, improves the environment, and improves health by increasing physical activity. Subsidized transit passes, guaranteed ride-home programs, and limits on the availability of subsidized car parking are a few examples of TDM policies.

Transit services should partner with municipalities, educational institutions, and local businesses to develop policies and programs that position transit to play a significant role in community livability efforts. Many transit systems already actively engage in TDM programs. Madison Metro[39] in Madison, Wisconsin; Metro Transit[40] in Minneapolis; and the Regional Transit District[41] in Denver all manage successful TDM programs.

Freight transportation

Background

As the economy has globalized, freight transportation has become more economically important, and its effects on society have become more obvious. Whether by truck, train, ship, plane, or barge, freight transportation creates a variety of environmental, economic, and livability challenges. At the same time, it is critical for economic development.

By managing how freight operations affect communities, public officials can support the growth of freight-intensive industries without sacrificing the health and livability of their communities.

Integrating freight transportation into development is the best way to ensure that communities are designed in ways that foster the efficient flow of freight and economic growth while reducing the harms of goods movement and the conflicts that degrade health, safety, and quality of life.

The total tonnage of freight entering, leaving, and moving within the United States is expected to climb more than 65 percent between 2010 and 2040—an average increase of about 1.4 percent per year.[42] With populations growing and most urban areas already experiencing substantial congestion, it is critical that communities plan for these increasing freight volumes. Such plans are best implemented at a regional level to avoid simply relocating freight to suburban areas.

With populations growing and most urban areas already experiencing substantial congestion, it is critical that communities plan for these increasing freight volumes.

Provide buffers between residential areas and freight facilities

Conflicts often arise when residential or mixed-use areas are adjacent to freight-intensive industrial land uses. The noise, dust, light, vibration, and emissions that often accompany freight activity can reduce the livability of nearby areas and lower property values, and eliminating these negative aspects of freight activity is often not feasible. In order to accommodate the needs of industrial users as well as residents, local governments should ensure that there is sufficient separation.

The buffer zone ordinance in Portland, Oregon[43]—which is used when base zoning standards do not provide adequate separation between residential and nonresidential uses—requires larger buffer areas to separate residences from industrial and commercial land uses. By restricting motor vehicle access, increasing setbacks, requiring additional landscaping, and restricting signage within the buffer zone, the ordinance reduces the negative impacts of commercial and industrial activities on residents.

Designate truck routes

Many states grant local governments the power to restrict the use of certain roads by commercial vehicles or by vehicles over a certain weight or dimensions. Local governments may restrict truck traffic to protect roads or bridges that may be damaged by heavy trucks; to improve the safety and comfort of pedestrians and bicyclists on the roads; to reduce congestion; or to reduce the exposure of residential areas, schools, and other sensitive areas to truck traffic and associated noise, exhaust, and vibrations.

Orlando, Florida, enacted a system of several designated truck routes in its downtown area to provide better mobility for pedestrians and bicyclists on nontruck routes and target truck-friendly roadway design and pavement maintenance activities to locations with concentrated truck traffic.[44] When traveling to or from locations in the downtown area, trucks are required to use the designated truck routes for as much of their journey as possible.

By designating specific truck routes, the city has also been able to tailor signal timing to the needs of trucks on these roads, providing longer green and yellow phases to account for the slower acceleration and deceleration of trucks, while focusing improvements and signal timing on nontruck routes to the needs of other users.[45]

Connect industrial land uses with transportation infrastructure

Urban areas once occupied by heavy industry are being redeveloped into shopping districts, office buildings, and condominiums. In cases where the previous industries are no longer in operation, these changes have generally been positive. But when this new development encroaches on areas where industries are still active, conflicts can arise. And once land has been converted from industrial to residential or mixed use, it is very difficult to convert it back to industrial use.

This can be especially problematic near key rail facilities and ports because once industrial land near these facilities is converted to other uses, future industrial development will often be relegated to areas on the urban periphery where large suitable parcels are more available. This "freight sprawl" forces industries that need water or rail transportation to the urban periphery where they are forced to move goods by truck between their location and the ports or rail facilities in the urban center. The problem is particularly serious for industries reliant on waterborne freight transportation because the waterfront they need is in such high demand for residential development.

The U.S. Federal Highway Administration's "Freight and Land Use Handbook"[46] provides a good starting point for public officials interested in dealing with these issues. Baltimore enacted its Maritime Industrial Zoning Overlay District[47] to protect land around its deep-water harbor from residential development.

Cluster industrial development

Communities should work with private-sector industries to identify locations with access to key highways, rail, water corridors, and airports where freight-related businesses can be clustered and should enact zoning ordinances to prevent nonindustrial uses in these areas. This can reduce conflicts between land uses, ensure that industrial users have access to the transportation infrastructure they need, and reduce the dispersal of distribution centers and other freight-intensive businesses away from ports and rail terminals that serve them—an inefficient development pattern that increases truck traffic.[48]

Metroplan Orlando in Florida identified a number of freight village locations in its 2030 Long Range Transportation Plan,[49] which details how locations were chosen and land-use policy strategies to promote their growth and development.

Manage truck parking

Although truck transportation is critical to the urban economy, trucks loading and unloading goods to supply businesses in downtown areas significantly contribute to traffic congestion. Increasing truck-parking availability, better enforcement of existing regulations, and pricing parking to promote faster turnover are all strategies that cities can use to reduce congestion and smooth freight pick-up and delivery. The Federal Highway Administration's Urban Goods Movement[50] webpage links to a number of useful resources on local freight issues.

New York City recognized the problems with trucks double parking in congested midtown Manhattan and developed its Commercial Vehicle Parking Plan, which recommended providing additional curbside parking for commercial vehicles, increasing enforcement, and reducing the amount of time that trucks spent parked in the area.

While there is still room for work, there has been some initial success. In order to increase the turnover of curbside commercial-vehicle parking spaces, the city implemented an escalating rate structure, charging $2 for the first hour, $5 for the second hour, and $9 for the third hour.[51] As a result of the city's new approach to parking, it has been able to decrease the average occupancy time of commercial-vehicle spaces from 160 minutes to 45 minutes, and reduce average parking space occupancy from 140 percent—all occupied with double-parked vehicles at 40 percent of the spaces—to 95 percent.[52] Reducing space occupancy has also reduced truck congestion and associated noise and emissions in the area by eliminating the need for trucks to circulate through the neighborhood searching for parking.[53]

Consider idling restrictions

Many counties and local governments have enacted restrictions on idling to improve air quality, public health, and reduce the noise and odor associated with idling vehicles.

The Idling Reduction Working Group[54] in Louisville, Kentucky, surveyed the idling restrictions in place throughout the country and compared[55] more than 100 different idling restrictions passed at the state, county, and local levels. Most of the restrictions identified were at the local level. Seventy percent of the restrictions limit idling to five minutes or less, although most idling restrictions provide exemptions in extreme temperatures and for vehicles using their engine

to power auxiliary equipment, among other reasons. Idling restrictions can reduce the community toll of truck operations without hindering the ability of trucks to do their primary jobs.

Clean and safe ports

America's ports are critical to the movement of goods and thus to our economy. The ports in New York and New Jersey alone support almost 280,000 jobs and generate more than $5 billion in tax revenues annually for state and local governments.[56]

The problem is that they tend to be sources of pollution and foster unsafe and unfair working conditions. Air pollution from old or poorly maintained trucks disproportionately harms nearby, often low-income neighborhoods and the port workers and truck drivers themselves.[57] Further, drivers are often classified as independent contractors to avoid paying them fair wages or providing benefits, so they are left with all of the responsibilities and none of the benefits of being a contractor.[58]

Port authorities are public bodies, and they have some, though not unlimited, power to set employment and environmental standards and ensure that ports and trucking companies clean up their fleets, reduce air pollution, and treat workers fairly.

U.S. ports should adopt rules requiring trucking companies to take responsibility for the trucks they operate and forcing those trucks to meet emissions and maintenance standards. These rules would help immediately establish the conditions for a revived, cleaner industry.

The Ports of Los Angeles and Long Beach in California have adopted a Clean Trucks program that creates a direct contractual relationship between each trucking company and the port. The trucking companies receive access to port facilities and in return must meet certain labor, environmental, and other standards.[59]

Parks and public spaces

Background

Public spaces—including plazas, streets, sidewalks, parks, and more—are vital to cities and contribute to the health and welfare of their citizens, businesses, and economies. They are the spaces in which citizens interact with each other, and

they contribute to that intangible sense of place that is so important to community. Great public spaces are, according to the Project for Public Spaces, accessible, active, comfortable, and sociable.[60]

The 50 largest U.S. cities contain more than 600,000 acres of parks, ranging in size from just a few acres to tens of thousands. Major parks such as Lincoln Park in Chicago or Griffith Park in Los Angeles serve approximately 12 million people each year.[61]

Parks are an invaluable part of city life, making cities more beautiful, enhancing social and cultural vitality, promoting health through activity, and increasing the land value of surrounding areas. Parks not only function as community gathering places to host civic events and live performances—which in turn increases civic and social engagement—but they also make cities more beautiful.

The Trust for Public Land lays out seven factors that make an excellent city park system:

- A clear expression of purpose
- An ongoing planning and community involvement process
- Sufficient assets in land, staffing, and equipment to meet the system's goals
- Equitable access
- User satisfaction
- Safety from crime and physical hazards
- Benefits for the city beyond the boundaries of the parks[62]

This section will discuss how cities can use their park systems to create jobs for those who most need them, create and fund new parks, and preserve the urban forest, both in and out of parks. The role of parks in promoting health is also covered in the Health chapter.

Creating parks

Cities should create and implement a plan to increase the quality and amount of parkland and to ensure that every resident has easy access to a park. Land for new parks and public spaces is limited, however, as most developed cities long ago turned farms and forests into cityscapes; finding ideal land for new parks therefore requires policymakers to be innovative.

Parks, however, do not always require new green space or even extensive vegetation. Derelict parking lots can be turned into parkland and unused surfaces such as rooftops can be used to make small green spaces or gardens. Cities have successfully turned abandoned industrial sites into large parks, while others have turned former railways into trails for walking, jogging, and biking.

Columbus, Missouri, received a $200,000 Brownfields Cleanup Grant from the Environmental Protection Agency, or EPA, to turn an abandoned petroleum facility located downtown into a three-acre park, complete with playgrounds, benches, gardens, local artworks, and an amphitheater. The grant covered approximately 20 percent of the total cost, while the city secured an additional 40 percent through donations and other land grants.[63]

A similar grant from the EPA paid for approximately half of a restoration project in Sacramento, California, that turned a contaminated brownfield into a park with community gardens.[64]

Cities also have used the space over highways to build parks—an activity that beautifies a city by reducing the visibility of traffic, dramatically increases surrounding land value and development potential, and thus increases tax revenue.[65] Dallas is currently building a five-acre "green roof" over the Woodall Rodgers Freeway—a project that received one-third of its funding from the federal government and another third from private donors.[66]

Cities are paying attention to the equity of park placement, too. In New York City, Sustainable South Bronx, a community-based organization, successfully lobbied for the creation of Hunts Point Riverside Park between the end of an abandoned street and the Bronx River. Several other parks are slated to open nearby, dramatically increasing neighborhood access to the river and parkland.[67] In the long term, advocates imagine an eight-mile greenway to connect the river, parks, and neighborhood.[68] Los Angeles recently announced that they are locating 50 new parks in high-density areas that currently lack parks, with a particular emphasis on communities of color. The city is taking advantage of the decline in property values to acquire land at a cheaper price that would have previously been possible.[69] And Chicago is converting Meigs Field, an old airport, into a park that will host camping for families and at-risk youth.[70]

Cities are also becoming more creative in increasing park availability. Some are temporarily or permanently closing streets to create public spaces and parks. San

Francisco closes two miles of streets in Golden Gate Park on the weekends, adding 12 acres of space that pedestrians, bicyclists, and kids can enjoy. This doubles overall park use. Kansas City, Missouri, took a similar action in Kessler Park. Both San Antonio and Los Angeles have permanently closed roads in parks. And on a much smaller scale, the mayor of Ithaca, New York, turned his city hall parking space into a pocket park.[71]

San Francisco closes two miles of streets in Golden Gate Park on the weekends, adding 12 acres of space that pedestrians, bicyclists, and kids can enjoy.

Some U.S. cities are adopting the *ciclovia* or "open streets" concept pioneered in Latin America. New York City, Baltimore, Chicago, Miami, and El Paso, Texas, close major roads for a day at a time (some once a summer and some on a monthly basis) to allow walkers, joggers, bicyclists, dancers, musicians—really, anybody but car drivers—to use the street. Tens of thousands turn out for these events.[72]

Another way to increase park use is to increase how accessible they are—particularly if users face steps, walls, streets, waterways, or other barriers when trying to access parks. Access can be improved by adding multiple entries, ramps, crosswalks, or pedestrian bridges; installing traffic signals at key intersections; or adding transit routes to them.[73]

Extending park hours does not create new parks, but it may create new access to them. Sports fields are commonly lit, and many cities, including Atlanta, Miami, and Oakland, California, have made a significant commitment to lighting these facilities. Minneapolis provides lit cross-country ski trails. Lights can extend useable hours between two to five hours a day, depending on the season, and can be cheaper than acquiring land, despite the cost of energy.[74]

Los Angeles keeps the lights on all night in some of its parks as part of Summer Night Lights, a gang and violence prevention initiative started in 2008. The city partnered with the school district and philanthropists to provide entertainment, recreation, education, and artistic activities between 7 p.m. and midnight. Gang intervention workers moderate disputes and negotiate cease-fires, and the activities provide an alternative to gang involvement. This nationally recognized program has achieved a 57 percent reduction in gang-related homicides and created 1,000 jobs.[75]

Funding parks

As is discussed abundantly in this book, city revenues are down, and every area of city services are suffering as a result. The Center for City Park Excellence estimates that

urban parks have $6 billion in deferred maintenance costs.[76] Lack of funds reduces employment for park workers as well as programs and services. In this environment it is hard to imagine being able to create new parks. But cities are finding a way.

Parkland acquisition and park creation, a capital expense, can be funded through general city revenue or bond sales. Other potential sources of funding are philanthropy and corporate contributions—sometimes in exchange for naming rights—and special taxes, often sales taxes, which may have to be approved by referendum. Oklahoma City added a penny to its sales tax and uses the proceeds to invest in the downtown core, including creating gardens, trails, and a 70-acre central park.[77]

Impact fees are a common source of funding for parks, both for creation and maintenance. Cities charge developers of new residential or commercial buildings a fee related to their impact on the parks system and use the funding to improve the system. Many cities use this tactic, including Los Angeles; Phoenix; San Jose, California; Riverside, California; and Portland, Oregon.[78]

The urban forest

Urban trees bring benefits of all sorts to cities. They provide traffic calming; improve the pedestrian environment; add value to adjacent properties; and improve retail business.[79] They improve air quality—reducing dust, ozone, auto emissions, and other pollutants[80]—help manage storm water, and can reduce energy bills and lower ground level temperatures.[81] Trees have even been associated with lower crime levels.[82] Dan Burden calculated that "for a planting cost of $250-600 (includes first 3 years of maintenance) a single street tree returns over $90,000 of direct benefits (not including aesthetic, social and natural) in the lifetime of the tree."[83]

Tree planting can also help reverse neighborhood blight. In Philadelphia the Pennsylvania Horticultural Society's Philadelphia Green Program comprehensively greened more than 1,100 abandoned or vacant lots. Among other strategies, they planted trees, removed debris, and created community gardens. An analysis of this program by the University of Pennsylvania Wharton School of Business found that planting a tree within 50 feet of a house can increase its sale price by 9 percent. They also found that being located within a quarter-mile of a park increases property value by 10 percent, and remediating vacant lots increases surrounding property values by 30 percent.[84]

Considering all the benefits they bring, cities should protect and nurture their existing trees on public property—mostly street trees and in parks—and plant more when possible. Some cities conduct tree inventories, including data on the age, health, and species of each tree on public property. In Pittsburgh a partnership between the city, county, state, the U.S. Department of Agriculture, and several nonprofits produced an urban forest master plan, which calls for a 20 percent increase in tree canopy over 20 years. Progress is already being made with funding secured for the planting of 20,000 new trees.[85]

Other cities are incentivizing private tree planting: the San Antonio municipal electric utility offers rebates for planting trees that will shade your house and thus reduce electric demand in the hottest times of year.[86]

To ensure proper care of street trees, some cities are enlisting the help of citizens to maintain the urban forest. Cambridge, Massachusetts, has a tree ambassador who travels by bicycle to each of the city's more than 17,000 trees to check on them and recruits citizens to help weed, water, and mulch young street trees.[87] Pittsburgh's Tree Stewards program is more formal, offering training to citizen volunteers, after which they are certified to work on public trees and shrubs and to assist with other beautification projects.[88]

Parks, trees, and jobs

The initial development and sustained presence of parks in city neighborhoods bring a great deal of economic opportunity. Parks boost the property value of adjacent neighborhoods and are important factors in attracting and growing businesses. Parks also attract commerce to surrounding areas in the form of coffee shops, food vendors, and retail stores, further strengthening a city's economy. Building parks also creates jobs for planners, construction workers, landscapers, and parks maintenance staff. Nine million parks and recreation jobs exist at the national level, and McKinsey & Co. estimates that there could be as many as 14 million.[89]

Some cities are leveraging their parks systems to train and employ unemployed or underemployed individuals—often youth or those from low-income backgrounds. The Urban Corps of San Diego County in California uses Community Development Block Grant funds to train young adults in tree planning, care, pruning, and watering. They focus their activity in low-income neighborhoods, bringing multiple benefits to the city.[90]

In Hennepin County, Minnesota, the parks system has teamed up with the nonprofit Tree Trust to host a job-training program in exchange for help with maintenance and planting. Young adults in the program provided year-round trail maintenance, planted 700 trees and shrubs, and mowed lawns and shoveled snow at 100 foreclosed properties. In exchange, they received personalized training in life skills—such as leadership and money management—and parks-related skills, expanding their future employment opportunities.[91]

New York City's MillionTreesNYC Training Program, also managed by a nonprofit, pays trainees $11 an hour and teaches them the skills they need to become apprentice arborists. The city Parks Department and Housing Authority have already hired graduates from the program.[92] Any city that starts a similar program should ensure that these are good jobs with career pathways.

Waste management

Background

Managing solid waste is one of the basic services that local governments provide. In 2006 the average American produced 4.6 pounds of solid waste daily. Household waste makes up two-thirds of municipal solid waste.[93]

To date, U.S. municipalities have relied heavily on landfills and incinerators to dispose of it all. But these outdated methods are inefficient and unsafe. Landfills leak toxins such as mercury into groundwater, and incinerators put lead and other chemicals into the air. These methods of waste disposal threaten our public health and natural ecosystems and reduce property values and quality of life. In addition, many landfills are at or close to capacity, and siting new ones is extremely difficult.

To deal with these issues, our waste management systems must be updated. New technology and knowledge about how to effectively process waste offers promising results, and cities have already taken steps to update their waste management system. The old adage "reduce, reuse, recycle" still holds true, and it can be a guide to approaching this issue. But the first step to effectively dealing with solid waste is to develop a plan. Cities should do so based on the principles outlined here.

Reduce and reuse

Waste management is probably more properly looked at as materials management, because reducing waste begins in the purchasing process. Local governments should take a comprehensive look at the way material flows through their processes and the community at large and use this as a basis for a solid waste plan.[94] Most cities already have a program that assures the internal reuse of materials such as furniture and equipment. Similar services are available to the community, usually in the form of resale businesses and charities.

San Jose, California, requires "the use of recycled materials and recycled products" where practical, and has a preference for "replacing disposables with reusables or recyclables" in its purchasing policies.[95] Berkeley, California, has an aggressive ordinance that, in addition to other environmentally friendly purchasing policies, limits the type of packaging the city will purchase, and requires vendors to have take-back policies for products such as electronics that are difficult to dispose.[96] Such policies help reduce the amount of waste a city needs to manage.

Recycling

Every day in America materials that could successfully reenter our manufacturing sector are unnecessarily buried in landfills. Metals and glass can be recycled essentially without limit, while paper can be recycled up to six times. Local governments can require or promote recycling in many ways.

First and most commonly, cities can require residents and business to participate in curbside pick-up recycling programs. Single-stream recycling is the easiest and most economical way to do this. Many cities have stopped requiring residents to separate their recyclables and are instead relying on new technology that sorts out different recyclables at a sorting facility. This makes participation for citizens easier and has increased turnaround time tremendously. In San Francisco, recyclables can be successfully separated just an hour after arriving at the plant, and the jobs created are unionized and pay a decent wage.[97]

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Special attention should be given to multifamily, large commercial, and institutional properties. They are likely to generate large waste streams and may have particular collection needs. The most effective programs are mandatory, and cities

should have a financial penalty for noncompliance. Educating tenants and building managers is also important.[98]

Portland, Oregon, requires all multifamily residences of five or more units to provide recycling services.[99] Long Beach, California, requires private garbage-collection companies that operate in the city to provide recycling service as well.[100] Los Angeles provides free recycling services to eligible multifamily residential buildings, including educational materials for tenants.[101]

Cities should also require large public events to provide both garbage and recycling services to their attendees. In Pittsburgh events of more than 200 individuals per day are required to provide recycling of beverage containers and cardboard. Staff provide technical assistance, and organizers can contract with the city for services, drop-off materials at a collection point, or hire a private hauler.[102] New York City requires[103] recycling at street events and provides guidance on how to best meet the requirement.[104]

Portland, Oregon, provides substantial guidance[105] to event planners on both recycling and composting (see below), such as signs and containers, best practices, and suggestions for reducing waste, including a "Water Event Station" that connects directly to the city water system and allows attendees to fill their own water bottles instead of purchasing bottled water.[106]

Boise, Idaho, created an event-recycling program in 2001. Their experience is that collecting the material is the easy part and working with event organizers and educating attendees is more complicated. The city includes recycling as one of the many things event organizers must address as they apply for permits or request to lease city facilities, and it makes containers, signs, and technical assistance available. Boise has diverted as much as 50 percent of waste from the landfill at participating events.[107]

Cities can sell recyclables not only to the domestic market but also abroad as an export. In recent years West Coast cities have found a large market in China for recycled materials. Cities can help build the domestic market for recycled materials as well. A standard but important tool is a recycled content procurement requirement. While procurement requirements usually apply to paper products, they can be extended to construction materials and pavement.

Many cities have recycled-content procurement ordinances. Pittsburgh's version establishes a preference for recycled content,[108] while the policy in Santa

Monica, California, covers recycled content and many other aspects of sustainable purchasing.[109]

New uses for recycled products are developing all the time, so local governments need to stay abreast of best practices in this area.

Construction recycling requirements

Buildings are traditionally torn down through demolition—a quick and cheap practice that needlessly fills our landfills with construction materials that could otherwise be recycled. Deliberately deconstructing buildings with recycling in mind can allow for salvageable construction materials to be reused in future construction projects. Cities should require recycling in all municipal construction and demolition projects and in all private construction or demolition projects of reasonable size.

In Oakland, California, the job-training organization Youth Employment Partnership, aided by the state of California, regularly deconstructs warehouses and government buildings. In some cases, they have managed to salvage more than 70 percent of the building materials, most of which would otherwise have filled our nation's brimming landfills.[110] Brawley, California, requires all construction projects with a value greater than $50,000 and all demolition projects greater than 1,000 square feet to submit, follow, and report on a recycling plan.[111] The California Integrated Waste Management Board developed a similar model ordinance to help municipalities comply with state law on waste diversion.[112]

Hazardous waste

According to the U.S. Environmental Protection Agency, the average U.S. household creates more than 20 pounds of household hazardous waste, or HHW, a year. HHW may be defined as flammable or combustible, explosive or reactive, corrosive, or toxic household products whose disposal may pose a threat to human health or the environment. These include paints, oils, fluorescent lighting, batteries, and medical waste.

One way to confront this challenge is to require manufactures to take responsibility of their products from cradle to grave. Santa Clara County, California, for example, works with retailers in a "retail-take-it-back" program, where retailers collect and dispose of batteries and fluorescent lights.[113]

Most cities provide some sort of HHW drop-off point. Austin, Texas, allows residents to drop off a number of hazardous items at one of their facilities and also provides several reuse options such as re-blended paint.[114]

Electronic waste

As computers, televisions, phones, and other gadgets become more sophisticated, the old ones are discarded. Electronic waste, or "e-waste," is a rapidly growing component of the solid waste stream. And much of the current "recycling" of electronic waste is done overseas in a manner that is harmful to both the environment and human health.

The best outcome is to refurbish and reuse these products locally. If that is not possible, responsible recycling for materials and energy recovery should be done. A crucial step is to ban the disposal of electronic waste in the landfill, but this should not be done until a viable alternative is in place—otherwise electronics will typically be dumped illegally.

E-cycle St. Louis is a consumer electronics collection program developed by the St. Louis Regional Partnership for Electronics Recovery. The program encourages reuse and recycling of unwanted electronics by expanding opportunities for residents to dispose of their e-waste. While the disposal of most electronics is free, the program does charge a minimal fee for disposing of TVs and monitors to cover the process of safely breaking down and recycling the e-waste.[115]

Organic waste

Organic matter such as food scraps and yard waste makes up the majority of the solid waste stream. And disposing of millions of tons of organic material in landfills costs money and takes up limited space. Such waste can fortunately be diverted, composted, and turned into a profit for municipalities. Compost can be sold throughout a community, from retail gardening stores to golf courses.

New technology that allows companies to control the temperature and aerate the compost has allowed for a much faster turnaround than traditional composting. Several cities such as Seattle have made the recycling of yard waste and food scraps mandatory, and they use special green bins dedicated solely for curbside collec-

tion of food scraps, grass, and yard trimmings. In Seattle the compost generated by this program is then sold back to consumers, a further profit source. San Francisco reduced the amount of necessary landfill space by almost 25 percent since implementing its composting program.[116]

Biogas

Although more and more organic waste is being diverted from landfills, there is a substantial amount of it already in them. And when organic material breaks down without oxygen, which can happen in a landfill, it releases harmful gases such as methane. These gases contribute to global warming and reduce air quality. These gases can, however, be captured and converted into biomethane, a low-carbon fuel similar to natural gas. Biomethane is a clean, high-energy fuel that can be used in cars, manufacturing, and electricity production.

The Franklin County, Ohio Landfill—the fifth-largest publicly owned landfill in the United States—operates a landfill gas-collection system and converts methane into liquefied natural gas that is then used to operate sanitation trucks and public buses.[117] This represents not only substantial cost savings but also reduced vehicle emissions and increased energy security for communities.

Moreover, captured biogas can be used for on-site electricity generation that can then be sold back to the grid through net metering tariffs. At least 594 operational biogas projects in the United States supply 1,813 megawatts of electricity while reducing greenhouse gas emissions.[118]

Urban water systems

Background

Cities across the country are dealing with the dual realities of decaying infrastructure and increasingly severe weather due to climate change. The inability of this aging infrastructure to handle severe weather causes increased flooding, degraded drinking water quality, lowered drinking water reserves, increased illness, and diminished property values. Sewer overflows send 860 billion gallons of untreated sewage into U.S. waterways each year, harming public health with 20 million becoming ill each year from contaminated water.[119] The EPA estimates that $6

billion will need to be invested over the next 20 years to address storm water and protect water quality, or we risk returning to 1970s levels of pollution.[120]

Believe it or not, cities can solve these problems with existing technology and approaches. Replacing and augmenting aging "grey" water infrastructure, also known as the "big pipes" solutions, with sustainable green infrastructure insulates against climate disruption, reduces pollution, protects local communities, and is ultimately cheaper than traditional cement solutions. Cities should prioritize investments in green infrastructure that reduces water consumption and uses natural processes to deal with water, such as greywater recycling, green roofs, porous pavement, tree planting, bioswales, rain gardens, water capture, and reducing infiltration and inflow to existing water systems.

Greywater recycling: The reuse of household water sources for outdoor water use, including irrigation, septic transport, groundwater replenishment, plant growth in dry areas and many other uses.[121]

Green roofs: Roofs that replace traditional roofing architecture with vegetation and plants. Green roofs can reduce energy needed to heat and cool a building and can reduce storm-water runoff.[122]

Porous pavement: Pavement that allows storm-water to pass through it; thereby reducing water runoff and filtering pollutants.[123]

Tree planting: Healthy trees can significantly reduce the amount of rainfall that turns into storm water by capturing rain in their canopies and facilitating the infiltration of water into the ground. [124]

Bioswales: Storm water runoff systems that increase the infiltration of water into the ground and help remove pollutants, often using vegetation.[125]

Rain garden: A collection of specific plant species chosen and positioned to collect and infiltrate storm runoff.[126]

Water capture: The capture of rain water for later use.[127]

These solutions increase air quality, reduce greenhouse gas emissions, reduce the urban heat island effect, provide natural habitat, protect drinking water and public health, reduce storm threats, diminish energy consumption, and can provide public space and increase quality of life.

Measures and practices that reduce consumption, increase water reuse, and reduce pollution also drive economic development. They will create a significant number of jobs—as many as 1.9 million.[128] Despite this, opposition to green infrastructure can come from those who do not believe such solutions can be effective and from those who assert that adding green infrastructure will increase development costs.

Municipal leaders who want to invest in green infrastructure have to address both existing neighborhoods and buildings and any new construction or development. Existing neighborhoods require more intensive interventions, with investments aimed at reducing consumption, making existing grey infrastructure more efficient and augmenting or replacing it with new green strategies.

New construction is easier since it can be required to achieve certain standards. Philadelphia, for example, requires properties to capture the first inch of a storm's precipitation on-site.[129] This first portion of runoff is vitally important, as it carries the vast majority of pollutants.[130]

Municipal leaders who want to invest in green infrastructure have to address both existing neighborhoods and buildings and any new construction or development.

Drinking water

Two primary concerns regarding drinking water are conservation—which is necessary to ensure future supply—and quality.

Protecting drinking-water quality is achieved through a combination of watershed protection, minimizing pollutants, treating water, and monitoring contaminants. Contaminant monitoring is handled at the local level and is a last line of defense. Protecting the water source is achieved through careful review of any projects that would affect watersheds and through identification and management of sources of contaminants. A single quart of motor oil can contaminate up to 2 million gallons of drinking water, so programs that collect and manage pollutants can make a big difference.[131]

Protecting water sources involves mapping the zone from which a well draws water, identifying contaminant sources in that area—including abandoned underground tanks, lawn pesticide application, dry cleaners, sewer mains, car repair businesses, and road salt application, among others—and planning interventions to address each of them. Madison, Wisconsin, emphasizes conservation with a highly successful low-flow toilet rebate program, and it maps contaminant sources in a wellhead zone, addressing each individually.[132]

Reducing the amount of clean water used is vital to preserving drinking water quality. But in many jurisdictions, residents and businesses have little incentive to diminish their water consumption. If billing does not reflect usage—that is, the variable part of the bill, if there is one, is insignificant compared to the fixed costs—there is little financial reason to reduce use.

Smart-water meters that reflect use can help, as can structuring water rates to tie fixed costs more closely to usage. There is a utility incentive to install smart meters, as smart meters transmit data wirelessly, saving money on personnel—a negative for job creation in the short term. Utilities also "lose" less water with smart meters via nonrevenue water. Further, smart meters detect leaks more readily than traditional meters, which saves water, and can provide real-time usage data to homeowners if the correct technology investments are made.

Cities can encourage the further minimization of water use by creating programs that fund or directly install water-saving measures, including low-flow showerheads, low-flow and dual-mode toilets, faucet aerators, water-saving dishwashers and clothes washers, and diligent attention to finding and fixing leaks. Because pumping water uses so much energy, combining water efficiency measures into energy efficiency programs such as those described in the Energy Efficiency Retrofits section can be an effective approach.

Greywater

Reusing greywater—the wastewater from washing, laundry, and dishwashers—for irrigation, or, after processing, for toilet flushing or washing, can significantly reduce water consumption. In jurisdictions that have adopted the International Plumbing Code, it is legal for greywater from showers and washing to be used to flush toilets. This measure alone could reduce household water consumption by up to 30 percent.[133] Cities should at least adopt this international standard. The Uniform Plumbing Code in effect in some areas prohibits greywater use indoors but allows it for irrigation. If greywater is used for irrigation, it should not include any toxic substances such as bleaches, dyes, or cleaners.

To encourage greywater reuse, Tucson, Arizona, requires residential buildings constructed after 2010 to include greywater accommodations—including separate pipes for sink, shower, and bathtub drains—and an outdoor connection for laundry greywater to allow landscaping use. These requirements allow homeowners to install greywater systems without having to change the existing plumbing system.[134]

Storm water

In most communities with combined sewers—sewage and storm water carried in the same pipe—combined sewage overflows are a tremendous problem exacerbated by less predictable weather and crumbling infrastructure. When a storm causes large amounts of water to enter the system, soil, sand, pollutants from cars, animal waste, pesticides, rubbish, salt, and anything else on the ground is washed into the storm water system. In areas with combined sanitary sewers and storm water systems, this sudden increase in volume then mixes with sewage and can cause the system to overflow, disbursing the contaminated storm water into streams, rivers, lakes, or oceans.

Cities should reduce the volume of storm water coming into the system and capture and retain the combined sewage and storm water for later processing. Even in cities with separate systems, storm water control is important for preventing polluted run-off from entering surface waters, increasing infiltration into aquifers, and replacing some drinking-water uses such as irrigation.

Cities should approach storm water planning systematically and comprehensively. Representatives from all relevant departments—water, sewerage, storm water, and even transportation and fire departments—need to be included to reach the most efficient and widely accepted solutions. Such planning should look at public and private property and should consider solutions based in buildings such as green roofs or rain barrels, on streets, including vegetated curb extensions and sidewalk planters,[135] and on landscaping such as rain gardens.

In Milwaukee a multijurisdictional stakeholder team led by the Milwaukee Metropolitan Sewer District and the Department of Public Works has implemented programs to create green space, build retaining ponds and rain gardens, and install permeable pavements. It has also focused on the creation of community gardens in low-income areas, which provide significant green infrastructure benefits in addition to their food production and community-building aspects.[136]

As mentioned in the Drinking Water section, many residents and businesses have little incentive to diminish their water consumption or process storm water on site. If billing does not reflect usage—that is, the variable part of the bill, if there is one, is insignificant compared to the fixed costs—there is little financial reason to reduce use. If sewerage rates are billed according to projected use as opposed to actual use, there is also little motivation to address storm water on-site.

Requirements to capture some portion of this discharge are a partial solution. The use of smart water meters that reflect use can also help, as can structuring water rates to tie fixed costs more closely to usage.

Philadelphia, which is faced with tremendous infrastructure needs and federal requirements, has taken an aggressive approach to pricing storm water. Whereas storm water rates previously were tied to how much drinking water was consumed, the city has now calibrated its storm water fees to the amount of a property that is developed. It has significantly raised its storm water fees for commercial properties, specifically targeting properties covered with impervious surfaces such as rooftops and parking lots, which contribute most of the pollutants that flow into the city's drains. For the first time, the city has started to collect storm water fees from parking lots and other structures that were previously treated as not being connected to the water system.

Philadelphia, which is faced with tremendous infrastructure needs and federal requirements, has taken an aggressive approach to pricing storm water.

But if a property owner installs wetlands, rain barrels, green roofs, pervious pavement, or other green infrastructure solutions, the city is willing to forgive at least a portion of, and sometimes the entire, storm water bill. This avoided cost can finance the green infrastructure investments, and opens up the possibility of financing arrangements similar to energy-efficiency performance contracting. (see the Energy Efficiency Retrofit section) The city is also offering grants to assist with the development of projects.[137]

It is of course much easier to incorporate green infrastructure and low-impact design techniques into new construction than into existing streets and buildings. Local governments should adopt standards that require low-impact development, both for public works, especially street construction, and for private development. San Mateo County, California, provides a guidebook for sustainably designing streets and parking lots that deal with storm water.[138] Seattle requires commercial and multifamily developments to meet The Green Factor, a landscape requirement that includes storm water management in its goals.[139]

If cities want to increase green infrastructure on private property, a one-stop shop model that can connect owners with technical assistance, contractors, rebates and incentives, can help to ensure quality control, and can smooth the process and increase uptake rates. The Center for Neighborhood Technology has pioneered a "wetrofit" model to reduce flooding in Chicago by connecting neighborhoods with green infrastructure technology and contractors, funding solutions, and helping to coordinate with multiple agencies and stakeholders.[140] Local governments should support such technical assistance, outreach, and education programs.

Even when owners are interested, architects and contractors may resist using green infrastructure techniques. To overcome this problem, the Houston Land/Water Sustainability Forum—a coalition between the city, county, state Department of Transportation, and numerous design and construction professional organizations—hosted a Low Impact Design Competition. Development professionals were invited to compete for cash prizes by designing a low-storm-water-impact development for one of three actual, ready-for-development sites. The combination of peer pressure, financial gain, and the potential to secure a job brought all the major developers to the table, and many of them discovered that low-impact techniques made financial sense. The competition was a success, not just in producing good designs, but also in educating the professionals who have the most control over how sites are designed and built.[141]

A great deal of water that ends up in sewer systems comes in the form of inflow and infiltration. Inflow occurs where downspouts, sump pumps, and other sources are connected to the sanitary sewer system—sometimes illegally. Inflow can be addressed by disconnecting these sources and dealing with the storm water they channel on-site via green infrastructure. Downspouts can feed rain barrels, cisterns, or rain gardens. Toronto, Ontario, mandates the disconnection of downspouts from the sewer system.[142]

Infiltration occurs where water leaks into pipes through cracks and fissures. It can be addressed by replacing, repairing, or lining faulty pipes and by sealing cracks. Ongoing monitoring can ensure those gains are sustained.

A coalition of communities in the Twin Cities area in Minnesota is working together to reduce inflow and infiltration, imposing a surcharge on areas that do not sufficiently address the issue and providing grants and technical assistance to help meet the targets.[143] Cities should explore similar approaches.

To deal with storm water, local governments should employ the following approaches on their own properties and in their maintenance of existing public facilities and should encourage or require their use in private development:

- **Green roofs:** Covering roofs with plants that process precipitation on-site has a host of benefits. Most immediately, green roofs can process a significant proportion of precipitation on-site, reducing runoff and demand on traditional storm water management systems. For low-intensity periods of rainfall—half an inch or less—green roofs can completely absorb the precipitation. For more intense

rainfall, green roofs diminish flow rates and retain water, slowing runoff.[144] Green roofs also reduce building heating and cooling costs by absorbing heat—or, reducing thermal absorption by nearly 100 percent—and insulating the building by making the structure more energy efficient. They increase air quality, absorb carbon dioxide, provide habitat for fauna, and can frequently provide quality public spaces. Maintenance can be more expensive, though this may be offset by the possibly longer lifespan of a green roof compared to a traditional one. In many areas of the country, energy savings can also be a significant offset.[145] Chicago's city hall green roof is a pioneer example of green roof technology. It significantly reduced the urban-heat island effect, staying as much as an astonishing 100 degrees cooler than an adjacent conventional roof and saving $5,000 annually in energy costs.[146]

Chicago's city hall green roof is a pioneer example of green roof technology.

- **Permeable pavement:** Replacing existing pavement with permeable pavement and using it in new construction immediately reduces one of the largest sources of runoff. An area equivalent to the size of Ohio is covered in nonporous surfaces in the United States—primarily infrastructure devoted to cars.[147] Every nonporous paved surface drains nearly every drop of precipitation that lands on it directly into a city's storm-water system. By addressing at least some of this on-site through porous pavement, storm water processing can be reduced, existing infrastructure is more effective, groundwater is recharged, and surface water is protected.

- **Bioswales:** Bioswales are depressions filled with vegetation that allow precipitation to pool, gradually be absorbed, or slowly discharged into storm water systems if they become overwhelmed. They are highly effective ways of dealing with runoff from large paved or impervious areas. Rain gardens are similarly designed in areas where rainwater will collect, using deep-rooted plants to absorb and process rainwater on-site. Both recharge the water table, process silt, increase air quality, provide habitat, and capture carbon dioxide.

Building energy benchmarking and disclosure laws

Background

In most markets, the prospective buyers or tenants of a building have no way of knowing how much they will have to spend to heat, cool, and otherwise operate it. They are thus no more likely to rent or buy an efficient building over an inefficient one, and there is no market pressure to increase the relative efficiency of buildings.

Energy disclosure and benchmarking laws are a low-cost, effective solution. By requiring the disclosure of energy use in a building when it is listed for sale or on an periodic basis, prospective occupants, lenders, and investors can compare how much they are likely to spend on energy—similar to how car shoppers can compare miles per gallon ratings. This creates an incentive for high-performing buildings and an even stronger disincentive to be in the bottom tier.

If such a program is enacted alongside retrofit programs (see the next section), it can help drive demand for efficiency upgrades. Energy-efficiency contractors in New York City and San Francisco have seen business increase by 30 percent as a result of these ordinances.[148] Energy-efficiency upgrades create good, high-paying jobs, too—about 12 direct and indirect jobs per million invested.[149]

By making the expected cost of a building's energy use publicly available, the free market can work. Existing policies will affect 4 billion square feet of space by 2014. A nationally implemented disclosure standard would reduce energy costs by more than $18 billion by 2020 while creating 59,000 new jobs.[150]

Commercial-energy disclosure ordinances

Commercial tenants should be concerned about their building's operating cost, yet they frequently lack the information to make informed decisions about future costs. Energy benchmarking and disclosure ordinances are relatively simple, low-cost ways to bring market forces to bear to spur investment in building energy efficiency.

A city or state passes the law, requiring that on a fixed yearly schedule or when a building is put on the market, its energy consumption is disclosed either to prospective buyers only or published publicly. Both options are valid, though the compliance costs of a point-of-sale ordinance are lower. Public building energy use should be disclosed on an ongoing basis, and easy-to-use web dashboards such as EnergyStar Portfolio manager enable this.[151]

Seattle;[152] New York City;[153] Washington, D.C.;[154] San Francisco;[155] Austin, Texas;[156] and Washington state[157] have all adopted commercial benchmarking and disclosure laws since 2007. Many other major cities, including Boston and Philadelphia, are considering or currently implementing such policies, and they have been implemented internationally.[158] These programs frequently make use of the EPA's freely available EnergyStar Portfolio Manager tool.

Building owners may oppose this legislation as it represents a cost—which can be rolled into the closing—a hassle, and will make low-efficiency properties less desirable.[159] To avoid posing an undue burden on small business owners, most disclosure ordinances have size cutoffs: Only buildings greater than a certain square footage must participate. The size of buildings required to participate varies from all commercial and public buildings in Austin to commercial and multifamily buildings over 50,000 square feet in New York City.

All public buildings will ideally have their energy use publicly disclosed, and the larger the number of commercial buildings that publish energy data, the more useful it is to prospective renters or buyers.

Residential energy disclosure ordinances

Residential energy disclosure laws are less common than commercial or public ones. Austin, Texas, has an Energy Conservation Audit and Disclosure ordinance for its residential buildings. Managed by its municipal utility, the program has been in effect since 2008. A certified energy rater must perform the audits prior to sale and disclose the results to the buyer. This information is paired with recommendations on how to improve the energy efficiency of the property and information about the city's energy-efficiency loan program. Properties less than 10 years old that have recently completed energy upgrades or that are eligible for low-income weatherization are exempt. In the year following the ordinance's enactment, 12 percent of properties sold performed energy-efficiency upgrades.[160]

The same model can be applied to rental properties where at least the past energy usage of the property can be disclosed to prospective tenants. This is especially important for low-income renters because properties with lower rent may have very high heating costs. Ann Arbor, Michigan, has required this since 1987.[161]

A significant concern with residential energy disclosure ordinances is that such measures can further burden low-income property owners. Lower-income property owners tend to hold older, less efficient properties. These may already be hard to sell, but if they are slapped with a "D" or "F" energy rating, they will be even harder to sell. This is why cities should ensure that a rating or disclosure program is paired with resources to mitigate bad scores.

Residential labeling ordinances can significantly drive the uptake of retrofit programs, if they are offered, though such offerings should be available to lower-income homeowners.

High-performance building requirements

Background

The design of the buildings in which we live, work, eat, shop, relax, and play greatly affects our quality of life, our environmental and carbon footprint, and the economic viability of our communities. Building codes can provide basic protection for all of these things. With ambitious codes, we can move beyond merely protecting consumers and firms to creating incentives for the social, health, environmental, and economic outcomes that we want.

The Federal Energy Independence and Security Act of 2007 defines a high-performance building as "a building that integrates and optimizes on a life cycle basis all major high performance attributes, including energy conservation, environment, safety, security, durability, accessibility, cost-benefit, productivity, sustainability, functionality, and operational considerations."[162]

Building to these specifications also creates more jobs. Spending related to achieving Leadership in Energy and Environmental Design, or LEED, certification alone is forecasted to create 230,000 additional jobs by 2013—many for highly skilled workers maintaining the operation of these technically advanced buildings.[163]

Building codes can specify allowable limits and parameters for variables such as the amount of water that a toilet uses or the number of fire exits per floor. Energy codes in particular can save building occupants money, increase the productivity and health of occupants, and reduce climate pollution—all contributing to local economic development. Putting in place strong building codes is dramatically more effective and less costly than retrofitting existing buildings. Advanced building codes seek to maximize the attributes of a building within economically justifiable parameters, recognizing that retrofitting after the fact is significantly more expensive and less effective.

Putting in place strong building codes is dramatically more effective and less costly than retrofitting existing buildings.

Building codes are of course only as effective as their enforcement. So a comprehensive plan to encourage compliance and enforce standards is vital. And while

building codes are most immediately applicable to new construction and to buildings undergoing major renovation, getting it right matters. Buildings constructed today are likely to be around for at least 80 years on average.[164]

Code adoption

Building standards vary from state to state or even city to city. The impact that these codes will have depends on how stringent they are. There are international standards from the International Code Council, or ICC, which generates 14 different sets of regulations. These are revised on a near-continual basis. If technical capacity exists locally, these can be improved upon or modified to create incentives for particular attributes, but in many instances existing ICC codes can be adopted locally with minimal alteration. If a jurisdiction is seeking to exceed commonly adopted codes, strong political champions will be required.

Codes are of course far more effective if they are adopted as mandatory rather than voluntary. If voluntary codes are adopted, incentives to encourage projects to meet them can increase uptake rates (see below). Factors that can be encouraged or mandated include building energy use, indoor air quality, parking minimums and traffic impacts, construction methods and techniques, reduced outdoor lighting, and a variety of other factors, many of which overlap with land-use and zoning laws.

At a minimum, cities should encourage their states—or do it themselves in home-rule states—to adopt the most recent ICC codes, especially the International Energy Conservation Code and ASHRAE standards, both of which are updated on a three-year cycle. They should adopt the 2012 ICC for residential and commercial or ASHRAE Standard 90.1-2010 for commercial. These should be exceeded, if possible, as California is doing with its Title 24, aiming for net-zero buildings by 2030.[165]

The major opposition to building codes comes from building developers, construction companies, owners, and designers, who see more stringent codes as adding to the cost and complexity of developing projects. But these initial costs are more than offset over time through energy savings, reduced maintenance costs, building longevity and resilience, and occupant productivity, though that value is not always reflected in the market. Another source of opposition is firms that manufacture materials not compliant with proposed code revisions.

Good outreach, education, advocacy, and developing public champions for these codes are essential to overcoming this opposition.

The Building Codes Assistance Project found that:

> *For the average new home, the 2012 IECC would only increase construction costs within a range of $1,460 to $2,293. When this amount is rolled into the average mortgage, real costs to homebuyers will mean a down payment increase of only $292 to $459, and $6 to $9 added to monthly mortgage bills. The added mortgage will be offset by monthly energy savings of $51.73, helping homebuyers pay off their initial investment in only seven to eleven months. After breaking even during that time, the home will return buyers a profit of at least $43 per month – a total return of $516 every year.*[166]

Decision makers and advocates also should support national efforts to raise building standards via national coalitions such as the Online Code Environment and Advocacy Network.[167]

Going beyond code

Communities that wish to go beyond current building codes have several options at their disposal. If they are in a state where they are permitted to enact more stringent codes on their own, they can of course do so. Massachusetts has the Massachusetts Stretch Appendix to the Building Energy Code,[168] which cities and towns can choose to opt-in to and is roughly 20 percent more stringent than the IECC 2009 code.

Many states, however, prohibit the local adoption of more stringent mandatory codes. Short of advocating for the repeal of those laws, cities and towns can encourage and reward those who choose to meet more stringent requirements through tax incentives, density bonuses, rebates, expedited permitting, fee waivers, tax credits, and grants.[169]

Arlington County, Virginia, permits larger or taller buildings than code would otherwise allow for developers who achieve LEED certification. Developers who achieve LEED platinum—the highest designation—are allowed a bonus of 0.45 times the normal Floor Area Ratio, or 0.5 for residential, which will likely result in more than enough additional profit to offset the additional building costs.[170]

Many cities require that their public buildings, including those leased, meet certain standards—frequently one of the LEED designations. Greensburg, Kansas, adopted a requirement in 2007 that any city building larger than 4,000 square feet must be certified LEED platinum.[171]

Other than the LEED designations, the National Green Building Standard,[172] the Standard for the Design of High Performance Green Buildings Except Low-rise Residential Buildings,[173] and the International Green Construction Code[174] all provide guidelines that increase the sustainability of a building. There are a host of additional rules that are not strictly "building code" and that if in existence, should be modified or abandoned—bans on clotheslines, rain barrels, parking strip utilization, and front yard vegetable gardening, for example—because they limit the ability of households to engage in sustainable practices.

Code enforcement

Enforcing codes is absolutely vital to their effectiveness. Recipients of Recovery Act funding are required to have plans in place to achieve 90 percent energy code compliance by 2017, further adding to the importance of increasing enforcement.

A jurisdiction with very high standards but lax enforcement will likely achieve very little. There are many disincentives to complying with code—another reason voluntary code adoption is far less effective. Reasons for lack of compliance include variation between a project's blueprint and its actual construction, use of noncompliant materials in construction, and a lack of compliance training and education for those doing the actual construction.[175]

Lack of education among building inspectors may further result in some aspects of code being less stringently enforced. Determining the effectiveness of energy-efficiency elements requires a specialized skill set that is not widespread in all building evaluation departments. Compounding this in many areas is insufficient enforcement, along with challenging and frequently inaccurate reporting methodology.

Change is difficult as well. In an environment where lax enforcement is expected, championing more aggressive application of the rules is bound to be unpopular.

Effective enforcement requires strong leadership and political support. A strong argument for increasing compliance is that it is highly cost effective. The Institute

for Market Transformation estimates that for every dollar spent on enforcement, $6 is saved on energy costs.[176]

To increase compliance, cities should implement a combination of education and outreach to the contractor community and building trades, advanced education for building inspectors, and increased inspection rates. This requires an additional commitment of resources.

Parker, Colorado, a town of 50,000, is a success story in building-code compliance. To facilitate broader understanding of how various aspects of code affect building performance, the town offered training—in some cases mandatory—on various aspects of building science. For each builder, they performed a free assessment of one building, demonstrating how code should influence the work. Developers were educated so they could insist on correct installation by their contractors. Inspectors pursuing different inspections were trained to watch for other violations—for example, electrical inspectors could easily notice gaps in insulation around wiring, a violation of energy code. They implemented the building code in phases, to correspond to educational opportunities.

Parker's model has been so successful that many of their building inspectors are now national experts on code compliance.[177]

Energy efficiency retrofits of buildings

Background

Our buildings consume more than 40 percent of energy used in the United States. [178] We waste a tremendous amount of this energy on heating and air conditioning that escapes the building, on illuminating vacant spaces, and on running machinery constantly.

Reducing this waste creates jobs for those increasing the building's efficiency, saves money for the building operator, increases occupant productivity and health, and reduces climate pollution. Even more impressive, it is an idea that can pay for itself: You can capture the value of the energy wasted and use that to pay for the cost of the building upgrades over time. Amortized repayments on the upgrades are calculated to be less than the savings over the same period. It is a surprisingly simple idea and one that has been successfully implemented in a variety of ways for many years.

Building energy-efficiency retrofit programs assess buildings for waste, find interventions that will save energy—such as adding insulation, sealing drafts, and installing more efficient mechanical systems—arrange financing, and then install the measures. The building owner pays for the efficiency improvements over time, saving more in avoided energy costs than they spend on the repayments. Although this work has been done for years, we are nowhere near tapping the potential for both savings and job creation in this market.

Governments can help develop what is really a series of related markets—the government and institutional buildings, private residences, businesses, and commercial and industrial buildings. By first addressing municipally owned building stocks, governments can set an example and create structures that can facilitate retrofits in the institutional and commercial space, and even assist other governments. Governments can also help to finance and simplify the retrofit process to help the commercial and residential markets.

Cities are well positioned to support the energy-efficiency market—the programs and companies that will drive significant energy-efficiency uptake. Cities control many buildings directly and should make them the starting point for a retrofit program. They are an important way for governments to save money to support critical programs in a tough economy.

Governments can generally access relatively cheap capital through bonding, grants, or other sources, which they should use for their own buildings. These can also support retrofit work in other markets—institutional buildings, the commercial and industrial sector, and individual residences. When the government spends money, it can negotiate and enforce labor standards, ensuring that jobs created go to those in need, include career pathways, and meet basic wage, benefit, and training requirements.[179] Beyond providing funding and ensuring that jobs are high quality, governments can directly create retrofit programs and should pass policies that make the retrofit market function more smoothly.

Opposition to energy-efficiency retrofit programs can come from a variety of sources, though in many instances this can be overcome with diligent outreach. Opposition tends to be to the financial impact of government subsidies or spending to support retrofit programs. But the focus on saving money and creating jobs makes them attractive to policymakers across the political spectrum.

Opposition to energy-efficiency retrofit programs can come from a variety of sources, though in many instances this can be overcome with diligent outreach.

Government and institutional programs

Publicly controlled buildings—the city halls, transit centers, schools, universities, sewage treatment plants, and all other government buildings controlled by state, county, or local governments—waste a lot of energy. Potential savings are vast: There are almost 140,000 entities in this sector in the United States, including state and local governments, school districts, colleges and universities, and medical institutions. We estimate that these entities control about 16.5 billion square feet of floor space and use about 3.87 quadrillion BTUs a year at a cost of about $40.7 billion.[180]

Local governments should at the very least retrofit their own buildings. Retrofitting public buildings creates good jobs relatively quickly: There is a single point of control for many buildings; elected officials are the relevant decision makers and thus public pressure can be a driver; there is a developed market with firms ready to do the work; and there is usually low-cost public financing available. Investing in retrofits creates more jobs than most "grey" infrastructure investments, too, with an average of 12 direct and indirect jobs created per $1 million invested.[181]

But to create a significant number of jobs, retrofits have to occur at significant scale. That is why local governments should set aggressive targets for each building. Ambitious projects are achieving as much as 40 percent reduction in use.[182] Focusing on larger-scale projects, as opposed to small changes such as replacing inefficient light bulbs, costs more but is more labor intensive and produces more significant long-term savings. The commissioning, operations, and maintenance of buildings is also critical to realizing energy efficiencies and other sustainable features. So cities should ensure that building-maintenance workers receive training in sustainable building operations.

Cheap capital, such as that provided by bonding, helps facilitate these deeper investments. Of special note are qualified energy conservation bonds, a federally subsidized financing tool available for these projects. To generate additional savings through large-scale investment, cities should assess building energy use, targeted buildings should have their energy use scientifically audited, financing should be secured to retrofit a large number of buildings at the same time, and then contractors should be brought in to do the work. Reno, Nevada, invested $20 million in a combined energy efficiency, solar, and wind generation project for city buildings that will save them $1.3 million a year. It retained or created 279 jobs.[183]

As these are public funds, local governments can require that jobs created from these projects be subject to high-road standards negotiated via a Community

Workforce Agreement or equivalent arrangement that lays out wage standards, certifications, training requirements, targeted hire, and safety provisions. Community Works Oregon's High Road Agreement resulted in nearly three-quarters of program contractor employees receiving health insurance, and 20 percent of the work went to firms owned by historically underrepresented groups.[184]

Minnesota Gov. Mark Dayton signed an executive order setting a 20 percent energy-use reduction goal for the state's 30 million square feet of buildings. It also directs staff to provide technical assistance to other governmental entities interested in doing this work.[185] This approach could be replicated in smaller jurisdictions.

Other ways of scaling government retrofit projects include pooling financing, contracting, and providing technical assistance across a number of different jurisdictions. This saves money on transaction costs and allows significantly larger project volume, which may translate to cheaper financing. The Northeast Ohio Regional Energy Alliance is a group of public, nonprofit, and business organizations working to simplify and streamline the financing, marketing, and policy pieces necessary for large retrofit programs to occur.[186]

Residential programs

The residential retrofit market offers tremendous opportunities for energy savings and job creation. In addition to financial savings, benefits—such as a reduction in drafts, increased warmth in winter, coolness in summer, and improved air quality—are significant motivations for homeowners' retrofit investments.

Local governments should support programs that educate customers on the value of energy efficiency. WeatherizeDC uses a community organizing approach to build demand for energy efficiency, while Community Labor United in Boston partners with community-based organizations to do education and outreach on the benefits of home retrofits.[187]

Financing is a significant barrier for homeowners considering an energy upgrade. Many middle- and lower-income homeowners cannot readily access sufficient capital at attractive rates to invest in energy efficiency, and if they do, an energy upgrade is not necessarily at the top of their spending priority list. Cities should support programs that provide access to low-cost capital that does not compete with other borrowing priorities to overcome this barrier.

One such program is Property Assessed Clean Energy, or PACE. It creates a municipal special assessment that is placed on a property—similar to an assessment for a new sidewalk—is tied to the property tax bill, and has the same recourse in event of nonpayment.[188] In Sonoma County the California Energy Independence Program offers PACE financing for commercial and residential properties. Since it launched in 2009, it has financed improvements, both energy efficiency and renewable energy, on 1,700 residential properties and 57 commercial ones, worth $58 million, creating or retaining 714 jobs.[189] Guidance from the Federal Housing Finance Authority has limited the creation of new residential PACE programs.[190]

On-utility-bill finance programs similarly provide a source of financing that could not be used for anything else, and cities should work to authorize their creation at a local—especially in jurisdictions with a municipal utility—or state level as needed. By using utility-bill payment history as part of the underwriting criteria, on-bill programs provide energy efficiency as a service to be paid for monthly rather than as a stand-alone loan. They are based on the premise that a customer who is already paying their utility bills will only be more likely to pay following an investment that lowers those same bills. If an occupant moves, the tariff stays with the meter.

In Kansas, Midwest Energy's How$mart on-bill program has successfully retrofitted 680 homes since 2007 with several hundred more pending. The program pays all upfront retrofit costs, which are to be repaid with a tariff on the bill. Eligibility is based on utility-bill payment history. As the program is designed to reduce monthly costs, the repayment should pose no additional burden. This is important from an equity perspective, as programs that simply loan money for retrofits frequently find households with lower credit scores to be ineligible to participate. The monthly charge for How$mart is typically around $42, and the average energy savings are $49.[191]

Another approach is on-bill repayment, where the utility bill serves as a conduit for a loan with more traditional underwriting criteria. It has been implemented in several jurisdictions with amenable utilities and elsewhere, such as New York state, where utilities have been required to provide the option. Community Power Works in Seattle provides the on-utility bill repayment option for low-cost loans issued by a nonprofit lender to participating homeowners via Seattle City Light, the municipal utility. Community Power Works has performed 1,080 residential upgrades with more than 300 in progress as of September 2012, generating more than 109,200 hours of work by 782 workers, including 606 contractors and energy auditors.[192]

Local governments should create or support comprehensive programs that include an attractive financing offer, marketing and outreach, a simple structure that makes every step as easy as possible for the homeowner, and verification of the work to make certain that homeowners are getting the savings they paid for. This approach can significantly increase uptake rates of home energy upgrades.

Clean Energy Works Oregon combines attractive financing options—including using utility bill-repayment history as an underwriting criterion—on-bill repayment, a one-stop-shop approach to guide homeowners through the contracting and retrofit process, and a comprehensive High Road Agreement to ensure labor standards. As of August 2012 they have retrofitted more than 900 homes, generating more than $12 million for the local economy. The program has employed more than 500 people. Through contractor participation requirements, incentives, and support, the program has succeeded in having more than 55 percent of work hours be performed by women and people of color with 87 percent of contractors offering subsidized health insurance.[193]

Commercial and industrial programs

Commercial building owners face many of the same barriers as the residential market and are in many instances even more constrained in their ability to borrow to finance energy-efficiency improvements. Programs that move energy upgrade costs off the balance sheet—such as a lease model, commercial PACE, or on-bill repayments—are likely to increase the appeal of energy-efficiency upgrades to commercial property owners.

Local governments are creating assessment districts and allowing businesses to pay back efficiency charges on their property tax bills. The recently created CaliforniaFIRST public-private partnership allows qualifying commercial-property owners in the participating 126 cities and 14 counties to tap into the municipal bond market—with its favorable rates—to finance energy-efficiency improvements.[194] Commercial PACE is highly scalable as well: Edina, Minnesota, recently launched a commercial PACE program that has allowed the installation of solar panels on a local garage.[195] In states lacking commercial PACE enabling legislation, its passage should be a top priority.

A promising new approach to energy efficiency for commercial properties is pay-for-performance. Existing efficiency subsidies, which are traditionally disbursed as reimbursements for installing certain efficiency upgrades, are replaced with

payments pegged to certain levels of savings. This creates incentives for deeper retrofits—as rebates increase along with savings—and consistent building energy management, as well as encouraging innovative and cost-effective approaches. Seattle is currently piloting a program where participant businesses can combine retrofits, ongoing operations, and behavior change to achieve energy-reduction targets with rewards pegged to kilowatt-hours saved.[196]

Building energy disclosure laws, where building owners must publicly share building energy consumption data when a property is on the market (see the section on Building Energy Benchmarking and Disclosure), are a particularly powerful tool in the commercial market. They provide a strong incentive to avoid having low-performing buildings.

Supporting policies and financing options

A strong policy and financing environment facilitates the creation of a functioning energy-efficiency retrofit market. Many state-level policies are important—including energy efficiency resource standards and public benefit funds—and have been widely enacted. Yet despite these available resources, relatively few building owners have increased the energy efficiency of their building systematically or comprehensively. There are a variety of barriers to doing so, cost being only one of them. Other enabling policies—including energy disclosure, labeling that allows performance contracting, and Property Assessed Clean Energy, or PACE, programs—should be implemented at a state or local level as needed.

One of the major reasons that such an obviously good investment has not been made on a larger scale is the lack of a functional market to funnel private investment to fund these projects. Local governments can overcome this by providing funds themselves, stimulating private investment, and creating a more supportive policy environment. The most useful tool that governments have is their tax-exempt borrowing capacity—ready access to relatively cheap capital, subject to borrowing limits and credit ratings. Federally subsidized qualified energy-conservation bonds[197] are available to many jurisdictions at very favorable terms and provide a great deal of flexibility in how they can be spent. Investments that pay for themselves over time are an excellent choice for public tax-exempt bonding—certainly better than many traditional infrastructure projects.

There are a number of different ways to structure public financing programs to support energy-efficiency retrofits—including issuing bonds to directly finance

energy-efficiency programs, establishing "green banks" or revolving loan funds, and creating a loan-loss reserve to buffer private lenders from losses resulting from potential defaults on loans for energy-efficiency projects. Direct investment of bond proceeds in a large-scale energy-efficiency program is an excellent way to rapidly create a large number of jobs.

The state of Delaware issued $63 million in energy efficiency bonds, and provided the funds to departments and institutions of higher learning to retrofit their buildings, paying debt service with the energy cost savings. This initiative has been so successful they're considering a second issuance.[198] While this is a state-level example, a similar approach would be possible in many local jurisdictions.

Another alternative is the establishment of a green bank. In Connecticut the state used some public benefit fund dollars and some Regional Greenhouse Gas Initiative funds to capitalize the Clean Energy Finance and Investment Authority—a green bank that invests in energy-efficiency projects in both the public and private sectors and helps bridge the gap between what the private sector is willing to fund and what project developers are seeking.[199]

An example of a similar program at a city level can be found in the Chicago Infrastructure Bank, which is a public-private partnership that currently invests $225 million in retrofits of city buildings. The Infrastructure Bank is a nonprofit entity established by the city, to which city departments can bring projects in need of funding. Some will be funded traditionally via bonds; some will access a pool of funds from private investors.[200]

Public money can also be used to leverage private investment. By providing a loan-loss reserve, whereby some portion of a potential loss is covered in case of default, governments can attract private financing to the energy-efficiency retrofit market. This reduced risk for lenders can improve the interest rate on money and broaden the underwriting criteria, providing more accessible financing for businesses and homeowners.

By providing a loan-loss reserve, whereby some portion of a potential loss is covered in case of default, governments can attract private financing to the energy-efficiency retrofit market.

The Milwaukee Energy Efficiency and the Green Madison programs in Wisconsin have set aside $3 million from a federal grant as a 5 percent loan loss reserve, guaranteeing that losses sustained by the credit union lending partner in the program will be recoverable up to that amount and making available $60 million to invest. This security also means that the programs' financial partner, Summit Credit Union, is willing to offer lower interest rates and serve households with FICO scores as low as 540.[201]

Bonding for energy efficiency does not work in cities where the borrowing cap has been reached or is close. It can also be politically difficult; councils are often unwilling to accept debt even for the promise of future savings.

In this instance cities should look for alternate funding sources for their retrofit programs. Babylon, New York, has been able to fund its residential retrofit program by reclassifying carbon as a solid waste and applying their solid waste fund of $2 million to capitalize it.[202] Other strategies include using general fund dollars or federal and state funding. Public benefit fund money may also be available.

In addition, jobs created by energy-efficiency programs are not automatically good jobs. To ensure a living wage, apprenticeship utilization, safety and training standards, and benefits, some form of negotiated agreement is necessary. A Community Workforce Agreement[203] governs these issues. In programs using public money, these can be required as conditions of participation.

Renewable-energy generation

Background

The installation of clean and renewable generation technologies such as solar, wind, and geothermal stimulates the local economy, builds climate resilience, improves public health, and creates good jobs. Cities are in an excellent position to both directly invest in renewable generation and to foster the creation of residential and commercial renewable projects of varying scales. Money is saved by avoiding costly new fossil-fuel generation, keeping money spent on fossil-fuel imports in the community, and protecting against future fuel price volatility.

While broadly popular across the political spectrum—with 55 percent saying that renewable energy is a better investment than fossil fuels[204]—and increasingly affordable,[205] widespread adoption of clean energy technologies faces many hurdles. First, the fossil-fuel industry is tremendously powerful and has invested significantly in current technologies. And despite some recent investments in renewables, the industry fights, delays, and denies the need for clean generation. Second, local citizens and business groups concerned with the additional cost of renewables also frequently oppose such programs. Some citizens are concerned about the aesthetics of large-scale renewable installations.

There are structural issues as well. Transmission capacity is often an issue for new large-scale renewable installations,[206] and distributed generation requires favorable net metering and interconnection standards.[207]

We primarily address distributed generation here, as it is most readily implemented at the city level, though we also examine the policies and program tools necessary for utility-scale generation and other clean energy purchasing options. Distributed generation further multiplies the benefits of renewable energy by generating electricity on-site or close by, minimizing the need for investment in costly transmission infrastructure, nearly erasing energy loss due to transmission, building local resilience, and avoiding future price fluctuations.

Set a goal, make a plan

Successful programs are the result of political leadership—little at scale is likely to happen without it. Setting goals for renewable implementation, such as, "Our city will be powered with 50 percent clean energy by 2020," provides a clear direction for utilities, residents, and local businesses to follow. Mapping out the steps necessary to achieve that goal is also important. Many cities have climate action plans or have signed climate protection agreements. Renewable generation must be part of meeting those obligations plans, and these plans must have some muscle behind them. Far too often they remain entirely aspirational. Where possible, renewable generation can and should be integrated with other city programs—building leasing and construction, energy efficiency retrofit programs, and wastewater processing.

Goal setting and planning can have significant results. Bellingham, Washington, set a goal in 2007 of reducing greenhouse gas emissions 64 percent by 2012 and 70 percent by 2020, relative to consumption in 2000.[208] It currently buys 100 percent renewable power for all city facilities and has installed rooftop generation on some city buildings. Local university students agreed to raise tuition slightly so that the Western Washington University campus would be powered entirely by renewable energy.[209]

The city government also sponsored a community green power challenge, resulting in the purchase of enough green power to meet 11 percent of the community's total energy use. The additional cost of this generation is partially offset by the comprehensive energy retrofit and new construction—Leadership in Energy and Environmental Design, or LEED only—programs the city runs.[210]

Additionally, since so many community members signed up for clean energy, the utility was able to negotiate bulk purchase rates, lowering the premium paid by consumers for clean generation by 40 percent.[211] A preferential loan program for solar-energy installation has been created for local businesses.[212] The city additionally supports energy efficiency in a variety of ways, including energy-efficiency challenges, energy-efficient land-use planning, and technical assistance to the public on how to construct green buildings.[213]

Lead by example

Jurisdictions should lead by example and install renewable generation at their own facilities, paying back the investment over time out of the avoided utility costs. They should invest in reducing energy consumption through efficiency measures first and then install renewable generation where cost effective—a proven and reliable method of reducing municipal expenditures and vulnerability to energy cost increases. Energy expenditures can account for as much as 10 percent of a local government's operating budget, so reductions in that outlay can make a big difference.[214]

For new buildings, cities should build to a high-performance, low-energy-use standard and then meet energy needs with on-site renewable generation. For existing buildings, retrofitting the buildings to minimize their energy consumption and then installing renewable capacity to meet that diminished energy need will frequently prove cost effective, as the size of the renewable installation needed will be smaller.[215]

While many renewable systems can have relatively short payback periods, financing options such as lease-purchase agreements—a form of lease-to-own—and performance contracting or power-purchase agreements—where the government purchases the power and may provide space, but a private entity owns the technology—may make projects possible if local governments cannot manage the upfront cost. Cities can also pay their utility providers for certified renewable energy, although the economics of such arrangements are less favorable.

Opportunities for combined heat and power, sometimes called cogeneration, installations[216] at city buildings should also be pursued. This is frequently possible with wastewater treatment plants. Biodigesters, which generate electricity from gases emitted by decomposing waste at waste-processing facilities, are a possible source of energy as well. In Sheboygan, Wisconsin, the Regional Wastewater Treatment Plant produces nearly all of its energy on-site through a combination of

efficiency, cogeneration, and biodigestion, in a project that paid for itself through savings in seven-and-a-half years.[217] Landfills can be a source of natural gas as well, as discussed in the Waste Management section.

Municipal utilities

Local governments that control utilities should provide their customers with clean energy. A utility can promote renewable generation in a number of ways, starting with simply investing in it instead of other generation sources. Municipal utilities may be able to develop utility-scale wind or solar, or they may purchase clean generation capacity.

San Antonio's municipal utility recently entered into a 25-year power-purchase agreement for a 400-megawatt solar array to provide electricity for 70,000 households, or around 10 percent of total customers. The city further leveraged this investment to include investment in local manufacturing of solar components and created around 800 new jobs, bringing in an estimated $700 million annually for the city.[218]

Another option for city-controlled utilities is the feed-in tariff, or FIT. Cities that have the capacity to do so should adopt FITs to allow energy producers of different sizes to sell renewable energy back to the grid at a production cost-based price, varying according to the production technology implemented. Efficiently operated projects are thus guaranteed a rate of return, spurring investment.

Gainesville, Florida, has enacted a FIT at the municipal utility that mimics many of the features of the most successful European programs. The tariff is based on the cost to generate the renewable energy plus a 5 percent to 6 percent return, incentivizing businesses and residents to install renewable generation capacity.[219] The program is currently fully subscribed.

Power-purchase agreements, or PPAs, are another tool local governments should use to support renewable-energy generation. Under a PPA, energy buyers such as a municipal utility contract with an energy supplier to buy power at a certain price for a certain amount of time. This means that renewable energy can be purchased for a guaranteed price, and the energy provider has guaranteed revenue, allowing them the certainty needed to invest in large-scale renewable-generation projects. This model is also scalable to smaller rooftop distributed generation. Municipal utilities can offer PPAs to their customers who want to increase renewable generation in the community.

Many of the most innovative renewable energy and energy-efficiency programs are run by municipal utilities. As they are under the control of the municipality's political leadership, they are more likely to be partners in addressing a city's clean energy goals. Investor-owned utilities are inherently guided by profit motives—and they profit by selling energy—and thus may not be as willing to invest in energy-efficiency or renewable-generation programs.

In some places municipalities without a municipally owned utility are considering creating one or buying the existing one. Boulder, Colorado, is currently pursuing the creation of a municipal utility and the acquisition of some of Xcel Energy's assets, and Jefferson County, Washington, will transition to a newly acquired public utility in 2013.[220]

Many of the most innovative renewable energy and energy-efficiency programs are run by municipal utilities.

Reduce barriers and implement enabling policies

Many policies can increase renewable-energy generation in the private sector. A city can provide education and training, and it can connect project developers with financing, trained installers, and bulk-buy programs. Where city permitting and regulations are involved, expedited or preferential processing can be given to those with renewable-generation components. A city should also comprehensively review building codes, siting ordinances, and zoning regulations for obstacles to renewable generation.

Madison, Wisconsin, went as far as to require that streets in new subdivisions be oriented such that solar access is maximized for new construction.[221] City staff are trained on renewable technologies so that permitting goes smoothly, and the city offers technical assistance to businesses and residents wanting to install renewable generation.

Cities should make it easy for residents to buy renewable energy. While still using existing utilities for transmission and distribution, community choice aggregation—where municipalities aggregate consumers who wish to purchase renewable energy and then bid on their behalf—can provide easier access to this renewable generation. Oak Park, Illinois, negotiated to provide residents with 100 percent renewable energy at a rate 25 percent cheaper than what the existing utility offered. Currently, 20,000 accounts are purchasing 171,000-megawatt hours of wind power.[222]

Because the up-front cost of installing renewable generation can be too high for some in the commercial and residential sector, an attractive and relatively straightforward option is to create a lending program. This can either be a government-

operated revolving loan fund, where loan repayments are then re-loaned in turn, or in conjunction with a lender such as a bank, community development financial institution, or credit union. The partnerships with financial institutions are frequently backed with credit enhancements to make the terms more appealing for borrowers and lending partners and to encourage them to lend to lower-income or lower-credit scoring individuals.

Property Assessed Clean Energy, or PACE, (see also the Value Capture and Energy Efficiency sections) is a financing mechanism that has seen significant interest recently. A clean-energy improvement, either renewable or energy efficiency, is treated by the city in the same way as a sidewalk improvement would be treated. It is an assessment to be repaid via a municipal bill, usually the property tax, and is collateralized in the same way. In this way it stays with the property in the event of a sale, and bill-payment history can be considered as an underwriting criteria.

For the residential market this mechanism has unfortunately encountered some regulatory difficulty at the federal level, but it remains viable for commercial properties, and new programs are appearing at a rapid pace. Edina, Minnesota, recently launched a commercial PACE program that has already resulted in the installation of new solar-photovoltaic systems. It partners private finance and local bonding authority with local businesses.[223]

The purchase of renewable technology becomes significantly cheaper at large scale—equivalent to purchasing at wholesale price. This aggregation also reduces the hassle of finding systems and installers for the end-owner. Cities, other jurisdictions, utilities, community groups, or for-profit entities can create bulk-buy programs for either their own buildings, commercial buildings, or residences, which aggregates the purchasing.

The model was pioneered in Portland, Oregon with the Solarize Portland program, where the city assists neighborhood associations and other organizations with program design, finding contractors, and marketing to participants. Since 2009, the program has purchased 600 solar installations.[224]

Smart grid

Background

The electric grid—a huge, complex power distribution system—is in many ways woefully out of date and increasingly unreliable, especially now that climate

change means more severe weather events. The grid, which was built to move electricity from large, traditional power-generation plants that operate primarily on fossil fuels, is a one-way system—taking energy from these plants to end users.

Electric usage has traditionally been metered via a system that required a person to walk to the meter and read it. This system was not designed to be readable by customers, however, and it did not provide feedback on power usage or offer any incentive to conserve energy.

Another problem is that the current grid is sensitive to spikes in demand, and a failure in one place can quickly cascade across the system, as the Northeast United States found out in 2003. In some places grid operators only know that there is a power outage when a customer calls.

The grid is also "unfriendly" to renewable power generation, which tends to be intermittent—available when the sun shines or wind blows. Because generation needs to closely match demand, the grid can have trouble distributing renewable energy.

The proposed solution to the grid's problems is to make it "smart"—to upgrade power plants, transmission lines, electric meters, and appliances so that they can communicate with each other and with the grid managers to provide information about supply, demand, and power interruptions.[225] While the smart grid is primarily a federal, state, and utility venture, local governments are certainly affected and may have a more central role, especially if they control a municipal utility. The American Recovery and Reinvestment Act also contained significant funding for smart grid projects,[226] and many local governments formed or joined partnerships to take advantage of those grants.

Basic smart grid

The smart grid's basic premise is that rather than simply transmitting energy one way, the grid should transmit both energy and information in both directions. And it should be able to adjust to multiple sources of generation not just large power plants. This requires upgrades to multiple components of the grid, including adding sensors to transmission lines to help sense outages and smart meters that can be read electronically from afar.

This increase in information will both help prevent blackouts and help recover from them by isolating the problems and automatically rerouting power. It will also allow utilities to manage demand and incentivize consumers to reduce their energy use during high-demand times. This can be accomplished by managing when customer's appliances run, which can reduce the cost of generation, or by charging "time of use" rates, which better reflect the actual cost of power at any given time. A further benefit is providing consumers with more information about their power usage, which can promote energy efficiency.

An upgraded grid can more easily accommodate renewable energy, too, by helping to vary demand as well as supply. Grid managers currently can only vary supply effectively.[227]

Finally, evidence shows that smart grids are good for businesses and the economy because they offer companies a way to better manage their energy costs.[228] A fully developed smart grid should realize economic benefit from increased renewable-energy production as well.

A fully developed smart grid should realize economic benefit from increased renewable-energy production as well.

Critics, however, argue that the technology is relatively new and untested, that the information gathered—in most cases by private utility companies—raises privacy concerns, and that full implementation, and thus realization of the full benefits, relies not just on smart grids and meters but also on appliances and consumer behavior and choices.

Cost is a concern as well. Xcel Energy's SmartGridCity pilot in Boulder, Colorado, cost $45 million more than anticipated, and residents have yet to see much value from the project.[229]

The smart meter portion of smart-grid projects, which has been a focus of implementation, has the capacity to save utilities significant amounts of money, partly in the form of avoided travel costs since the new meters can be read remotely. The Salt River Project in Tempe, Arizona, has avoided at least 1.3 million driving miles and saved 135,000 gallons of fuel. It has also saved almost 250,000 labor hours,[230] which is another point of criticism. Unions in particular are concerned that the mechanization involved in the smart grid means fewer jobs for their members.

Tallahassee, Florida, has installed smart meters for electric, gas, and water utilities and is developing a smart grid around them.[231]

Beyond the basics

In its full implementation, the smart grid would include not just power generation, transmission, and metering systems but also all appliances and distributed generation in residences, including electric cars. It would optimize when certain appliances are run to help balance generation with demand, use batteries or electric vehicles to store renewable generation, and help households both use less and be more efficient in their use of electricity. This would, in general, save consumers money as well.

Austin, Texas, through its municipal utility Austin Energy, has the first fully deployed smart grid in the nation. The first phase of the project was completed in 2009 and included the infrastructure needed to monitor and manage the creation, delivery, and consumption of customers' energy, at a cost of $150 million. The next phase of implementation, called the Pecan Street Project,[232] focuses on how to better integrate and promote distributed renewable generation and electric vehicles into the grid.[233] It also emphasizes demand management through energy efficiency and technology—including the capacity to shed 90 megawatts of demand via remote-controlled thermostats.[234]

Pecan Street is studying how to get the most out of a smart grid both for the utility and the customers. Their research includes looking at:

- Distributed-energy generation, especially solar photovoltaic panels
- Energy storage and advanced battery technology
- Integrating smart irrigation systems
- Smart appliances
- Electric vehicles
- High-performance building techniques
- Ways to price electricity to promote conservation[235]

The Sacramento Municipal Utility District in California is also implementing a smart grid project, which includes a goal of promoting net-zero[236] homes and businesses.[237] Fort Collins, Colorado, is piloting a smart grid as part of FortZED,[238] a net-zero energy district in the city's downtown. This project will incorporate a wide range of distributed-energy generation technologies.

Local governments, especially those with municipal utilities, should consider investing in smart grid advances to facilitate energy conservation and renewable generation.

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Raise wage and benefit standards

Introduction

All jobs are not created equal. To workers, the difference between jobs with low wages, few benefits, and unsafe working conditions, and jobs with decent wages, decent health care and pension benefits, and safe and healthy working conditions is clear.

The distinction is clear for cities as well. Low-road firms leave many workers still in poverty,[1] requiring public support for their health care and other basic needs. They also lower standards across the whole region, discouraging working training, unionization, and local reinvestment. Alternatively, when more firms move onto the high-road,[2] the entire community benefits: More workers are able to attain stability through middle-class wages and the opportunity to develop skills to move up career ladders; and more firms develop the capacity to compete on quality and innovation, which are essential for long-term success, instead of low costs.

Cities should do everything in their power to:

- Support existing high-road firms
- Help as many local businesses as possible transition to the high-road
- Discourage all firms from pursuing the low road

This involves two separate tasks. First, municipalities need to supply firms already on or transitioning to the high road with the public goods needed to support high-road strategies. Policies and programs to do that are outlined in a number of sections of this report. Second, cities also need to raise minimum job standards in order to discourage low-roading. That is the focus of this section.

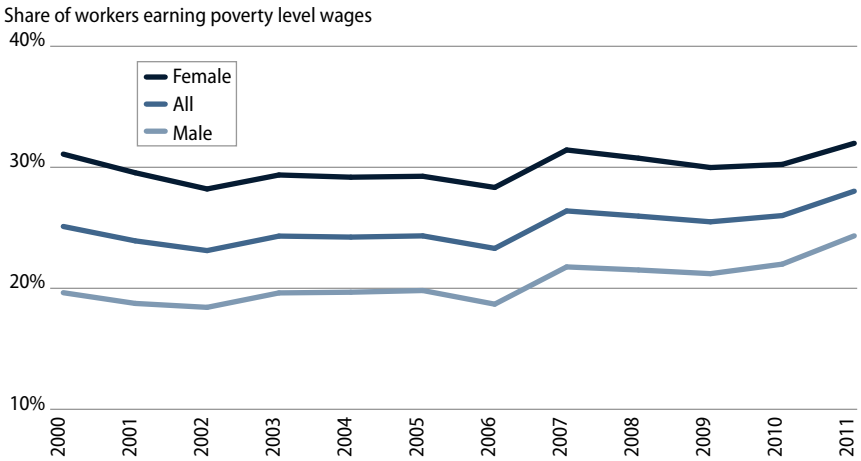
Cities essentially face a choice. They can keep standards low to encourage any kind of job creation. But this will effectively mean subsidizing low-wage employment by having to use public resources to deal with the consequences of a low-wage, low-skill,

and low-productivity economy. Or they can move to close the low road and dedicate those resources to providing the social supports necessary for high-road production, creating more middle-class jobs and a thriving local or regional economy.

FIGURE 6

Workers at the bottom of the labor market

The poverty-level hourly wage was $11.06 in 2011



Source: The State of Working America 12th edition.

There is no evidence that raising job standards kills jobs or in any way hurts local or regional economic performance. Whether the issue is raising the minimum wage,[3] implementing or extending prevailing or living-wage laws, or ensuring that all workers are provided with basic health care and paid leave protection, the economic data is clear: Jobs are not destroyed, employer profits do not decline, and regions with high standards do not suffer disinvestment.

These same arguments are put forth anytime a municipality tries to improve local job quality, but there is no real evidence to support them. Once standards have been raised and the feared negative consequences fail to appear, most affected employers come to support new standards.

Progressive cities and metro areas also recognize the importance of strong, competent unions to high-road economic development. Local government can set overall minimum standards but unions operating at the firm or industry level are the best agents for mobilizing worker commitment, skill development, and productivity and for making sure the benefits of the high-road economy are shared equitably.

Policies to raise and enforce job standards would ideally apply to all firms and workers in a municipality. But states differ in the amount of authority municipalities are allowed to exercise in setting communitywide employment standards. This has led many cities and counties to use their authority as businesses that buy goods and services, and as providers of subsidies, tax breaks, and other economic-development assistance, to promote reasonable job standards as widely as possible.

Communitywide wage and benefit standards

Background

While the federal government and states have historically been the key players in setting minimum job standards, those standards are shockingly low in too many cases. The current federal minimum wage of $7.25 per hour is too low to support even a single worker, much less a family. Adjusted for inflation, the federal minimum wage is now more than $3 below its 1968 level, even though current minimum-wage workers are, on average, older and have more work experience than 40 years ago.[4] Nineteen states now have state minimum-wage rates higher than the federal rate but only one, the state of Washington, has a state minimum wage above $9.00 per hour.

Another issue is that almost 50 million Americans have no health care coverage, including 15 million full-time workers and another 13 million part-time workers.[5] The United States is one of the few countries worldwide that does not require employers to provide paid sick days, to cover minor illnesses like the flu, or offer paid sick leave to cover more serious illnesses requiring significant time off work.[6] As a result, nearly 40 percent of the 100-million private-sector workers in the United States do not have access to paid sick leave.[7] And a study by the Congressional Joint Economic Committee found that 73 percent of food service workers have no paid sick days at all.[8]

Raising wages and benefits for the lowest-paid workers is one of the simplest, most effective, and most popular ways to both improve the lives of the working poor and grow the local economy. Raising local minimum wages and benefits helps both those earning the minimum and those making a few dollars more, who typically also see pay increases as employers shift wage scales upward. Because wage standards set a level playing field, firms that provide good wages and benefits are not so easily undercut by low-road competitors, encouraging an overall shift to higher-wage, higher-productivity jobs. Finally, virtually all polling data suggests that at least two-thirds of Americans are in favor of raising wages for the lowest-paid Americans.[9]

Minimum wage

Court rulings have made clear that cities with "home-rule" authority in the states of California, Maryland, and New Mexico have the power to set local

minimum wages. A number of states have conversely passed laws that explicitly outlaw municipal minimum-wage laws.[10] But in most states, the question of whether localities have the power to set citywide or countywide minimum-wage rates is not determined.[11]

San Jose, California, became the sixth U.S. city with a municipal minimum-wage law when voters approved a referendum in November 2012 setting the minimum-wage rate in the city at $10 per hour in 2013 and indexing it to inflation thereafter.[12] It is estimated the law will increase pay for almost 20 percent of the workforce in San Jose—nearly 70,000 people.[13] San Jose joins San Francisco[14] and Santa Fe, New Mexico,[15] as municipalities with a minimum wage of at least $10 per hour in 2013 and indexed to inflation. Albuquerque, New Mexico, voters recently approved an increase in the city's minimum wage to $8.50 and tied future increases to inflation.[16]

In contrast, Baltimore—with a $7.25-per-hour minimum wage[17]—and Washington, D.C.—with a minimum wage of $8.25 per hour[18]—have low minimums that are not indexed.

A $12 to $15-per-hour minimum wage indexed to inflation would restore lost purchasing power to low-wage workers, bring dignity back to low-wage work by allowing the men and women who do it to earn enough to support themselves and restore the historical relationship between minimum wages and average wages in the economy. Because the regional cost of living varies, municipalities could alternatively set their minimum wage to a multiplier of the current federal minimum wage—150 percent—or as a percentage—50 percent—of the average U.S. wage. We should note that there are proposals at the federal level to raise the federal minimum wage to $10-per-hour, which, if successful, could shift the focus of city policy to other wage and benefit standards.

Whole categories of workers are also excluded from coverage under the federal minimum-wage law and many state minimum-wage laws, which only increase the number of working people living in poverty and set an even lower floor for private employers. Municipalities passing local minimum-wage ordinances should keep the number of workers excluded to an absolute minimum.

Paid leave

Everyone gets sick. When they do, the Centers for Disease Control and Prevention and most health professionals recommend that people stay home. But too many working people are faced with a terrible choice when they or a family member gets sick: stay home and suffer income loss and negative fallout at work or go to work and send the kids to school sick. Aside from the toll this takes on workers and families, it is an absurd public-health situation.

While employers do incur costs in providing paid leave, these costs are typically much lower than anticipated because most workers use only two to three days of sick leave per year.[19] Studies of sick leave policies have instead found *net benefits* to employers through savings in increased productivity, lower employee turnover, and reduced transmission of illness.[20] Insurers and families also save when family leave allows elderly or infirm adults to receive care from family members at home instead of requiring expensive nursing-home care. A survey of San Francisco employers conducted more than three years after the paid leave law went into effect found more than two-thirds supported the law.[21]

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In September 2011 Seattle[22] joined San Francisco[23] and Washington, D.C.,[24] in becoming the third U.S. city to require businesses to provide paid sick leave to employees. In both Seattle and San Francisco, workers accrue paid leave on the basis of hours worked: 1 hour of paid leave for each 30 hours to 40 hours of work. Employees can accrue from 40 hours to 72 hours of paid sick leave per year depending on employer size. These cities also established the provision of paid safe leave to victims of sexual assault, domestic violence, or stalking.

Sick- and safe-leave campaigns are currently underway in a number of other cities, including New York City[25] and Miami.[26] Yet there have also been setbacks. In Philadelphia the mayor vetoed a comprehensive paid sick leave ordinance. But the city council then approved amending its living-wage ordinance to provide paid sick days to workers covered under that law,[27] joining a number of other cities, including Los Angeles and San Diego, that require paid sick and safe leave as a component of a living-wage law.

In Denver a paid sick leave referendum was defeated in 2011 in the wake of strong opposition from the restaurant lobby.[28] And in Milwaukee voters overwhelmingly passed a referendum providing paid sick and safe leave in 2008, but it was later nullified by a state law prohibiting local municipalities from enacting such mandates.

Providing and enforcing minimum job standards

In addition to ensuring the payment of adequate base wages, benefits, and paid leave, local ordinances should ensure the maintenance of other minimum job standards. Cities and counties should use their authority to promote as widely as possible:

- The payment of overtime wages at least 150 percent of base wages for all hours more than 8 per day or 40 per week
- The provision of affordable employee health insurance
- Strict limits on employers' ability to withhold wages earned
- Appropriate employee working conditions

Cities should also make sure workers receive the wages and benefits they are entitled to by passing a wage-theft ordinance. Recent studies have identified wage theft—the failure of employers to pay workers wages and benefits they have already earned—as a huge problem in U.S. cities.[29] Miami-Dade County passed the first local ordinance specifically directed at wage theft in 2010,[30] and since then a number of other communities have followed.

A model wage theft ordinance would:

- Ensure workers are paid for all hours worked
- Guarantee that workers can collect from their employers
- Stop independent contractor misclassification and hold subcontracting employers accountable
- Raise the cost to employers for violating the law
- Make government agencies effective enforcers of the law
- Protect workers from retaliation

Raising job standards via government contracting, procurement, and service provision

Background

The average American city currently works with private contractors to perform 23 out of 65 basic municipal services.[31] Contracting is not inherently bad, but local governments should be careful to do so in a high-road way.

As more cities hire private contractors to manage parking garages, road maintenance, toll systems, jail facilities—and in the case of Sandy Springs, Georgia,[32] *all* government services except public safety—evaluating the use of private contractors and developing coherent contracting standards becomes more urgent.

Without appropriate oversight and legislation, contracting can result in:

- Conflicts of interest
- Less control and less oversight of government over service delivery
- Citizen dissatisfaction
- A race to the bottom as contractors cut wages, refuse to provide health insurance or paid time off, or otherwise lower job standards as they try to become the lowest bidder for a particular contract[33]
- Difficulties with performance assessment when service indicators and cost-benefit evaluations are not standardized, meaning cities are not able to accurately measure a contractor's performance

These drawbacks suggest that cities need to be selective in choosing which services to contract out. The need for specialized skills for a short-term project, for example, would be a legitimate reason to contract. Cities also need to develop management skills so that they can oversee third-party service delivery. This will ensure both proper service delivery and that contracts strengthen local labor markets and promote high-road outcomes.

Restrictions on privatization and right of first refusal

Government services are generally outsourced to contractors to save money, to take advantage of a firm's specialized expertise, or to reduce red tape. But there is no guarantee that privatization will deliver on any of these claims. A nationwide Council of State Governments survey found that many state agency directors had no idea if or how privatization had saved their offices money. Where data was available, the survey concluded that cost savings ranged from none at all to less than 5 percent.[34] Other studies have suggested that contracting out services either increased costs,[35] or, at best, saved government units little or nothing.[36] Meanwhile, anecdotal examples of private contracts that resulted in massive cost overruns and/or reduction in quality are legion.[37]

Instead of automatically accepting the argument that private contractors provide goods and services more cheaply and efficiently, local governments should approach privatization with a critical eye. Careful cost-benefit analysis of privatization versus in-house service delivery is an essential first step.

Local governments should adopt legislation similar to New York City's Outsourcing Accountability Act,[38] which strengthens existing law by increasing city agencies' use of cost-benefit analyses prior to privately contracting for services. The act also requires that city agencies publish a contracting plan at the beginning of each fiscal year, giving both city workers and private contractors more time to prepare quality bids. The legislation is not meant to quash private contracting, on which the city spent nearly $10 billion in FY 2010, but to ensure that outsourced services address the city's best interests.[39]

Cities should also consider conducting an initial analysis and periodic reviews of contracted services. The Austin City Council recently ordered a comprehensive report on how many private contractors perform city services and whether city employees could perform those duties more effectively.[40] Council Member Bill Spelman noted that although using private contractors may seem more cost effective, hiring private contractors often comes with hidden costs. According to Spelman:

> *At least some substantial portion of this [cost savings] is not really a difference because we're going to end up paying for the contractors' health problems anyway [if they go to the hospital without health insurance.] And at some point we'll probably have to pay more because their wages are so low they won't be able to pay for saving for retirement.*[41]

In the long run, Spelman argued that hiring city employees and paying them a living wage plus benefits would actually save the city money.

Best-value contracting

When cost-benefit analysis demonstrates that contracting for services makes sense in a given context, cities should employ best-value contracting.[42] With best-value contracting, or BVC, when government entities solicit bids for project design, construction, management, or services, selection is based not simply on the lowest bid but also on the bid that is the best value in terms of both cost *and* the qualifications of the bidder.

Under BVC, requests for proposals, or RFPs, ask for information on a variety of factors, including past adherence to labor and safety standards, wages and benefits provided to workers, use of apprenticeship programs, certifications—LEED construction, for example—and the contractor's performance under previous contracts.[43] Under the BVC process, applicants typically receive points for their responses to these questions; the bidder with the highest number of points overall is awarded the bid. Cities can choose which factors to consider in making an informed, holistic decision about privatizing services.

Madison, Wisconsin has had a best-value contracting ordinance in place since 2008.[44] The ordinance requires the selection process for contracts over a certain dollar amount take into account wages paid, diversity of the workforce, and the existence of apprenticeship positions. And because the city recognizes that the BVC bidding process can be onerous, contractors who demonstrate that they meet the requirements of the ordinance may be "prequalified" to bid on future projects.

The Los Angeles Community Redevelopment Agency incorporates wage and benefit requirements into its BVC practices for projects valued at more than $50,000. It requires contractors to pay fair wages and benefits to workers in the belief that adequately trained and compensated workers perform better. Fair benefits include "employer-paid family health care coverage, pension benefits, and apprenticeship programs." Wage and benefit levels vary according to the nature of the project—residential or commercial and public or private—comparable job and trade classifications, and the scope and complexity of the services provided.

Beyond labor standards, the BVC system can also be used to ensure that government projects are built using contractors with a history of good environmental practice. Criteria that cities should consider include the contractor's history of conformance to environmental laws and regulations, as well as their plans for the protection of the construction site's flora and fauna, for controlling air and water pollution, and for construction and demolition waste disposal.[45]

Beyond labor standards, the BVC system can also be used to ensure that government projects are built using contractors with a history of good environmental practice.

Contract labor standards

Besides or in addition to BVC, labor conditions on publicly funded, privately executed projects can be improved through contract labor standards.[46] Contract labor standards may be separately negotiated with each private contractor or, for ease and

fairness, put in place through city ordinances. Some of the goals that cities should consider when establishing or negotiating contract labor standards include:

- Payment of prevailing or living wages, benefits, and paid leave
- Apprenticeship utilization requirements—for example, 10 percent of the workforce hired from apprenticeship programs
- Community hire requirements—for example, that a certain percentage of hours worked on a project will be supplied by workers who live close to the job site
- Encouraging or requiring first-source hiring, where private firms agree to work with agencies that train and screen local and low-income residents for their hiring needs[47]
- Setting aside funding for relevant job-training efforts at local technical schools and colleges

Prevailing and living-wage ordinances

Prevailing-wage laws require city contractors and other firms in business relationships with a city or benefiting from city policies to pay the local prevailing wage for a particular occupation—often union scale.[48] Unlike minimum wages, prevailing wages vary by occupation, based on what other employees doing similar work in that community are paid.

Prevailing-wage laws ensure that municipal contractors, employers on publicly subsidized projects, and firms that provide services to buildings in which the city leases space emulate the better employers in their field, rather than race to the bottom.[49] Contrary to right-wing propaganda, prevailing-wage laws do not have a major impact on government contracting costs but do provide social benefits from higher wages and better workplace safety, increased government revenues, and increased overall workforce skill levels. [50]

For workers in occupations not covered by a prevailing wage, living-wage provisions at least allow cities to set reasonable minimum wages and benefits. Living-wage ordinances, which are now in place in more than 100 U.S. cities,[51] have been shown to raise productivity, reduce employee turnover, and help mostly adults working full time not teenagers or part-timers.[52]

The recently enacted prevailing and living-wage ordinance in Jersey City, New Jersey, is a model of combining the strongest features of prevailing and living-wage laws. The

ordinance sets the standard for wages, benefits, and paid leave for janitors, security officers, and clerical and food service workers employed by city contractors, firms that receive tax breaks from the city, and firms that provide services to buildings that the city owns or where it leases space. The wages are tied to the local prevailing wage as established by collective bargaining—when a collective bargaining agreement for similar workers covering at least 200 workers exists—or to 150 percent of the federal minimum wage, where such a collective bargaining agreement does not exist.[53]

Unlike many living-wage ordinances, the Jersey City law applies to part-time as well as full-time workers.

Displaced worker protections

As cities continue to feel the financial squeeze, some have opted to subcontract municipal services to private firms explicitly to save money. Cleaning and other property management services are particularly subject to cities' efforts to find low-cost private contractors even though this often leads to lower job standards and severe employment instability.

Employees of these contractors typically work for low wages with few benefits and risk being thrown out on the street with virtually no warning when their employers lose a contract. It is not unusual for building service workers to be let go within a day or two of the contract turning over, even though they have performed their work admirably.

When a city government determines that the city's interest is served by contracting, current employees should be given the right of first refusal to employment with the new contractor. That is, when government jobs become privatized or when one private contractor is replaced by another, employees currently working on the project should have the first opportunity to keep their jobs under the new employer. The federal government has had a right of first refusal policy in place since 2009.[54] A carryover workforce also reduces disruption in the delivery of services and eliminates the transaction costs of training new workers.

Montgomery County, Maryland, is the most recent community to enact a Displaced Worker Protection Ordinance to require new contractors to maintain the prior contractor's workforce for a 90-day transition period.[55] Jersey City, New Jersey's new prevailing and living-wage ordinance contains similar language. Existing ordinances in Washington, D.C., and other communities have been shown to allow contrac-

tors to compete on the quality of the service provided rather than low wages and to provide essential protections to service workers and their families.

One noted urban economist has shown that such ordinances have little or no negative consequences to cities or counties that enact them.[56]

High-road procurement

Cities also frequently contract with private providers to purchase goods. To prevent taxpayer money from being spent in sweatshops, many cities have enacted ordinances that require that manufacturers of goods purchased by the city adhere to wage and labor standards.[57]

San Francisco, for example, spends approximately $2.6 million annually to procure textiles for city use.[58] The city's ordinance also provides for an enforcement officer who monitors conditions in the factories where these goods are made.[59] Milwaukee's antisweatshop ordinance similarly requires that manufacturers of city uniforms pay their employees above-poverty-level wages, based on wage rates in the manufacturer's country.[60]

Acknowledging that poor labor conditions are not only found abroad, the city council in Los Angeles, known as "the sweatshop capital of the nation," adopted a "sweat free" ordinance in 2004 that monitors the city's garment factories and ensures that labor conditions meet certain standards before the city will purchase from them.[61]

Cities have also started to recognize the benefits of buying goods from local producers instead of far-flung national or international manufacturers. Policies that encourage local procurement of goods strengthen and diversify the regional economy and increase a community's self-reliance and resiliency, as long as buying from local firms is not used as an excuse to lower employment standards.

A 2007 study comparing office supply companies found that a regionally based company recirculated 33.4 percent of its profits into the local economy, compared to only 11.6 percent of an international chain's profits.[62] Further, locally produced goods travel shorter distances to their end users, thereby reducing a city's carbon footprint. And locally grown food minimizes the risk of food-borne illnesses by reducing opportunities for cross-contamination, increasing transparency in the production process, and decreasing the amount of time food spends in transit or storage.[63]

Ordinances that strictly prohibit local governments from purchasing goods manufactured outside of the locality are at risk of constitutional challenge under the interstate commerce clause.[64] To avoid this problem, many cities give local businesses some sort of advantage when competing for government contracts; one example would be awarding extra points to their bids. For such laws to be effective, however, the bid preference must be large enough to affect the outcome of procurement decisions in at least some cases.

In addition, the definition of what constitutes a "local business" must be strict enough to prevent national chains with local branches from qualifying as "local." Los Angeles's ordinance is a good example in that it both awards a fairly large bid preference of 8 percent and defines local business quite narrowly: The business must occupy building space in the geographical area required by the City Charter as evidenced by either a lease or deed and either have 50 percent of full-time employees work in the city at least 60 percent of the time, have 50 full-time employees work in the city at least 60 percent of the time, or be headquartered in the city.[65]

Strengthen ethics rules

Local governments can also take steps to ensure fairness of the bidding process by preventing city contracts from being preferentially awarded to campaign contributors. Such "pay-to-play" practices can undermine any contracting standards the city seeks to impose.

One method for addressing such concerns is via lobbyist registration requirements that compel anyone lobbying city officials to register and file regular reports on their activities, including the names of entities the lobbyist represents, the amount of money they received from each, lobbying activities, including money spent on gifts, and the names of agencies or officials lobbied. Most cities have such registration requirements in place—Portland, Oregon,[66] Indianapolis,[67] and Providence, Rhode Island's[68] ordinances are examples.

Cities should also consider financial disclosure rules, which require elected officials to file annual financial statements that allow the public to review the assets and income sources of city officials and employees for actual and potential conflicts of interest.[69]

Beyond general financial disclosure, cities may also want to adopt conflict of interest rules that mandate disclosure, or in some cases recusal, for conflicted officials,

both elected and appointed. Indeed, some states mandate that municipalities do so.[70] Most city ethics codes require both disclosure of any interest in an actual or proposed contract with the municipality and recusal or disqualification from any decision making on such a contract.[71]

Conflicts of interest should include financial or other benefits not only to city officials and their family, but also to clients, employers, and prospective employers.[72] Some local ethics laws indeed require recusal whenever an action by the official would benefit anyone with whom the official has a business or financial relationship.[73] Such ethics codes must be mandatory to have any real value and may include criminal penalties for violation if allowed by state law.

Pay-to-play ordinances—which limit the amount that businesses eligible for city contracts may contribute to political campaigns before they are prohibited from participating in city contracts at all—are another way to discourage such conflicts of interest.[74] Newark, New Jersey, and other New Jersey cities are leaders in enacting such rules.[75]

Raising job standards via economic development

Background

While the past three decades have seen many cities reverse the process of urban decay that suburbanization began, the current employment structure of cities is nothing like it was in the 1950s. Manufacturing jobs have not returned, and shopping mall and big-box retail developers continue to favor suburban locations over central cities for high-volume retail. Other types of service work, along with construction and retrofitting, have instead come to play a larger role in urban employment, particularly for workers without advanced degrees or skills.

Hospitals, universities, and other substantial community "anchors" continue to provide a wide range of jobs for workers at all skill levels. These anchor institutions need to have strong entry-level employment, training programs for community residents, and career ladders that allow employees to achieve higher-level jobs over the course of their work lives.[76]

Large urban redevelopment projects have also come to play a critical role in providing good jobs and job training to city residents. These projects provide con-

struction jobs when projects are being built and a wide range of service jobs once completed. Over the past decade, municipalities and community groups have learned to leverage zoning approval and community support for these projects by insisting they benefit the local community, as well as the developer's bottom line.

As always, cities in the United States continue to be desirable destinations for new immigrants, and immigrant communities provide much of American cities vitality, from small business owners[77] to day laborers.[78] Making employment and other community services available and accessible to new immigrants and other non-native-English speakers speeds up the process of newer residents becoming self-supporting. This is why cities need to ensure that employment and training centers, which are typically regulated by states, are comprehensive, "one-stop," and conveniently located. Regulated day-labor worker centers are also critical resources for many city residents, whether immigrant or native.

The most powerful agents for upgrading job quality are of course strong unions. Despite 60 years of declining overall union density in the United States, unions remain a vital force in many urban areas. New alliances with immigrant labor and other community groups have strengthened the collective voice of working people in New York City, Los Angeles, San Francisco, and a number of other cities.

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Community-benefits agreements

Community-benefits agreements, or CBAs, are project-specific contracts between developers and community coalitions in which the developer agrees to provide certain benefits to the community hosting a project. These include agreeing to hire a portion of the project's workers from the immediate neighborhood, to provide living-wage jobs, to give special consideration to low-income or otherwise disadvantaged residents, to provide the training that allows workers to obtain the necessary job skills, and to include public park space in exchange for community support for the project.[79]

Developers invariably require land-use approvals from the local government and often benefit from public infrastructure expenditures, government subsidies, and/or favorable tax treatment. CBAs are one way to ensure that at least some of a development's benefits flow back to the local community. And when CBA coalitions agree to support a development project, the developer and the municipality can feel confident that the project has real community support.

Los Angeles was a pioneer in developing and extending the CBA model. After the construction of the Staples Center with minimal community input in the late 1990s, which resulted in diminishing an already low quality of life for neighborhood residents,[80] community organizations and neighborhood residents created the Figueroa Corridor Coalition for Economic Justice to ensure that subsequent development of the property adjacent to the arena would bring real benefits to local residents.

The resulting 2001 agreement between the L.A. Arena Company and the community coalition provided the following employment-related benefits, in addition to a number of other community "quality-of-life" benefits:

- Fifty percent of the subsequent sports and entertainment district project's estimated 5,500 permanent jobs would be made available to local residents with preference given to those displaced by the project and low-income individuals living in the immediate neighborhood
- A commitment that 70 percent of the jobs be unionized or provide a living wage
- A commitment to abide by Los Angeles ordinances regarding worker retention, responsible contracting, and living wages
- $100,000 in seed funding from the developer for employment and pre-employment training of area residents[81]

In the past decade, model CBAs have been negotiated between developers and community coalitions in many U.S. cities, including Pittsburgh;[82] New Haven, Connecticut;[83] Denver;[84] Atlanta; and San Francisco.[85] Exemplary job-related aspects of CBAs include local and low-income hiring policies, the provision of job training, minority hiring and subcontracting targets, and union neutrality clauses. These are in addition to basic "responsible contractor" provisions, which ensure that a contractor provides fair wages, benefits, and adequate training for its workers.

Community workforce agreements and project labor agreements

Project labor agreements, or PLAs, are pre-hire agreements between project developers and building trades unions that cover the terms and conditions of employment across all workers on a construction project. Developers and local building trades unions have negotiated PLAs since the 1930s, achieving labor peace by ensuring that jobs on a development project incorporate union labor and meet prevailing job standards.

PLAs are effectively "master collective bargaining agreements" signed by all unions and employers at a construction site, including subcontractors.[86] PLAs can require set-asides to increase the number of minority contractors and workers and to require card check and/or to clear dispute resolution processes for nonunion contractors. They are a proven cost-effective tool for managing complex labor projects that promote job standards and labor peace without impairing competition or dramatically raising construction costs.[87]

Community workforce agreements, or CWAs, combine the best of community-benefits agreements and project labor agreements. CWAs are project labor agreements that also include targeted hiring provisions designed to get low-income workers into construction careers.[88] When the end user of a project is a public entity—commonly a municipality or school, transit, or sewerage district—the CWA is negotiated between the public entity, developer, and building trades unions with input and monitoring from local community groups. Unions and community groups are natural allies in promoting job access and job quality, and CWAs can ensure that job standards are enforced and that local residents get access to these jobs through targeted hiring provisions.

Los Angeles has a decade-long history of CWAs, including a number of city-sponsored projects and others funded by the school district, county, community college board, and community redevelopment agency.[89] Most recently, the LA County Metro Transit Authority and the Los Angeles/Orange County Building and Trades Council have agreed on a CWA to cover $700 million in new construction projects over the next 30 years.[90]

New York City and its building trades unions signed a five-year memorandum of understanding in 2009 covering up to $6 billion in construction projects that will create up to 30,000 new jobs.[91] And Santa Fe, New Mexico, has gone one step further and passed an ordinance requiring a CWA on any city-funded construction project of more than $500,000.[92]

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Raise needed revenue efficiently and fairly

Introduction

Local government provides the majority of basic services for daily life: streets and sidewalks; garbage and recycling removal; water, sewer, and storm water systems; public transit; public housing; police, fire, and ambulance service; parks; libraries; public health; planning and zoning; education; and much more.

But local government budgets, never particularly flush, have been hit hard in the past several years. Cities that rely on the property tax are devastated by the decreases in property value that followed the collapse of the housing market. City investments also were hit by the corresponding market crash, and revenues from city income taxes, building permit fees, and the like have all dropped. State and federal aid have been cut, and some states have added insult to injury by imposing caps on the ability of cities to raise revenue via taxes. Moreover, these decreases come as demand for government services rises, driven by stubborn unemployment rates and knock-on effects from federal and state belt-tightening.

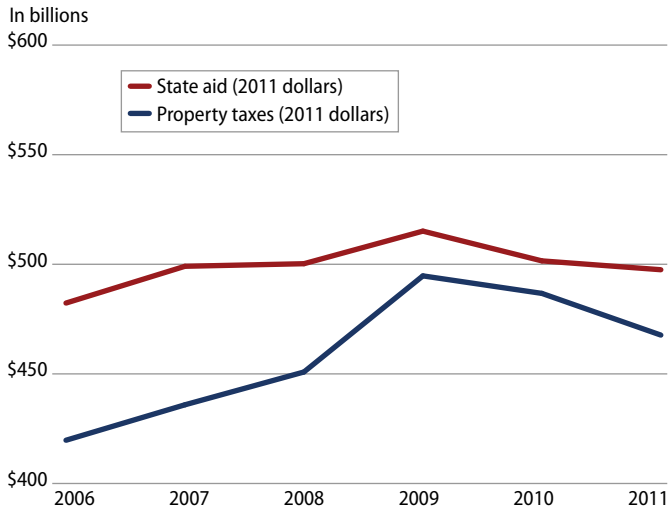
Hemmed in by state-imposed caps on revenue-raising and well-funded antitax movements, local governments have responded with deep and wide-ranging cuts to services. They have increased class sizes and shortened school days, cut city services from public safety to trash collection, and privatized or consolidated functions such as maintaining parks and handling 911 calls. They also have massively eliminated public-sector jobs, shedding nearly half a million employees—or more than 3 percent of the local government workforce—since September 2008 through layoffs and attrition.[1]

Such measures have resulted in a vicious cycle in many cities: Declining revenues result in massive cuts to public services and amenities, which pulls money out of the local economy and decreases quality of life for city residents and businesses. This causes them to flee the city, further shrinking the tax base.

Rather than cut services to the bone and send cities into a death spiral, municipalities need to figure out ways to maintain revenues, allowing them to support services and quality of life and give them resources to revitalize the local economy. While there are many things that could improve this picture at the state and federal level, they are largely beyond the scope of this document. We discuss here tools that cities can use to improve their revenue picture in a progressive way and touch on state and federal law only where relevant for understanding the limits of possible city action.

FIGURE 7

Local revenue sources



Source: U.S. Census Bureau Quarterly Summary of State & Local Taxes

Progressive municipal tax policy

Background

As noted above, the economic crisis has increased the need for housing, social services, education, and the like. As if this were not enough, cities face a looming infrastructure crisis as well. Many water, sewer, and transportation systems are 50 or more years old and need substantial investment to continue functioning. Last but certainly not least, the looming specter of global climate disruption means that cities are dealing more frequently with extreme weather events and the frequently expensive consequences that follow.

Local governments need revenue to deal with all these issues and to provide basic services to their constituents.[2] There is no question that taxes must be part of this solution. While cities are already often taxed at higher rates than surrounding areas, it is simply unrealistic to think that state or federal governments are going to significantly increase aid to cities or make aid-distribution formulas more equitable. Increased city taxes, therefore, will have to be part of the equation for municipal budgets.

But in addition to considering a range of local tax increases, municipalities should consider reforms that make the local tax system more progressive. Below are some suggested ways to accomplish both these ends without unduly burdening working families or creating an unsupportable drag on economic growth, along with some general suggestions for making municipal tax systems fairer and more efficient.

Reform the property tax

The first leg of the three-legged stool of municipal taxation—property, sales, and income—and the major source of revenue for most municipalities is the local property tax.[3] While the share of municipal revenue coming from property has diminished over time as states have introduced sales and income taxes, the property tax remains an important mechanism for funding education and other local services.

Many local governments have responded to the recent budgetary crisis by raising property tax rates across the board. Sarasota, Florida, for example—which lost nearly a third of its tax base, or $3.5 billion, over the past three years—closed its budget shortfall by increasing property rates for the first time since 2007; note that almost all states place some limit on the ability and extent to which municipalities can raise property taxes.[4]

Property taxes are regressive, though, since home values tend to represent a much larger share of income for middle- and lower-income families than for the wealthy.[5] So rather than, or in addition to, simply raising rates across the board, cities should generally make the property tax less regressive and consider changes and targeted exemptions to the tax that will soften the blow of such an increase to working families.

First, cities should limit property tax exemptions for businesses, typically given as incentives for businesses to relocate (see the sections on subsidies and small business support) or sometimes as part of tax increment financing, or TIF, districts (see Value Capture section). These shift the revenue burden onto middle-class homeowners less able to afford it.

Second, municipalities can employ carefully targeted property "tax relief" and can concomitantly avoid tax relief measures that make the system more regressive. The former includes:

- **Homestead exemptions**, which reduce property taxes for homeowners by sheltering a certain amount of a home's value from taxation. More than 40 states currently allow some form of homestead exemption. Flat dollar exemptions, the more common approach, are preferable to percentage exemptions, which for obvious reasons benefit higher-value homes and homeowners more.

- **"Circuit breakers"** offset property taxes, usually by giving a credit when a property tax bill exceeds a certain percentage of a taxpayer's income.[6] Circuit break-

ers are often funded by the state but can be set by local governments. They are usually only available to low-income homeowners—the preferred approach.[7] The County of Santa Fe, New Mexico, for instance, provides a refundable credit based on property-tax liability to all residents with gross income less than $24,000; the amount of the credit varies with income and is based on nine income brackets.[8] Monroe, Connecticut, and a number of other Connecticut towns match the state's circuit breaker credit and offer more generous income limits. The limit on the Monroe program is $60,000 for both single and married residents, while the state program caps benefits at $32,300 and $39,500, respectively.[9] Circuit breakers are an appealing form of relief in that they can be narrowly targeted to those who genuinely need relief. The disadvantage of circuit breakers is that, in general, they must be applied for, whereas homestead exemptions usually go automatically to eligible taxpayers.

- **Deferral programs** allow some homeowners—typically elderly, disabled, or low-income—to delay paying their property tax bills for a period, usually until the property is sold or the homeowner passes away. Because deferred taxes must be paid back with interest—though typically at a much lower rate than those charged on delinquent taxes—the program does not significantly affect the overall regressivity of the property tax; still, for low-income taxpayers in genuine need, deferral programs may constitute a better option than default. Norwalk, Connecticut, for instance, allows applicants to defer up to $4,000, or 50 percent of their tax due.[10]

Each of the targeted options listed above is preferable to broad-based forms of property tax relief such as caps on increases, rates, or value and to state income tax deductions, which at best leave the current system equally regressive and at worst can exacerbate its regressivity. Caps on property taxes, a popular tool of the anti-tax movement, are both poorly targeted and costly. Such caps basically amount to a state-mandated restriction on the ability of local governments to raise revenue, and while state lawmakers take credit for cutting taxes, local lawmakers are forced to make difficult decisions about which services to cut. California's infamous Proposition 13 is the classic example and has left that state with an eroding school system and a 30-year budget crisis.

Caps on property taxes, a popular tool of the anti-tax movement, are both poorly targeted and costly.

Implement payments in lieu of taxes

Another valuable reform—or supplement—to local property tax is encouraging nonprofit and other tax-exempt entities to help pay for their share of local services

via payments in lieu of taxes, or PILOTs. PILOTs are voluntary payments made by nonprofit organizations, utilities, or other units of government[11] and are not generally subject to local taxation as a substitute for property taxes.

PILOTs—or fees in lieu of taxes, or FILOTS—can be administered in variety of ways, from one-time contributions to routine annual payments; the structure is generally determined via negotiations between city staff and individual tax-exempt property owners.

While voluntary, the program aims to address the costs associated with providing city services to these properties. If a PILOT program is fair, consistent, and developed transparently in collaboration with tax-exempt property owners, it can be an effective strategy to generate compensation for city services provided to tax-exempt entities.[12]

Since 2000, at least 117 municipalities in at least 18 states have implemented some form of the PILOT program. They make the most sense in cities that rely heavily on property taxes or have a large portion of property owned by tax-exempt property owners. Large cities collecting PILOTs include Baltimore, Boston, Philadelphia, and Pittsburgh, all of which meet the above description.

Boston's building stock, for example, is comprised of 52 percent tax-exempt buildings, including 30 colleges and universities, 25 nonprofit hospitals, and more than 20 cultural facilities. In 2011 the city revised its long-standing PILOT program and set a standard level of payment for all tax-exempt institutions owning property valued at more than $15 million. The payment is based on 25 percent of the property's value, from which 50 percent may be deducted for community benefits. In the first half of FY 2012, the program generated $9.9 million, 92 percent, of the requested $10.8 million.[13]

Reform regressive taxes and fees

Where possible, localities should minimize regressive user fees on public services such as roads, public transit, and libraries (see the section on progressive pricing structures for more on user fees) and avoid out-and-out regressive taxes such as the sales tax. Many municipalities, however, already depend on revenues generated by local sales and use taxes[14] and many regressive taxes and fees such as sin taxes and the vehicle miles traveled fee contribute to broad policy goals in addition to raising revenues (see the section on sin taxes below and the section on the vehicle miles traveled fee in Pricing and User Fees).

Where elimination of the sales tax is not feasible and elimination of fees that encourage efficient use of resources is not advisable, cities can take steps to rationalize sales taxes and soften their blow to working families.

As a general matter, sales taxes should be applied as broadly as possible. One application of this principle is taxing Internet sales to the extent permitted under federal and state law. There is no particular reason to exempt Internet sales, and there are compelling reasons not to, including increased revenues and avoiding discrimination against bricks-and-mortar stores, which are more likely to be local. While federal law since the Supreme Court's *Quill Corp. v. North Dakota*[15] decision sharply limits collection of sales tax on Internet transactions—and pending much-discussed and long-delayed congressional action—states and localities have developed a number of methods for collection, including the National Governors Association's Streamlined Sales Tax Project,[16] which cut deals directly with major Internet sellers.[17] New York also launched a recent legislative effort to create a sufficient nexus to allow taxation on Internet sales.[18]

Localities should also avoid carving out special exemptions for favored industries or classes, which have the effect of distorting markets by shifting the burden to other businesses and making the tax harder to administer, as well as reducing revenues.

Localities should, however, consider creating—or in most cases maintaining—sales-tax exemptions for necessities such as groceries and medication, which lessen the impact of the sales tax on working families.[19] Despite justified objections that exemptions are hard to target properly, cause sales tax revenues to fluctuate, and are an administrative challenge, exemptions are a key way to make sales taxes less regressive. Cities may choose to put a hard ceiling on such exemptions, though such an approach risks penalizing larger families with high grocery bills, for example, as well as those purchasing luxury food items.

Examples include local exemptions from sales taxes for clothing and footwear costing less than $110 per item in some New York cities.[20] and county-by-county exemptions for food and food stamps in South Carolina.[21]

An alternative approach to exemptions is to provide a sales-tax credit, which returns a flat dollar amount for each member of a family and is available only to taxpayers with incomes below a certain threshold. These credits can be made refundable, meaning that the value of the credit does not depend on the amount of taxes a claimant pays. The Kansas food sales tax refund allows low-income Kansas taxpayers over 55 years old and any Kansan with children to claim up to $90 for each family member.[22]

Finally, in certain cases, targeted sales taxes may allow cities to levy taxes on portions of the tax base that reflect the area's economic strengths such as tourism. In the case of tourism-focused economies, this shifts some of the tax burden off residents and on to visitors or other nonresidents who benefit from city infrastructure and services. In Montana, for instance, communities of under 5,500 that meet specific resort qualifications, including Whitefish, Big Sky, and West Yellowstone, charge resort taxes—a type of local option sales tax—to manage wear and tear on local infrastructure without overburdening citizens.[23]

Target sin taxes

Sin taxes are essentially a form of sales tax, though they are typically calculated on a per-unit basis rather than as a percentage of sales price. They are an excise tax on certain disfavored goods and activities, usually alcohol, tobacco, and gambling, though sugar-sweetened beverages have recently been added to the list.[24] Driven by the dual pressures of budgetary shortfalls and the anti-tax movement, sin taxes—particularly those on tobacco products—have in recent years been an increasingly popular way to goose state and local revenues. Such taxes are seen as particularly politically salable due to both their narrow base and their effectiveness in discouraging undesirable and socially costly behavior such as smoking, drinking, and gambling.

Sin taxes, similar to other sales taxes, are regressive by nature. Indeed, they tend to be even more regressive than other forms of sales tax because they are unrelated to the price of the item purchased—so the excise tax paid on premium wine, beer, and cigarettes is the same as that paid on less expensive brands. They are also regressive because lower-income individuals tend to consume greater quantities of disfavored goods, especially tobacco and sugar-sweetened beverages.[25] So while there is good evidence that higher taxes on unhealthy products do in fact discourage use,[26] the fact remains that the majority of smokers and soda drinkers will continue to use the taxed products despite higher taxes, and low-income people will bear the brunt of the tax.

For that reason, cities should be hesitant—much more hesitant than they have heretofore been—of relying too heavily on sin taxes. Cities nevertheless may consider implementing regressive taxes when they create other policy benefits, in addition to raising revenue. If a regressive tax sends signals for behavior that is better for the individual paying the tax and society—as in the case of sin taxes—then the idea should not be discarded outright.

On the other hand, as noted above, cities have been increasingly turning to regressive fees and taxes as a politically expedient way to make up for lost revenues. We do not support thoughtless, politically motivated rate hikes that disproportionately burden the nonvoting poor. Cities should thus avoid regressive taxes and fees that do not encourage a policy goal or benefit society, or worse yet, that punish good decisions—as in the case of raising transit fees.

To the extent that municipalities do employ sin taxes as a revenue measure, they should consider shifting to a percentage-based rather than unit-based calculation to ameliorate the inequity noted above. Chicago charges an excise tax to sellers of 3 percent for bottled soft drinks and 9 percent for fountain drinks, as opposed to Richmond, California, which charges buyers $0.01 per ounce.[27]

Institute a progressive city income tax

Another revenue source cities should consider, where permitted by state law, is instituting a progressive city income tax. Seventeen states and the District of Columbia currently allow cities, counties, and municipalities to levy their own separate individual income taxes in addition to state income taxes.[28]

Local income taxes can appear as wage taxes, income taxes, payroll taxes, local services taxes, and occupational privilege taxes. They are generally paid by the employee but withheld by the employer, although in some cases, such as in San Francisco and Portland, Oregon), they are paid directly by the employer. Some are imposed as a percentage of salaries or wages, while others are stated as a percentage of federal or state tax, and still others are flat amounts charged to all workers. The burden of compliance can be made extremely low by having residents pay their local income tax when they file their state income tax, as they do in Maryland and New York City.

Rather than set local income taxes at a flat rate, as do most jurisdictions, cities should create a graduated progressive rate schedule similar to the federal system. New York City, for instance, has five tax brackets with rates ranging from 2.907 percent to 3.648 percent. These rates kick in at different income levels depending on filing status.[29] Washington, D.C.—admittedly something of a *sui generis* case because of its status as a federal district—recently increased the marginal income tax rate on those making over $350,000 a year from 8.5 percent to 8.95 percent, which will raise an estimated $106 million in revenue over the next four years.[30]

Another revenue source cities should consider, where permitted by state law, is instituting a progressive city income tax.

To make flat-rate municipal income taxes more progressive, cities can offer large standard deductions or exemptions. Or localities may offer working families credits that have the effect of making the rate structure more progressive. New York City, for example, offers a child and dependent care credit, a school tax credit, and a city-level earned income tax credit, discussed in more detail below. All are means-tested, meaning they are only available to lower-income families.[31] Cities should avoid offering itemized deductions, which tend to favor the wealthy, or allowing deduction of federal and state income taxes from city taxable income, which do the same. And cities should tax capital gains and interest income at the same rate as regular income, avoiding the massive giveaway to the ultra-rich that the federal capital gains tax break, for instance, entails.

Cities with income taxes should consider creation of a city- or county-level earned income tax credit, or EITC, to support working families and, in some cases, further leverage available federal funds. EITCs are refundable tax credits available to low- and middle-income individuals to offset taxes paid on wages. At the federal level, the EITC is an important poverty-reduction tool—it kept 5.4 million people out of poverty in 2010.[32] Localities that have experimented with this option include Denver, San Francisco,[33] New York City,[34] and Montgomery County, Maryland.[35]

New York City's EITC, for instance, is calculated as 5 percent of the federal credit. In tax year 2007, 865,341 families claimed $87 million from the New York City EITC. Montgomery County, a large suburban county neighboring the District of Columbia, enacted a refundable EITC in 1999 to help offset the high cost of living for a large number of low-income working families in the jurisdiction. Eligible families that file for the EITC receive a county credit equal to the state's refundable credit. During tax year 2003, more than 18,000 checks were mailed to eligible county residents.[36]

San Francisco's working families credit, or WFC, launched in 2005 and provides a local match—10 percent in 2005—to the federal EITC for families with children. The WFC is funded through a public-private partnership that draws on corporate dollars and philanthropic contributions, as well as public funds. In 2005 the WFC provided an extra $220 on average to the city's working families.[37]

Cities without a city-level income tax have in some cases used federal dollars to fund a city-level EITC. Denver, for example, has no city income tax and in 2002 became the first city in the nation to offer a city earned income-tax credit funded with federal Temporary Assistance for Needy Families, or TANF dollars. The city took $5 million from its share of the state TANF allocation to provide a credit

equal to 20 percent of a family's federal EITC award in the prior year. Available only to workers with children, the city EITC ran as high as $778 for a family.

By piggybacking on the eligibility information already provided in the federal EITC application, Denver was able to reduce the overhead of administering these TANF funds from 20 percent to 1 percent and to reduce the time it takes a low-income working family to apply for these funds from several hours to a few minutes, thereby increasing the participation rate by more than 600 percent.[38] State legislation was unfortunately passed in 2009 requiring counties to return a portion of TANF reserves to the state;[39] this effectively ensures that county reserves will never be sufficient to fund a local EITC in any county through TANF.

Another advantage of local income taxes is that, unlike property taxes, they can also be applied to nonresidents who use the community's roads, water, sewer, and so forth but pay no taxes into the community as a result of living outside of the municipality.[40] In this form of commuter tax, cities often impose a slightly lower rate on nonresidents than residents. In Maryland, for example, county and city income taxes range from 1.25 percent to 3.2 percent, but nonresidents pay a uniform rate statewide set at the lowest county rate of 1.25 percent. Philadelphia has a 3.928 percent wage tax on residents and a 3.4985 percent tax on nonresidents for wages earned in the city as of July 2010.

Finally, municipalities should consider enacting a business income tax. While many municipalities impose a business licensing fee or the equivalent on businesses operating within the jurisdiction, relatively few impose city- or county-level taxes on business income. Both are good sources of revenue, but a local corporate income tax has the advantage of drawing more from the largest businesses. The impact on small businesses can be lessened and the system made more progressive by offering large exemptions—for example, all revenues up to $50,000. Multnomah County, Oregon, where Portland is located, imposes a corporate income tax of 1.45 percent but exempts businesses grossing less than $50,000.[41]

Value-capture strategies

Background

In addition to broad-based revenue measures, cities can use a variety of more targeted tools to generate revenue in an equitable and sustainable way. Large public

infrastructure investments, for instance, can substantially increase the value of adjacent land. Improvements to transportation, schools, and quality of life play an important role in location choices made by employers, employees, and the public. Capturing and monetizing the value of this benefit is a smart way to generate revenue for operations and maintenance of the facility or construction funding for new infrastructure.

Value capture essentially means capturing the increase in property value that flows from a public investment. There are a number of important considerations to address in applying such measures: How do cities best measure the value of the benefit of new infrastructure? What tax rate should be applied? How stable is the revenue? Is a particular value-capture tool appropriate in a particular community? Still, value-capture techniques provide excellent opportunities for cities to generate revenue directly from those who benefit from public infrastructure.

Value capture essentially means capturing the increase in property value that flows from a public investment.

When used wisely, the value-capture strategies described below can allow cities to generate revenues from assets that would otherwise benefit private entities for free.

Smart use of air rights conveyances

The sale or lease of air rights for land above or below a publicly owned facility offers the opportunity for cities to generate revenue and to ensure that land used for a public purpose is not lost from the tax rolls. Air rights can be conveyed in conjunction with various types of public facilities, including subway and metro stations or buried highways and rail lines; publicly owned parking lots; reconstructed public buildings; and redeveloped freight facilities. These public facilities either provide transit access to buildings above or below them or create developable space in an area that previously was taken up by a highway, rail line, building, or facility.

Air space conveyance is well established in the United States. It dates back to 1913 when New York's Grand Central Station and adjacent Park Avenue development were built over the Central Railroad. Cities may choose to lease or sell their air rights to a private developer,[42] and if executed well, the transaction can benefit the city, the developer, and the public.

Developers appreciate air space because it offers the opportunity to secure a large site in one transaction and eliminates the tedious process of assembling several parcels, demolishing existing structures, and relocating present tenants. Second, it offers the chance to obtain a prime site often in or near a central business district

where reasonably priced conventional sites may no longer be available. Third, air space is often sufficiently less expensive than similarly located vacant land to more than offset additional construction costs.[43]

The public benefits from these transactions as long as the resulting development is a good use of space, contributes to neighborhood connectivity, and increases surrounding property values. For the public and the city, in addition to generating revenues, air rights developments can contribute to dense, urban, transit-oriented development. Developments built on air rights may also eliminate eyesores such as open parking garages and rail yards. Seattle; New York City; Columbus, Ohio; and Duluth, Minnesota, are a few cities that have sold land on the right of way of sunken urban highways to knit together neighborhoods severed by the thoroughfares.

Washington, D.C., is planning a major office and retail development on a platform atop a recessed portion of a highway that slices through the city's central business district, potentially transforming the highway into a destination.[44] And transit agencies in D.C., Atlanta, Los Angeles, and Boston have sold air rights above stations in their subway systems to create more dynamic transit hubs.[45]

Air rights deals are complex and should be carefully scrutinized to make sure the local government is getting the best deal possible.[46] As a general rule, the amount paid for air rights in a particular area should reflect the value of the location—prime downtown developable space—and the benefits received from public infrastructure at the site—transit accessibility.[47] The best air rights conveyance scenarios fairly compensate the local government, lead to a development that is well designed and transit oriented, and use revenues effectively to pay for construction, operation, and maintenance of smart infrastructure systems.

Bethesda, Maryland, is home to the most financially remunerative air-rights deal in the country—an office-retail-hotel project on top of the Bethesda Metro Station that generates $1.6 million annually in air-rights rent for the Washington Metropolitan Area Transit Authority. Not incidentally, the development has spurred nearby office, retail, and residential development, as well as a popular nighttime entertainment, restaurant, and arts district.[48]

Cities can also structure and benefit from air-rights deals so that they have a stake in the profits associated with particular developments. In Denver the Regional Transit District, or RTD, leased air rights over the city's Civic Center Transit Facility to a developer for $400,000 in each of the first 15 years plus 38 percent of the developer's

profit after it first deducts a 13.5 percent return on its cash investment. Upon expiration of the lease, RTD will own the 600,000-square-foot office building.[49]

Reform and target tax increment financing

Tax increment financing, or TIF, is a popular public finance tool used to fund public infrastructure, promote development, and expand the future tax base. It uses taxes levied on the projected incremental increase of property values resulting from development to pay the present cost of improvements made both by private developers and the municipality.

Forty-nine states—all except for Arizona—and the District of Columbia have statutes authorizing TIF. Thousands of TIF districts operate across the country, with activity particularly concentrated in California cities and Chicago. If used judiciously, after a detailed market analysis, and with meaningful public involvement, TIF can be a transformational tool to finance large capital projects, driving private investment and revitalization in blighted communities.

While laws vary by state, TIF is generally designed to fund projects in distressed or underdeveloped areas where development would not otherwise occur. It is intended to address blight and promote district-oriented development.

The TIF process starts with defining the TIF district's geographic boundaries and establishing the baseline assessed value of land in the district. Over time, the incremental increase in tax revenue within the TIF district is used to pay debt service on TIF bonds or can be used on a pay-as-you-go basis for individual projects.

In addition to helping to finance private development, TIF can be used to pay for a wide range of municipal infrastructure improvements, including sewer expansion, storm drainage, park improvements, curbs and sidewalks, schools, libraries, bridges, and environmental remediation in the district.[50] The structure of a TIF district ensures that those who benefit most from the improvements are the ones who pay for them.

While TIF is an important and useful municipal development tool, misuse of TIFs has undermined the tool's effectiveness in many communities. TIFs are frequently misapplied for greenfield development and development in prime areas that would have been developed without TIFs.

Requiring objective measures of economic deprivation and need in defining TIF districts would go a long way toward returning the tool to its original purpose of addressing blight. Additional reforms that should be implemented include:

- Requiring reimbursement of subsidies, or clawback, if developers do not fulfill their promises under redevelopment agreements
- Requiring cost-benefit analysis to take into account the effect of a TIF on other taxing districts outside the sponsoring jurisdiction[51]
- Establishing a strong TIF policy that makes greenfield development ineligible and aligns TIF district establishment with city goals
- Establishing minimum job creation and wage guidelines for TIF projects[52]

Cities without clear TIF policies and goals may find that TIF quickly becomes simply a subsidy to developers instead of a way of promoting the overall public good.

Land-value taxation and split-rate taxation

Economists of all stripes generally agree that taxing land, rather than improvements on the land, generates more profitable, equitable growth. Land is finite; cities can develop or leave vacant prime land, but they cannot add more. This fact makes a tax on land ownership more efficient than a property tax based on the value of improvements.[53] There is no way for a landowner to retain land while avoiding taxes, and therefore there is less incentive to sit on land without adding to its value.[54] The current property tax, which applies the same rate to land and property values, rewards property owners who sit on undeveloped land, as well as those who let their buildings fall into disrepair.

Land-value taxation—land that is taxed at 100 percent of its value—was first advocated in 1879 by Henry George. This value-capture concept is promoted today as split-rate taxation, where land and buildings on the land are taxed at different rates. It also reduces the incentives for speculative development on the outskirts of cities—where improving now-more-expensive land results in relatively modest gains—and to develop instead closer-to-transit nodes and city centers.[55]

Because split-rate taxation takes development pressure off rural and exurban areas, it should also lower property values—and thus tax rates—in those areas and therefore roughly even out for farmers and other large rural landowners. As an asset-based revenue source, a split-rate tax scheme is also relatively stable and resistant to economic downturns.[56]

For decades, Pennsylvania has been one of the few states that allowed municipalities to introduce a split-rate property tax. Since 1913 more than 20 Pennsylvania municipalities have implemented a tax system that charges land at higher rates than property.

In 1989 Pittsburgh, the largest city to employ the strategy, hiked the land tax to six times the property tax rate. Eight years later, a review of the city's practice concluded that it successfully generated revenues with "no damaging side effects on the urban economy."[57]

In 1980 Harrisburg decided to combat its severe economic decline by reducing the tax on buildings to one-half the tax on land. By 2010 most of the more than 5,000 businesses and homes that were previously boarded up were back in use, and the property tax base for the city increased from $212 million to more than $1.6 billion. Seeing these benefits, the city further reduced the effective tax rate on improvements to one-sixth the rate placed on land.[58]

Progressive use of Special Assessment Districts

Special assessment districts, or SADs, are a value-capture tool commonly used by municipalities to fund basic infrastructure improvements. A special assessment, or tax, is levied against parcels of real estate that receive a direct and unique benefit from a public project. The principle behind SADs is that the infrastructure improvement will increase the property value within the district, so it is fair to ask the property owners within the district to pay for a portion of the improvement.

SADs are a standard municipal financing tool, commonly used to fund projects such as curbs and gutters, storm water management systems, and traffic lights. Beyond those applications, special assessment districts have been used to fund modern streetcars in Portland, Oregon and a new infill metro transit station in Washington, D.C.[59] While special assessments can cover the entire cost of new investments, they most often cover all or part of the state or local portion of a project.

Most SADs are imposed by the municipality and are compulsory for property owners within the district. But business improvement districts, or BIDs, (see the small business section) and local improvement districts, or LIDs, are voluntary. A LID is comprised of a group of properties adjacent to or near infrastructure and whose owners share all or part of the cost. LIDs assume that if property values for the owners increase due to the investment in the infrastructure, it is in the best interest of the owners to fund the improvements.

LIDs have been used to fund portions of major transit improvements such as light rail—Dallas-Ft Worth's planned Cotton Belt Corridor light rail line, for example[60]—and streetcar line construction such as Seattle's South Lake Union Streetcar.

Implementation of a SAD is legal in all 50 states,[61] and the mechanism hinges on determining how different properties benefit from capital improvements. Methods to assess benefits to properties within a district include:

- **Increased property value:** Allocation of improvement costs to the expected increases in the value of the individual properties
- **Zones:** Allocation of improvement costs based on location within a zone and distance from the actual improvement
- **Frontage:** Allocation of costs based on the amount of frontage a property has adjacent to an improvement
- **Acreage:** Allocation of costs based on a property's acreage within a district
- **Distance:** Allocation based on a factor related to the property's distance from the facility[62]

The SAD financing mechanism was the foundation for Property Assessed Clean Energy, or PACE, financing, a value-capture tool focused on energy-efficiency retrofits and solar-energy projects. The application allowed interested property owners to "opt-in" to a citywide SAD and receive 100 percent upfront financing to cover the cost of the energy installation or building retrofit. The loans would then be repaid as a property tax assessment for up to 20 years —ideally from the energy cost savings achieved as a result of the installation or retrofit.[63]

Twenty-eight states and the District of Columbia have adopted legislation that enables local governments to offer PACE benefits to building owners. A ruling by the Federal Housing Finance Administration has unfortunately halted this innovative and effective approach to residential projects, but there is significant nationwide advocacy to allow it again.

Pricing and user fees

Background

The operation, repair, and construction of city infrastructure systems such as water, storm water, and roads is a significant driver of city budget problems. User-

generated revenue sources can help cities bridge funding gaps without raising sales or property tax rates.

User fees for city services are a valuable policy strategy to distribute the cost, or a portion of the cost, of infrastructure operation and maintenance among those who use the system. In addition to generating much-needed revenue for operations and maintenance of particular infrastructure systems, putting a price on city services can help manage finite system capacity, moderating demand with pricing based on peak-use periods.

The progressive approach to pricing and user fees means pricing the right services: That is, pricing goods and services so that service costs are equitably distributed among users and so price signals result in more moderate use. These services include water, road usage, and storm water management. Attaching user fees to these services creates an incentive to conserve water, drive less, and build green. Progressive pricing also includes avoiding regressive fees whenever possible. In cases where low-income households may see an increase in cost as a result of a proposed fee, accommodations should be made.

Implement conservation pricing for water and waste water

As with storm water, pricing for city water service can both encourage conservation and charge more to those who use the system the most. In a conservation water-pricing rate structure, individual customers are metered and pay for the volume of water they use, and the price charged should be sufficient to influence consumers' decisions about water use and to encourage efficiency. Conservation pricing in water generally assumes a tiered pricing structure, where the water used within the first tier is the least expensive, and subsequent water use is charged at a higher rate or rates.

San Antonio is the poster child for smarter water use in Texas.

San Antonio is the poster child for smarter water use in Texas. It has reduced its per capita water usage by 42 percent in the past few decades despite having one of the fastest-growing populations in the country. This reduction is due to large-scale conservation efforts by the local water utility,[64] including a tiered water rate structure that doubled the unit price of water for the highest usage tier.

Only half of all national water utilities currently use tiered rates. Many others still reward extra water use, giving large volume buyers a discount—a policy that ends

up imposing disproportionate costs on working families while effectively subsidizing large industrial users.[65]

Boulder, Colorado, introduced a tiered rate structure in 2007, where the highest tier is charged five times the base rate. It achieved a 16 percent reduction in water consumption in the first five months of implementing the structure. Irvine Ranch Water District in California implemented a rate structure comprised of five tiers in 1990, with the top tier—the largest users—paying eight times the base rate charged to consumers who use the typical amount of water for their household. Consumers engaging in extra conservation activities—using less than a typical household of their size—are rewarded with lower rates subsidized by penalty charges on wasteful users. The utility achieved a 37 percent conservation rate after it implemented this structure.[66]

While typically driven by conservation goals, implementation of a tiered price structure for water, if done right, also makes water pricing more progressive since lower rates are charged to typical residential users, as well as to households that conserve water. The structuring of the tiers and rates that ensures that typical household water rates do not rise—and ideally, decrease—is particularly important since low-income households spend a larger percentage of their income on water and therefore are more sensitive to changes in price.

Link storm-water fees to usage

Storm-water user fees are a fair and equitable method for charging the people who benefit from storm-water infrastructure. Such fees generate revenue to address the costs of controlling sewer overflows and storm water runoff. Some of these needs are driven by the demands of growth and development, while many older communities need extra revenue simply to repair and maintain aging systems that may have been built 50 or 100 years ago.

The cost of storm-water management was historically paid from general tax funds - such as a property tax - or was included as a line item on monthly water bills. But storm-water user fees are increasingly linked to each property's impervious surface area to direct the costs for storm-water management toward those properties that generate the most runoff.

In addition to being more equitable, storm-water fees are also easier than taxes for municipalities to set up and implement. In many communities new taxes require

a vote of approval by the public, while municipalities have the authority to charge fees for the services they provide to taxable, as well as tax-exempt, properties.

In Washington, D.C., for example, the federal government contributes to 35 percent of the District's overall impervious surfaces. These properties are exempt from paying city taxes but would be required to pay a fee for storm-water management services, just as they pay for electricity and water.[67]

When charging the people that use and benefit from storm-water infrastructure, it is critical that fees be proportionate to runoff creation. Storm-water fees should be structured so that properties with the largest amounts of impervious area—such as commercial and industrial facilities—pay higher fees than residential and other small properties, which generally have less impervious cover.[68]

When too much of the cost burden is placed on residential customers, storm-water fees can quickly lose traction and support. In Detroit, for example, an increase in residential storm-water fees left many of the city's low-income families unable to pay their monthly water bill. As a result, many of these residents had their water turned off. This serves as an example of what can happen when the structure of storm-water fees is not carefully considered.

To address the impact of a storm-water fee on low-income customers, cities have developed a variety of assistance programs to help low-income customers pay their storm-water bills. Portland, Oregon, for example, offers bill discounts, crisis vouchers that are good for up to $150, and zero-interest loans for qualified customers.[69]

Philadelphia is the gold standard in storm-water fees. The city implemented its current storm-water fees in 2009 following an overhaul of its water service charge for metered customers. Today, 80 percent of the city's storm water fee is based on a property's impervious area, with the remaining 20 percent based upon the property's gross area. Based on this structure, storm-water fees reach nonmetered customers such as rail lines, parking lots, and utility right-of-ways that account for significant storm-water runoff within the city.

Philadelphia also offers a storm-water fee discount for customers who reduce impervious cover using green infrastructure techniques such as rain gardens, infiltration trenches, porous pavements, vegetated swales, and green roofs. If a property is retrofitted with any of these features, the Water Department will recalculate that property's storm-water fee based on the 80/20 impervious/gross area formula.[70]

Use impact fees to pay for city services and encourage smart growth

Development impact fees, or DIFs, are one-time charges to private developers to help recoup the costs associated with the extension of public services to new private developments. They are levied to pay for new or expanded facilities or services necessary to support a new development, including water and sewer systems, roads, libraries, parks and recreation facilities, and schools.[71]

DIFs typically require cash payments in advance of the completion of development, are calculated based on the cost of the improvement and the nature and size of the development, and are used to finance improvements offsite for the benefit of the development.

More than half of U.S. states have legislation enabling DIFs, but they are most prevalent in fast-growing states such as California, Texas, and Florida.[72] Use of the tool has increased in states that have passed property tax caps that hinder a municipality's ability to cover the increased demand for services.

DIFs have the advantage of being user fees in anticipation of use, as they require residents and businesses generating a need for new infrastructure to pay for that infrastructure. One disadvantage of impact fees, however, is that they are highly cyclical and can be more adversely affected by economic downturns than other sources of funds. They are strongly tied to the demand for new housing and commercial space.

It is critical for fees to charge for actual impact; for instance, houses in low-density, single-use settings will have a greater impact on roadways and traffic congestion than those in higher-density, mixed-use settings. Factoring in land-use type, size, density, and location can better match the fees assessed to a developer to the costs of associated infrastructure improvements.[73]

A good DIF structure also creates price signals that encourage smart growth. The city of Kelowna, British Columbia, for example, uses tiered development impact fees to encourage dense development. As the number of housing units per hectare increases from the lowest density of 15 to the highest density of 85, the impact fees per unit decrease significantly.[74] The town of Cary, North Carolina, charges a Transportation Development Fee on all newly constructed residential and commercial properties, based on location, with lower rates for properties closer to the center of town. Residential properties in the central zone, for example, are charged $439 to $715. Outside the central zone, rates are higher—$762 to $1,243.[75]

Atlanta offers decreased impact fees to developments that locate in close proximity to existing transit infrastructure. Units within 1,000 feet of a rail transit station are given an automatic 50 percent reduction in impact charges.[76]

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Consider transportation utility fees to equitably distribute system costs and reduce car trips

Under the current property-tax-based funding mechanism for transportation infrastructure, residential property owners tend to pay more of the costs of transportation than their share of trips justifies while commercial properties pay less.

A transportation utility fee, or TUF, is a financing mechanism whereby a transportation system is treated as a utility and property owners are charged fees in proportion to their use, as opposed to being charged based on property value. TUFs are assessed on properties based on the estimated number of trips generated from a property and vary with land use. As is the case with other pricing mechanisms, TUFs connect the cost of maintaining infrastructure more directly with the benefits of mobility and access to the system.

TUFs can provide a relatively stable, much-needed source of funds for transportation infrastructure. Fees should be set at a rate related to the estimated costs of providing transportation services over a certain budget cycle, and revenues should help cover operations and maintenance expenses instead of major capital expenses.

In addition to more equitably distributing the costs of the system, TUFs will ideally also send a price signal to change user behavior and reduce trips in a car. This is less likely, however, when the fee is based on predicted rather than actual use and when billing is not immediate.[77] The vehicle miles traveled fee, which is described below, is probably better suited than the TUF to directly influence behavior and curb driving. But TUFs should also be used to help fund transportation across modes and help provide funding for pedestrian and bicycle infrastructure for a city.

Transportation utility fees were first created by ordinance in Fort Collins, Colorado, in 1984. They are most common today in Oregon. Hillsboro, Oregon, for example, uses TUFs for street maintenance and reconstruction; in this case, the TUF is a monthly user fee based on the use of the road system by residents, businesses, government agencies, schools, and nonprofits. The money collected

through this fee allows the city to catch up on its backlog of street maintenance projects, with the goal of having the streets in good repair by 2018. The fee went into effect in March 2009 and appears on the city's utility bill along with the water, sanitary sewer, and storm water fees.[78]

Vehicle miles traveled fee

A vehicle miles traveled, or VMT, fee—also known as a mileage-based user fee—is a distance-based tax designed to charge vehicle operators—both personal and commercial—a per-mile fee instead of, or in addition to, the gas tax. The VMT fee goes one step further than the TUF and actually charges drivers for miles traveled.

Changing behavior and transportation choices is key to unclogging the country's congested highways and reducing dependence on fossil fuels. Moreover, the revenues generated by a VMT fee are critical: With falling motor-fuel tax revenues due to increasingly fuel-efficient vehicles, cities and states need to figure out a different revenue structure.

Changing behavior and transportation choices is key to unclogging the country's congested highways and reducing dependence on fossil fuels.

But even beyond revenue generation, a VMT fee makes good sense on many levels, including:[79]

- **Equity:** Low-income individuals cannot afford the most fuel-efficient vehicles and generally drive older, gas-guzzling cars. The flat gas tax is thus doubly punishing the poor: They spend a larger percentage of their income on gas, and they cannot afford to buy a car that would use less. Moreover, mileage driven better reflects the wear and tear caused by a car than fuel usage, so charging by the mile more accurately allocates the costs of driving among road users.

- **Flexibility:** The VMT fee works regardless of the fuel source used by a driver.

- **Demand management:** VMT charges that vary based on time of day and congestion levels can help to manage traffic during peak periods. By managing this demand, cities achieve additional goals of vehicle emissions reductions and reduced pressure for capacity expansion.

A VMT fee has yet to be implemented in the United States, but many cities and states are studying it and carrying out pilot programs. Based on a pilot conducted in 2006 and 2007, Oregon plans to launch a VMT program in 2012.[80] Similar

VMT tests in Seattle, Minneapolis, Washington, D.C., and San Francisco[81] show positive results in terms of revenue generation and demand management.[82] Internationally, the Netherlands and Denmark plan to transition to a VMT tax to replace the gas tax by 2014 and 2016, respectively.[83]

While there is fear about perceived privacy issues and technological feasibility associated with VMT fees, there are many ways to implement a VMT system that require less information from drivers. Real-time GPS tracking is on the extreme end of the spectrum, while annual odometer checks to track mileage driven are on the less invasive, less technologically taxing end. There are also many options between the two, and local governments may determine which level of investment and involvement is right for them. Privacy concerns and technological sophistication are certainly not insurmountable obstacles to a VMT fee.[84]

Establish tolling and value-pricing programs

Flat-price tolls have long been employed to cover the costs of construction and maintenance of highways. Variable tolling, the modern version of this long-standing practice, also raises revenues, but at the same time it manages demand to reduce congestion and the need for costly expansions. Prices are set to align with the value delivered from quicker and more reliable travel times. Variable tolling has the added benefit of generating revenue to cover some portion of the costs of providing the service.

While state departments of transportation manage most highway variable tolling programs, local governments and city transportation agencies have the authority to price the use of roads and parking. Dynamic pricing of these systems is a way to both manage demand and generate revenue.

The San Francisco Municipal Transportation Agency, for instance, is piloting SF*park* to manage parking in the city through a dynamic pricing program. SF*park* works by collecting and distributing real-time information about where parking is available and adjusts the price of the available spaces based on availability. Demand-responsive pricing encourages drivers to park in underused areas and garages, reducing demand in overused areas. It provides a reliable revenue stream and helps manage traffic downtown since more than 15 percent of traffic in a metro area can be people searching for parking spaces.[85]

While cordon charges—variable or fixed charges to drive within or into a congested area—are not yet in use in the United States, other cities such as London, Singapore, and Stockholm all rely on them to ease traffic congestion in their central business areas. London launched its congestion charge in 2003. Vehicles driven in central London between 7 a.m. and 6 p.m. pay a fee of £10. This tolling strategy, even if only carried out for single-occupancy vehicle travel, is a very clear way to both generate revenues and encourage the use of transportation alternatives.

Leveraging private capital

Background

One of the few items of consensus in American politics is that almost all of our physical infrastructure—understood as shared areawide assets that provide essential services such as energy, water, transportation, and waste management to a common standard—is in a state of disrepair, requiring substantial new investment totaling as much as $2.2 trillion by some estimates[86] to bring it to international standards, and that doing so would create jobs, as well as strengthen America's competitive position. This consensus ends immediately when we consider what sorts of infrastructure should be built, who should oversee it, and how it might be paid for.

Leveraging private capital means shifting the upfront cost of infrastructure investments to a long-term repayment structure not unlike bond-debt service but accompanied by higher interest rates and often an ownership stake or operational role for private firms. Investment banks are becoming more and more interested in revenue-generating infrastructure—such as toll roads, water and sewer systems, landfills, and public parking facilities—as a stable asset class that generally acts countercyclically to economic highs and lows.

Simultaneously, cities, lacking the funds or the political will to raise the funds to pay for much of this infrastructure on their own, are more interested in private financing than ever before. This does not, however, mean that using private capital to build and repair infrastructure is a good idea either in general or in any specific instance. Thus, before discussing the ins and outs of leveraging private capital for infrastructure, we offer two important caveats:

Public money for public goods. In a perfect world, infrastructure construction and upgrades would be paid for by tax revenues. Modern infrastructure is irre-

futably a public good, providing services to citizenry for decades to come, and should ideally be paid for by public funds through the economic benefits that it helps to produce. Tax-exempt bond financing is a financing tool unique to the United States that allows state and local governments to borrow at lower rates than private entities. While this section focuses on leveraging private capital, cities that have the means to do so would generally be better off financing infrastructure improvements themselves via tax-exempt bonds and other traditional financing mechanisms than relying on investment banks to directly finance the projects on their terms. Cities are also well-advised to look to other public and quasi-public alternative sources of capital such as public pension funds (see discussion in the economic development chapter). America is not a developing country—there are sufficient resources to pay for the infrastructure improvements needed.

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Wise decisions about what and how to build. In a perfect world, infrastructure improvements would happen when genuinely needed and would contribute to the "high road" (equitable, sustainable, and accountable). Unnecessary infrastructure—such as bridges to nowhere, eight-lane highways through wilderness areas, and various expensive, questionable projects—often result from political arguments for pork-barrel spending. We need to build and rebuild better infrastructure, not bigger or more—where "better" means not just efficiency or economy, but also better for the community, more jobs, more equitable outcomes, more healthy or less harmful, and environmentally beneficial.

Unfortunately, we do not live in a perfect world. Cities are hamstrung by federal and state tax codes, and also are reeling from an economic recession. And pork-barrel spending will not be eliminated anytime soon. Private capital, therefore, is likely to be part of the solution for paying for needed infrastructure improvements.

So the question facing cities and towns today is not so much whether to rely on private financing, but rather how best to integrate private financing into their operations and manage relationships with private firms to protect the public interest and obtain the best deals possible.

Judicious use of public-private partnerships, or P3s

A public-private partnership, or P3, is an arrangement where a government and a for-profit or nonprofit private entity jointly perform or undertake a traditional public activity. A P3 involves a complex contractual relationship, often including

a consortium of private firms, to deliver capital-intensive public infrastructure such as highways, airports, public buildings, or water systems, or to undertake a civic-redevelopment project.[87] A P3 can take many different forms, but it generally means that a private partner or partners are involved in the design, construction, financing, operation, and/or maintenance of a public facility.

Leveraging private investment via public-private partnerships can lighten the upfront financial burden of infrastructure investment for local governments, accelerate construction, capitalize on specialized expertise and/or state-of-the-art technology, and shift risk to a private party. P3s should not be confused with privatization, where a public facility or project is sold outright to a private entity.

The United States had 377 funded P3 projects between 1985 and 2010, with a total value in excess of $68.4 billion.[88] Twenty-eight states have P3-enabling legislation on their books, but this legislation varies widely as far as specificity and extent.[89]

While widely accepted internationally, public-private partnerships and private financing of public projects have a—not entirely unearned—shadowy reputation in the United States, fueled primarily by a few notorious transactions, including Chicago's leasing of its parking garages and parking meters. Those deals included upfront payments in return for the right to operate, maintain, and collect revenues from the facilities. Neither has been considered a smart deal for the city due mainly to the paltry size of the payment compared to the ongoing revenues and the onerous contractual obligations for the city.

Beyond such anecdotes, concerns about P3s can be bucketed into three categories:

1. Fear of losing control over a system that has historically been a public good
2. Risk of increased costs to users and taxpayers rather than the speculated savings and efficiencies
3. An erosion of democratic and "high-road" values as profit motives become the first priority

International experience is instructive because private investment in public infrastructure is widely practiced around the world. But it is difficult to point to definitive "wins" in privately financed and privately managed infrastructure since the transactions and relationships are long term, and a substantial upfront payment may or may not be fair compensation for the decisions, performance, construction, and, potentially, defaults that happen decades down the road.

The idea behind a long-term contractual relationship is to align incentives and produce more efficient and functional projects. But it also raises social equity, management, and structuring issues that may negate any cost-saving benefits.

Long-term maintenance costs may be lower if the same firm builds the project and has to maintain it for 30 or 40 years, creating savings that attract investors. The profit motive can also create an incentive to avoid cost overruns if investors bear the risk. But without proper oversight, a singular focus on savings can also fuel a race to the bottom, where the private firm cuts costs by relying on low wages, refusal of health insurance and paid time off, and/or low-road procurement options, often without the local government's knowledge.[90]

Despite the caveats and warnings, leveraging private capital through public-private partnerships may be one of very few viable options for many cities to finance upgrades of their deteriorating public infrastructure. More to the point, it is a route that an increasing number of municipalities are pursuing, and therefore the focus of any policy effort should be on ensuring that local governments considering P3s pursue the best practices in the area. Those best practices include the following.

Designating a dedicated P3 team

One challenge with P3s is that local governments typically lack the expertise needed to structure and design private financing for infrastructure, and local leaders hesitate to enlist public support for such projects on democratically accountable terms. If a city is to undertake a P3 transaction, then it should have access to a dedicated P3 team or at least specialized technical capacity to protect the public interest and to tackle bottlenecks in the transaction process. While only a handful of cities have sufficient capacity or volume of transactions to sustain such a team, the expertise is critical and may be accessed at the state or regional level.

The P3 team will provide technical expertise, coordinate policy and standardization, carry out quality assurance, and ensure that the social benefit, as well as the financial performance, of the project is achieved.[91] Contract development is one of the most important phases of a P3, and local governments need a competent, experienced team representing the public interest. Once a contract is executed, oversight and monitoring are required, both during construction and operations, to ensure that standards are being met and milestones are reached.

Extensive project screening

Local governments should conduct extensive screening to identify projects that may have potential schedule and cost efficiencies through the use of P3 delivery and/or financing methods. One example of thoughtful screening is the Public-Private Partnership Project Screening and Assessment conducted by Parsons Brinckerhoff for the Minnesota Department of Transportation in 2010.[92] This state-focused project, which is also applicable to local governments, ranked P3 candidate projects on the following criteria: project size and complexity, criticality, revenue potential, implementation timeframe, and environmental timeframe.

Use of cost-benefit analyses to decide whether to set up a P3

Once candidates have been identified, quantitative and qualitative cost-benefit analyses must be conducted to compare the full lifecycle costs of a P3 structure against traditional public management or financing options.

The United Kingdom; Victoria, Australia; and British Columbia, Canada, as well as states such as Florida and Alaska, have widely used Value for Money, or VfM, as a tool to assess P3s.[93] VfM tests are useful because they not only examine the financial value of a project, but also consider hard-to-quantify factors crucial to determining risk transfer. In British Columbia, examining projects through a VfM lens has led to many projects being delivered via traditional public procurements rather than by P3s because the private approach did not yield enough value for money.[94]

Competitive bidding and smart deal structure

Once a local government decides to proceed with a P3, it must make important choices about procurement types. Projects should be awarded in competitive auctions, not bilateral negotiations, because the transparency and efficiency of competitive auctions increases the chances of a reasonable outcome and structure for the public partner. The bidding process should also be broadened through strategies such as Best-Value Contracting[95] (see section on job quality) so that cities can choose private partners based on criteria beyond just the cost. Cities must also structure their contracts to avoid mid-contract renegotiations, which undo the advantages of a competitive auction and are always costly for the public partner.[96]

Claims to exclusivity for privately operated infrastructure are a regular and controversial aspect of public-private partnerships, and should be approached with caution.[97] While noncompete clauses may be integral to securing a deal, they have the potential to conflict with other public policy goals. As a 2004 GAO report found, four of the five privately funded toll-road projects in the past 15 years included

noncompete clauses that prevented the government from building nearby roads.[98] In the case of transportation systems, alternative transportation options such as rail, bike, and pedestrian and transit systems should not be sacrificed in order for a private firm to manage a toll road.

Employing a lifecycle approach to costing

Cities should consider adopting a lifecycle approach to P3 that gives adequate attention to all phases of a P3—from planning and policy to transaction to management of the agreement. Such an approach can help avoid problems caused by poor setup, lack of clarity about outcomes, inadequate internal capacity, and too narrow a focus on the transaction.[99]

In sum, P3s are best suited for complex, large-scale, long-term, expensive projects that have the capacity for some allocation of risk to the private sector. Transportation projects are the most common P3 candidates, but P3s have also been used for school construction, building retrofits, and hospitals.

P3s are neither the sole answer to the country's infrastructure woes, nor are they a free lunch. They can be marked by unrealistic expectations, opaque decision-making processes, and unfair deal structures. This is why governments should use P3s judiciously, aligning incentives for social value and efficiency, so that a private investor is remunerated proportionally to the riskiness of the investment, and the government partner receives improved public infrastructure, needed services, and/or sufficient income and tax revenue generated by the project.

Establishment of infrastructure-financing facilities

An infrastructure-financing facility is a nonprofit entity designed to encourage private investment in particular infrastructure projects. The investment is repaid not by taxes, but instead by cost savings and revenues associated with the investments, which include fees and tolls. Banks can invest in particular projects via the facility and also—though this depends on the structure of the particular transaction—take on the risk associated with cost overruns, shielding a city from unanticipated budget increases as project construction wears on. A financing facility is an alternative or supplement to traditional bonding and federal grant funding that facilitates private investment in public infrastructure. It is a particularly appealing option for cities that may have trouble bonding for political or budgetary reasons or that cannot access sufficient funds through bonding or federal grants.

Chicago is in the process of establishing an Infrastructure Trust, which is intended to promote job creation and fuel economic growth by attracting private investment in the city's dilapidated infrastructure. The projects financed by the trust will be publicly owned, and the debt from the trust will be repaid with savings and revenues achieved through the investment. The banks backing the trust—JPMorgan, Citibank, Citi Infrastructure Investors, Macquarie, and Union Life Insurance—would invest $1.7 billion for a variety of infrastructure projects approved by the trust's mayor-appointed board.[100] The trust's first project involves $225 million of energy-efficiency measures to 100 public buildings, repaid by the estimated $20 million a year in utility cost savings. It is expected to generate as many as 2,000 construction jobs.[101]

Concerns about the trust have been raised due to Chicago's negative experiences with public-private partnerships—specifically, the parking garage and parking-meter leases described above—and suspicions about the mayor-appointed board. Critics fear that the trust's priorities will not reflect the city's most pressing needs and that the city will lose its shirt in the deals; both are legitimate concerns. Chicago's Infrastructure Trust is the first of its kind in the United States and has not yet begun operation. So it remains to be seen how effectively the city can leverage private capital for the public benefit.

Despite these concerns, Chicago, with a budget deficit of $600 million, is pursuing the Infrastructure Trust because of a lack of funding options. Moreover, this financing challenge is clearly replicated in cities across the country and mayors from San Diego; Louisville, Kentucky; New Orleans; Philadelphia; Kansas City, Missouri; Denver; Atlanta; Portland, Oregon, and elsewhere are actively tracking the Infrastructure Trust's progress and considering it as a model for their own cities.[102] Time will tell whether the model is worth replicating or not.

Despite these concerns, Chicago, with a budget deficit of $600 million, is pursuing the Infrastructure Trust because of a lack of funding options.

Social Impact Bonds

New York City is experimenting with an innovative financing mechanism known as Social Impact Bonds, or SIBs, for its Adolescent Behavioral Learning Experience, a program that uses cognitive behavioral therapy to help reduce the reincarceration rate for juveniles at Rikers Island jail. The concept is simple: Private entities invest upfront money in prevention programs and are paid back by the public entity—in this case the city—based on the success of that program, thereby transferring the risk to the private sector. In this case, Goldman Sachs is fronting $9.6 million for this pay-for-success program. If reincarceration rates drop

by 10 percent, then the city will pay Goldman back all of the money it invested. If they fall by an even greater margin, the city will pay Goldman a bonus. If they do not reach the 10 percent goal, then Goldman will not be repaid.[103]

Previously, Massachusetts and the United Kingdom experimented with social impact bonds, but New York City will be the first municipality to try them.[104] As is the case with Chicago's Infrastructure Trust, SIBs are too new to ascertain whether they will be available or reliable for local governments. But many municipalities are watching them closely.

Endnotes

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2 It should be noted that local tax policy is an area more heavily circumscribed by federal and, especially, state law than many, so many of the approaches recommended below are subject to state authorization and may not be options in a given locality depending on the vagaries of state tax law in that state.

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Ensure the availability of good housing for all

Introduction

Housing is one of the most fundamental human needs, and local government must concern itself with the quality and accessibility of housing in a myriad of ways. Cities are not, of course, starting from zero: They are already dealing with a crazy quilt of different types and qualities of housing, interspersed with opportunities to create more. But they should have a strong preference for housing that meets local needs. To identify local needs, cites should create comprehensive housing plans based on good data and in cooperation with neighboring jurisdictions.

There are, however, some basic principles that hold true regardless of the housing market. Housing should be safe, well built, and healthy. And it should be affordable, which is generally defined as costing no more than 30 percent of a household's income. The affordability of housing is generally talked about with respect to the area median income, or AMI. Depending on the housing market, moderate income is considered to be 81 percent to 120 percent of AMI; low income between 51 percent and 80 percent of AMI, very low income 50 percent or less of AMI, and extremely low income below 30 percent of AMI.

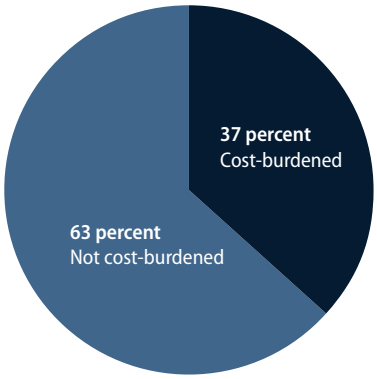
What is affordable, however, should take into account the combined costs of the energy use and transportation needs that come with housing. The Center for Neighborhood Technology developed the H+T Index,[1] which calculates the cost of housing and transportation for a variety of geographies, and defines affordability as combined housing and transportation costs that are no more than 45 percent of household income. Similarly, energy costs can make or break the affordability of housing. The energy efficiency of housing is addressed in the infrastructure chapter.

FIGURE 8

Cost of housing a burden to U.S. households

Homeowners

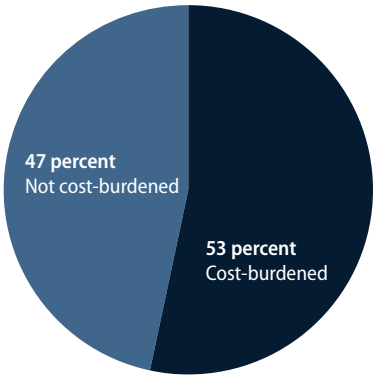
Percentage of mortgaged owners spending 30 percent or more of household income on selected monthly owner costs, 2011.



Note: Selected monthly owner costs are the sum of debt payments (e.g., mortgage or home equity loans), taxes, insurance, utility and fuel costs, and if applicable, other fees (e.g., condominium fees or manufactured home community lot rents).

Renters

Percentage of renter-occupied units spending 30 percent or more of household income on rent and utilities, 2011.



Source: 2011 American Community Survey. Washington, DC: U.S. Department of Commerce, Census Bureau, 2012.

Housing is an essential component of strong neighborhoods and must be considered as a part of local government land-use planning.[2] In particular, local governments should strive to create mixed-income neighborhoods centered on schools, with good access to employment, basic needs, and transit. Because the private housing market will generally provide adequate market rate and luxury housing, this chapter focuses on the preservation and creation of affordable housing.

High-quality housing

Background

The quality of housing can dramatically affect residents. From accident to illness, poor-quality housing can have severe, negative effects. High-quality building and maintenance standards, along with robust enforcement of them, help to ensure that families have healthy and safe places to live. Building and maintenance codes can help ensure that a city's housing stock is kept in good condition, providing a safe environment for homeowners and renters alike.

From accident to illness, poor-quality housing can have severe, negative effects.

Local governments should adopt strong building, fire, and property-maintenance codes. These should include clear and strong enforcement mechanisms, and should educate and maintain clear lines of communication with both owners and tenants about their rights and responsibilities.

Building-code best practices

Building codes provide minimum standards and safeguards for the construction of homes and other buildings. In the United States, state and local entities establish building codes that may vary from jurisdiction to jurisdiction. But some organizations have established "best practices" that represent a professional consensus on building codes. The International Code Council, or ICC, has developed a set of codes, parts of which have been adopted throughout the United States.[3] In addition, the National Fire Protection Association has developed a set of building codes that can be adopted by states and localities.[4] These standardized codes represent a baseline, above which additional standards can be added to meet local conditions.

While building codes provide safe housing protections for new construction or significant renovation, property-maintenance codes provide a baseline for the ongoing

condition of a home. The ICC has also developed a set of standard property-maintenance codes that cities can look to as they develop their own codes. Organizations such as the National Center for Healthy Housing also work to improve ICC codes and provide funding to local organizations to improve safe housing through projects such as instituting targeted mandatory housing inspections, educating citizens on child lead poisoning and asthma, and strengthening tenant associations.[5] All local governments should adopt strong building, fire, and property-maintenance codes based on national and international standards such as the International Code Council and the National Fire Protection Association.

Building-code enforcement

Because there are always more properties than there are building inspectors, building-code violations tend to be driven by complaints. All too often, however, tenants may not know if their home is up to code or the process for having a code violation addressed by their municipality.

To address this shortcoming, many municipalities have established a targeted proactive building-code inspection process. This targeting is usually on the basis of geography (e.g., neighborhoods where there is an active revitalization effort), or type of building (e.g., rental properties), or both (e.g., neighborhoods with high densities of student rental properties). Cities should begin a targeted, proactive building-code inspection process based on the characteristics of their building stock, and should use fees paid by rental property owners when registering their property to administer the inspection program.

Seattle created a draft ordinance on rental-housing inspections after the state legislature passed enabling legislation.[6] Under this ordinance, nearly all rental properties in the city regardless of size would have to be registered with the Seattle Department of Planning and Development. Each year, a randomly selected 10 percent of the rental-housing stock would be subject to inspection. Fees paid by rental property owners in registering their property would be used to administer the inspection program.

When a building-code violation is cited, cities often must go through a lengthy and cumbersome court process to settle the violation. If possible, cities should expedite building-inspection cases by creating a board of administrative law judges to hear them. These bodies, sometimes called Housing Maintenance Boards or Repair Enforcement Boards, are used by cities such as Boston,[7] Chicago,[8] and Dallas.[9]

For chronic problem properties, local governments should create a nuisance-abatement process under which they may fix physical problems and bill the owner for the costs. For less easily abated problems, such as poor management practices and high levels of police calls, cities should establish thresholds that, once passed, trigger mandatory meetings between city staff and landlords and set deadlines for abatement actions.

Local governments need to walk a fine line in addressing chronic nuisances. Too little enforcement allows the problem to continue, but excessive or punitive enforcement may cause the owner to abandon the property, which only exacerbates the problem.

Adapt to changes in the housing market

The downturn in the U.S. housing market has been a disruptive force, causing changes previously unforeseen by most municipal codes. As a result, cities must adapt and ensure that their building codes match the reality in their neighborhoods.

In Grand Rapids, Michigan, for example, the housing-market downturn led many homeowners to convert their single-family homes into rental properties. While a Grand Rapids ordinance previously required that multiunit properties be inspected and certified, that law has now been extended to single-family homes used as rental property.[10]

In addition, homeowners struggling to pay their mortgage may turn to renting out part of their property to make extra money. Unfortunately, these renters may end up in spaces that are unsafe, such as basement apartments without sufficient entry and exit. In an effort to address this issue, many cities have developed standards for in-building accessory dwelling units, or ADUs,[11] and have worked with owners to bring these units to code. Seattle, for example, offers guidance on the requirements for an in-building ADU.[12]

Cities should be aware of trends such as these in their housing markets and take action to make sure tenants have safe living situations.

Landlord registration and training

While cities and landlords often take adversarial roles in building-code violations, educational programs administered by cities can help to improve that relationship

and stop problems before they begin, saving cities money in inspection and administrative costs. Local governments should provide free training and information for landlords on maintenance codes, fair housing law, best practices, and more.

Milwaukee holds regular free training sessions for landlords to discuss housing maintenance, along with other issues.[13] Many cities, such as Portland, Oregon, also provide free training manuals to landlords to ensure that they are familiar with the city's maintenance code and other relevant laws.[14] And Cleveland's Housing Court provides housing specialists that run educational clinics and offer direct technical assistance to landlords.[15]

In addition to offering training, cities should require all owners of rental property to register with the city and provide one or more contacts with the authority to respond to emergencies or health and safety issues. Consider an annual license for operators of multifamily properties, granted only if the property is compliant with code, and revocable if the property owner knowingly allows illegal activity on the premises or fails to address code violations.

Charlotte, North Carolina,[16] and Madison, Wisconsin,[17] are examples of cities with registration systems, where owners of rental property are required to provide one or more emergency contacts. Both cities experienced increasing problems with poorly maintained properties, absentee landlords, and increases in crime related to particular properties. In trying to deal with these issues, city staff were unable to locate a responsible party, particularly given the increase in properties owned by limited liability corporations. A registration system ensures that the cities have the contact information for several individuals with the authority to respond to emergencies or health and safety issues.

Baltimore,[18] in addition to requiring rental property registration, requires an annual license for operators of multifamily properties. The license is only granted if the property is up to code and compliant with lead-paint rules, and it can be revoked if the property owner knowingly allows illegal activity on the premises or fails to address code violations.

Baltimore, in addition to requiring rental property registration, requires an annual license for operators of multifamily properties.

Fair housing

Background

The federal Fair Housing Act prohibits discrimination in housing on the basis of race, color, religion, gender, country of origin, family status, and disability. And the Housing and Community Development Act requires that localities receiving Community Development Block Grants, or CDBGs, take steps to "affirmatively further fair housing," such as analyzing and eliminating housing discrimination, promoting fair housing for all persons, and providing for inclusive patterns of housing occupancy.

Nevertheless, residential segregation still exists in the United States,[19] and housing discrimination, on the basis of race or other factors, is a sad fact of life for many Americans. As a result, communities across the United States have taken innovative steps to expand upon the federal government's commitment to fair housing.

Expanding protected classes

While the federal Fair Housing Act provides a baseline of protected classes against whom it is illegal to discriminate, some cities have extended these protections to additional classes. Cities should also consider prohibiting discrimination on the basis of source of income, arrest or conviction record, gender identity, sexual orientation, previous housing status, and citizenship status.

Madison, Wisconsin, includes source of income, arrest or conviction record, and gender identity as additional protected classes.[20] Similarly, New York City provides protection from housing discrimination on the basis of lawful source of income and citizenship status, among others.[21] Extending fair housing protections to these additional classes provides crucial civil rights protections to those not covered under federal law and produces more just communities.

Not all municipalities, however, have the ability to add protected classes due to restrictions in state law. In such cases cities will still benefit by vigorous enforcement for those classes protected by federal law.

Enforcement and outreach

Preventing discrimination in housing requires more than just good laws. Educating citizens about their legal rights and effective enforcement methods are also necessary to ensure that fair housing laws are followed.

Cities should conduct education and outreach on fair housing law and tenants' rights, especially in vulnerable or limited-English-speaking communities. To make local residents aware of their legal rights and obligations, Seattle co-sponsors bimonthly fair-housing training sessions for landlords and property managers, and conducts education and outreach campaigns in Seattle's immigrant and refugee communities.[22]

Local governments should also fund fair-housing testing services and bring enforcement actions against housing providers who discriminate on the basis of protected classes. The Seattle Office for Civil Rights "tests" for fair-housing law compliance by contracting with a local nonprofit organization for testers—two individuals who are similar in important ways except for a characteristic related to a protected class such as race—who attempt to rent or purchase the same housing. In cases where the behavior of a housing provider suggests discrimination, retesting is completed to verify initial findings. Where confirmed, findings of discrimination lead to enforcement actions against the housing provider.[23]

Stabilize neighborhoods

Background

As a result of the housing-market crash and the resulting recession, cities across the United States have been forced to deal with abandoned homes, deteriorating neighborhoods, and falling property values.

The costs of abandonment and foreclosure to communities are staggering. It's estimated that each foreclosure costs municipalities $34,000 in direct costs such as inspections, police and fire calls, and unpaid water and sewage bills.[24] What's more, a nearby foreclosure can reduce the value of a home by more than $7,000,[25] and surrounding homes can lose more than $200,000 in aggregate value when a neighbor goes into foreclosure.[26]

Cities have had success with a few key policies to stem the tide of foreclosures or address homes already in foreclosure, helping to stabilize neighborhoods and preserve communities. For cities located in states that rely on courts for the foreclosure process, mandatory mediation programs that bring together homeowners, banks, and counselors or attorneys can help families stay in their homes. Steps can also be taken to prevent abandonment, which may occur before or after foreclosure. Once a foreclosure occurs, cities can take action to ensure that the responsible party—typically a bank—performs upkeep on the home.

Not only can these policies, which are detailed below, prevent neighbors from losing the value of their own homes, but they also reduce crime and other negative effects of abandoned property. In some cases, cities can take a more active role in addressing tax-foreclosed or code-violating properties. By acquiring residences or properties, a local land bank can rehabilitate them to serve their community's development goals, restoring land for public use or subsidizing responsible private ownership.[27]

Because economic conditions are the root of the abandonment and foreclosure problems, any solutions need to take these conditions into account. If an investor abandoned a property because it was not worth fixing up, using fines and fees to try and get compliance will only make the situation worse. Similarly, property-by-property efforts are unlikely to succeed unless tied to a larger neighborhood improvement strategy.[28]

Prevent foreclosure and abandonment

The best way to address abandonment is to prevent it. Local governments can set up early warning systems to track property- and neighborhood-level data that can signal disinvestment, deteriorating neighborhoods, or the development of problem properties.

Minneapolis, for example, created a Neighborhood Information System[29] that tracks property, Census, crime, and education data in several neighborhoods. The system allows the city and its partners to identify and address problematic trends.[30] Madison, Wisconsin, has a similar, citywide Neighborhood Indicators Project.[31] These systems can be used in conjunction with the tools described in the high-quality housing section to identify and target properties in danger of neglect and abandonment.

Intervening to prevent abandonment is most successful if it improves the economic equation for the property owner. Strategies for multifamily housing are discussed in the section on preserving affordable housing. For single-family homes, strategies include public education, financial assistance, and cost-saving measures. Cities should offer affordable home-improvement loans or mortgage refinancing, either directly or with partners such as community-development finance institutions. The Sonoma County, California, housing rehabilitation program, for example, offers low-interest loans to low-income homeowners for needed repairs.[32]

Finally, local governments should not neglect the big picture, and should consider ways to lower household expenses and raise household income, particularly for low-income households (see the job quality chapter for ideas on raising income). Suggestions to lower household expenses include energy-efficiency programs, widespread availability of public transit, and access to affordable healthy food.[33]

Protect homeowners and tenants

To protect homeowners and tenants from foreclosure, cities should fund foreclosure-prevention counseling by nonprofits, using Community Development Block Grants or other resources, and spread the word about prevention services via all city venues.

Some cities, including Schenectady, New York, and West Jordan, Utah, have used their block-grant funding to offer foreclosure-prevention counseling through local nonprofits.[34] Chicago and Baltimore have both offered information about and referral to foreclosure-prevention services through their 311 informational phone lines, and Baltimore includes a notice of foreclosure-prevention services to homeowners in each water bill.[35]

Because predatory lending has been a large contributor to the foreclosure crisis, a program initiated in Boston, the "Don't Borrow Trouble" campaign,[36] was taken nationwide by Freddie Mac. The campaign includes public awareness, consumer education, and access to counseling and loan restructuring.

If a state uses a court-based foreclosure process, local governments can also implement mandatory mediation programs between homeowners and banks. Many localities have launched mediation programs aimed at bringing homeowners and banks to agreement in an effort to avert foreclosures.

Judges, volunteer attorneys, and city staff have come together to operate a mandatory mediation program in Philadelphia.[37] The program has successfully kept three-quarters of the homeowners who enter the program in their homes. In other jurisdictions, these people would likely have lost their homes. Key elements of the program are effective community outreach, ease of participation, use of professional housing counselors, and, most importantly, the fact that it is mandatory.

Similarly, the Cook County Board in Illinois has authorized a mediation program administered by the local circuit court in conjunction with the Illinois Housing Development Authority, the Chicago Bar Foundation, and other organizations.[38] Allegheny County, Pennsylvania, and Cuyahoga County, Ohio, have also implemented mediation programs aimed at keeping families in their homes.[39]

These programs can help prevent foreclosures in states that use a court-based foreclosure process. In addition, legislation introduced at the federal level would establish the "right to rent," or the right of homeowners whose mortgages are underwater to rent their homes at market rate long term.[40] If this passes, local mediation programs should include that as a potential outcome.

Local governments should protect tenants of foreclosed properties as well. Los Angeles enacted an ordinance in 2008 that prohibits banks or lenders that foreclose on residential properties from evicting tenants just because of the foreclosure.

Dealing with abandoned properties

Once buildings are abandoned, cities should take steps to ensure that these properties do not become further blighted or attract crime.

A number of cities require vacant properties to be registered, sometimes with a substantial fee or ongoing charges, including liens, for inspection and any abatement measures the city may take.[41] For instance, Chula Vista, California, has implemented an abandoned-property registration program that requires deed holders to register with the city within 10 days of transfer from a family to a bank.[42] The deed holder is then required to maintain the house consistent with how other homes in the neighborhood are maintained.

Simple measures can have a big impact. Cleveland and Chicago experimented with boarding up windows of abandoned homes with decorated boards.[43] Not

only do these boards simply look better, but they also tell would-be thieves that someone has invested in the home and is keeping a watchful eye on it.

In addition, cities can create a land bank, which is a government entity—or sometimes an independent public entity subject to interlocal agreements—that focuses on the conversion of vacant, abandoned, and tax-delinquent properties into productive uses such as affordable housing, urban gardens, local businesses, and parks. Land-bank-authority legislation is regularly used in tandem with changes to property-tax laws in order to streamline the tax-foreclosure process, as well as to acquire property in code violation or under title dispute. Cities should allow the land bank to sell properties at market rate to the private sector or below market rate to projects that serve the public interest.

Land banks empower communities to determine the course of their own neighborhoods. They are a tool to address many of the problems associated with urban blight. They can also increase a locality's tax base and school funding by transferring land to responsible owners. Further, they can increase public safety by revitalizing areas with criminal activity, boost environmental health by restoring hazardous brownfields, and expand housing security by providing affordable housing and restoring neighborhoods. Land banks keep property under community control rather than allow it to go to out-of-state speculators.

Land banks empower communities to determine the course of their own neighborhoods.

Land banks vary in regard to governance, funding, sources of property, mission, power to extinguish property taxes, and disposition pricing to fit each jurisdiction's legal structure and priorities. The Center for Community Progress[44] offers guidance on setting these up.

Major land banks exist in St. Louis, Cleveland, Louisville, and Atlanta. In 2003 Michigan passed the most extensive land-bank-authority statute in the nation, allowing localities to address the economic decline that has overwhelmed the state.[45] The Genesee County Land Bank is helping to revitalize the city of Flint, Michigan, developing programs for greening and cleaning empty lots, demolishing dilapidated homes and buildings, renovating housing, setting up rent-to-own programs, facilitating sales under land contract, doing side-lot transfers, and preventing foreclosures.[46]

The Detroit Land Bank Authority has made a significant impact in restoring homes and neighborhoods, and is using their capacity for creative goals.[47] Its "Live Where You Protect and Serve" project subsidizes police residency to reinforce neighbor-

hood stabilization.[48] This is just one example of how land-bank authorities can tailor incentives and services to meet the particular needs of their community.

Finally, cities should encourage refinancing options for families whose homes are underwater, meaning they owe more on the mortgage than their home is worth. Providing financial or other incentives for homeowners with government-sponsored loans to refinance through the federal Home Affordable Refinance Program, or HARP,[49] is one option. For privately owned loans for which there is no other available option, consider purchasing the mortgages, reducing the principal to what the home is actually worth—rather than what is owed on the original mortgage—and refinancing them; if investors will not sell them, consider using eminent domain to obtain the mortgages.

Richmond, California, an area with thousands of properties in foreclosure and half of all homeowners with mortgages underwater, is considering a dramatic approach to dealing with properties in danger of foreclosure. The city is offering to buy certain mortgages, and if the holders refuse, would use eminent domain[50] to seize them and allow the homeowners to refinance their mortgages at a lower rate and based on what the home is actually worth, rather than what they owed on the original mortgage.[51] This could prevent many foreclosures in Richmond alone and has the potential to be a game-changer if successful.

Preserve affordable housing

Background

The availability of affordable housing has been declining for decades.[52] Since 1995, one in five affordable units has been lost,[53] and between 1995 and 2005, for every three rental units developed, two were demolished or otherwise made unavailable. Many of the new units created were not affordable either.[54] In addition, the current recession has lowered household incomes and has altered what is considered affordable for families. Nearly half of all renters pay more than 30 percent of their income for housing, and only one-third of low-income renters receive housing assistance.[55]

Clearly, we need to preserve as much of the existing affordable housing stock as possible. The problem is that the market is moving in the opposite direction. Most affordable housing is created with some sort of subsidy; for decades the federal gov-

ernment has been the primary source of such subsidies. Unfortunately, federal funding only carries an affordability restriction—a requirement that the housing created remain affordable—for a certain time period, usually 20 years. Units created with such funds have been "timing out" of affordability at least since the 1990s. More than 1 million of these units will reach the end of their affordability restrictions by 2013,[56] at which time the owners may convert them to market-rate housing.

In addition to units "timing out," the burst of the housing bubble left many property owners struggling financially and has caused some landlords to go into default or foreclosure. Others have stopped investing in the upkeep and improvement of their properties. In some housing markets, "predatory equity" firms—speculators that promise impossibly high rates of return on housing investments—bought affordable-housing complexes with the intent of forcing out the current tenants and raising rent high enough to fulfill those promises.

In general, the cost of preserving affordable units is much lower than building new ones, even if the existing units require upgrading. In strong housing markets, preservation is often a way to retain affordable housing in areas where it would be hard to create new affordable units. In addition, existing units are more likely to be close to amenities such as public transit, which can be crucial for residents who need affordable housing.[57]

There might be, however, cases where preservation of units is not appropriate—for example, they may not meet the principles outlined in the introduction to this chapter or may be so deteriorated that demolition is the only option. In that case, complete replacement at the same or deeper level of affordability becomes the goal.

Crisis intervention

Similar to the single-family-home foreclosure crisis addressed in the stabilizing neighborhoods section, multifamily buildings were hard hit by the housing collapse. The consequences of property neglect or foreclosure in a multifamily building are magnified, however, and are often borne by the tenants, who had no role in causing the problem, as well as the surrounding neighborhood. In order to prevent tenants from losing their homes or being forced to live in deteriorating buildings, local governments need to identify potential problem properties and take steps to intervene.

One tool to track such properties and catch problems early is a property inventory combined with a system of registering or licensing landlords. Cities should institute a landlord registration or license program for all multifamily-housing operators and consider including all nonowner-occupied housing. Baltimore requires the registration of all nonowner-occupied housing, including the contact information of a manager or other responsible party, and the licensing of all multifamily-housing operators.[58]

Once problems are identified, local governments can help landlords implement best practices and access resources or can apply pressure on landlords to do the right thing or sell to someone who will.[59]

Local governments should create a task force or staff initiative tasked with identifying and tracking multifamily properties with the potential for problems such as neglect, foreclosure, or predatory purchase. They should then empower the task force or initiative to use a variety of tools, including staff expertise, existing programs and funding, political pressure, and tenant education and organizing.

One example is the New York City Predatory Equity Task Force, which tracks properties and uses a variety of tools to convince landlords to invest in their properties. Another example is the Chicago Troubled Building Initiative,[60] funded in part by CDBG dollars, which identifies properties of concern and brings to bear the expertise of a team of city staff on the issues.[61]

Tenant education and protection

In addition to the protections outlined in the fair housing section, local governments should pay particular attention to protecting, educating, and empowering low-income tenants. These tenants are less likely to understand or be proactive about code violations and their own rights, and are more likely to be subject to harassment, pressure to move, and illegal eviction. Local governments should pass just-cause eviction laws,[62] which limit evictions to a specific list of causes, such as failure to pay rent, and develop clear, accessible enforcement mechanisms for tenants' rights and programs to protect, educate, and empower low-income tenants.

In addition to a just-cause law, Berkeley, California, requires landlords to pay interest on security deposits.[63] And New York City regulates how far in advance a landlord must notify a tenant that they will enter the unit.[64] Cities should have

clear, accessible enforcement mechanisms for tenants' rights and should have programs to educate and support tenants. Seattle provides tenants' rights information in a multitude of languages, detailing both city ordinances—including its just-cause evictions law—and state law.[65] Phoenix runs a state-certified landlord-tenant counseling program that educates tenants and landlords, provides mediation, and offers workshops.[66]

Prevent unnecessary demolition

Local governments have a substantial interest in preserving existing buildings that are in good shape or can be rehabilitated, particularly if those buildings contain affordable housing. Cities should require review of all demolition permits, especially those of existing housing stock, and provide a way to review post-demolition land use even if it is otherwise by right. They should also consider a demolition tax or fee (see the financing section for more details) to help prevent the unnecessary demolition of useful buildings or a pattern of "demolition by neglect."

Municipalities should also consider a "no net-loss" housing policy, where developers would be required to replace housing units before demolishing any or to contribute to a fund that would do so. One of the dangers in allowing demolition of affordable housing is that the tenants will be displaced and unable to find replacement housing. If at all possible, cities should require that replacement housing be built first. Minneapolis,[67] Los Angeles,[68] and San Francisco have implemented such policies focused specifically on single-room occupancy, or SRO, buildings and residential hotels, requiring one-to-one replacement of residential hotel units before conversion or demolition can take place.[69]

One of the dangers in allowing demolition of affordable housing is that the tenants will be displaced and unable to find replacement housing.

If demolition cannot be prevented, landlords should be required to assist low-income tenants in finding suitable, affordable housing. For some, this may require case management—for others, financial assistance. San Diego, for example, requires building owners that want to convert units to condominiums, which has the same effect on tenants as demolition, to provide relocation assistance equal to three months' rent when the city's rental vacancy rate is below 7 percent.[70]

Local government must also be mindful of creating disincentives for property owners to invest in their buildings. If even small repairs trigger a requirement to bring the entire building up to the same code that new construction is subject to, there is a substantial disincentive to do those repairs. If possible under state law,

adopt a rehabilitation code that connects the level of improvements required in existing buildings with the scale of the initial project.[71]

Saving 'timed-out' properties

Because many federal affordable-housing programs require affordability for a limited time—usually not longer than 20 years—many subsidized properties are "timing out" and are in danger of converting to market rate. We cannot afford to lose this affordable housing stock, and the tenants in these properties do not deserve to be displaced. Local governments should act now to determine which and how many properties are timing out, and develop a plan to maintain them as affordable.

One tool to discover these properties is to require that all affordable-housing owners provide notice to the city and to each tenant before converting to market rate or to condominiums—a minimum of one year's notice. If a tenant's lease expires during the notice period, it must be extended until the end of the period. Boston requires five years' notice to senior, disabled, and low- and moderate-income tenants with lease extension.[72]

Notice laws are often coupled with the right of first refusal for the city, the tenants, or both. Wherever possible, usually as a condition of funding, it is important to reserve the right of first refusal for the city, the tenants, or both in the case of a conversion to market rate. These laws either give a timeframe in which the city or tenants can make an offer on the property or allow them to match private-sector offers. Allow tenants to assign their right to buy to an entity that has experience buying and running affordable housing.

San Francisco has a comprehensive ordinance[73] that essentially gives the city right of first refusal on HUD-financed properties that are sold, and requires owners selling such properties to provide relocation assistance to low-income tenants who are displaced by a conversion to market-rate rents.

Another key element is the availability of flexible funding when tenant groups seek to make a purchase. This could be in the form of a dedicated local fund or a set aside in a housing trust fund.[74] The Washington, D.C., Tenant Opportunity to Purchase Act gives tenants 120 days after notice to negotiate a sale and another 120 days if a lending institution will certify that the tenants have applied for financing.[75]

Financing tools are particularly important for owners of buildings that are "timing out" of affordability requirements,[76] as they may be anticipating increased income from raising rents. Outright purchase of existing affordable properties that are timing out or otherwise in danger of becoming unaffordable is usually not the first choice of local governments. But it should be considered if the local government has a strong public housing and/or redevelopment authority.

Alternatively, government may partner with nonprofit affordable-housing providers to help finance a purchase. The Community Preservation Corporation in New York City provides funding for affordable multifamily housing. While it is a nonprofit funded by financial institutions, it works closely with the city's Department of Housing and Preservation.[77] Portland, Oregon, in partnership with the state of Oregon and the MacArthur Foundation, is expanding a revolving loan fund dedicated to the purchase of at-risk properties.[78]

Maintaining quality and affordability

The economics of property ownership and management are key to maintaining affordable rents for tenants.[79] Local governments can improve the economic equation for property owners, but should only do so in return for improved conditions for tenants and neighbors, and a guarantee of continued affordability. Local governments can establish grant and loan programs to provide property owners with funds for rehabilitation or to refinance debt. Chicago offers grants funded by tax-increment financing[80] to owners of buildings with five or more units.[81]

Depending on the diversity of building stock in its jurisdiction, a city may want to tailor financing programs to different classes of buildings or types of owners. New York City, for example, plans a Small Owner Repair Program, which will provide forgivable loans in return for maintenance agreements and continued affordability.[82] And Los Angeles uses information gathered from its rental-inspection program to identify owner-occupied two- and four-unit buildings that need financial assistance for repairs. The program provides deferred loans and grants to owners for specific improvements.[83]

Create affordable housing

Background

While preserving affordable housing is almost always easier and cheaper than building it new, the creation of affordable units is an important part of any comprehensive housing plan. In the current economic climate, it is more important than ever that families have access to affordable housing. Population trends, particularly the aging of the Baby Boomers, will mean that many affordable units for seniors will be needed.

In the current economic climate, it is more important than ever that families have access to affordable housing.

Local governments need to consider multiple factors in their planning; not the least of which is financing, which is covered in the next section. There are distinct differences between local housing markets, and what works in one market may not work in another.

The balance between affordable rental and affordable homeownership is an important consideration. Nationally, there has for decades been a strong focus on ownership as the ideal, despite the fact that it does not make sense for every family and is not accessible to many. Another consideration is the location and type of housing created—size of building, number of bedrooms—in most cases a diversity of types is desirable, but the exact balance will depend on existing housing stock. In addition, the level of affordability is important. Cities need the full range of options, from market rate to very low income; 30 percent of area median income or less.

In any event, local governments should commit to the creation of affordable housing as a policy goal. In setting affordable-housing policies, cities should make a detailed assessment of the current housing stock and market in their region, in cooperation with neighboring and overlapping governments, and as part of a comprehensive housing plan that integrates land use and transportation components.

Land use and planning tools

The American Planning Association's policy statement on housing opens with this paragraph, which contains the essential ingredients of a comprehensive housing plan:

> *In order for communities to function, there must be an adequate supply of housing in proximity to employment, public transportation, and community facilities,*

such as public schools. The housing stock must include affordable and accessible for sale and rental units, not only to meet social equity goals, but also in order to ensure community viability. The development of a diverse and affordable housing stock must be carried out without sacrificing sound regulations that are in place to protect the environment and public health.[84]

All local governments should develop a comprehensive housing plan that includes specific goals for the creation of affordable-housing units, based on the assessed need in their jurisdiction. In general, affordable housing should be close to employment centers and public transit; located in mixed-income neighborhoods and in some cases buildings; distributed among school-attendance areas; and consisting of a variety of types, from mobile homes and backyard cottages to large multifamily complexes to specialized or supportive housing situations. Housing plans will be more effective if they are regional, so governments should make every effort to work together.

The Metropolitan Washington Council of Governments in Washington, D.C., adopted a series of housing goals in 2001[85] that identified the number of units needed to keep pace with job growth. It called for the establishment of a housing trust fund, emphasized the need to locate housing near transportation hubs and employment centers, and highlighted the preservation of well-distributed, affordable housing throughout the region. This kind of regional planning has the advantage of a comprehensive view, but it relies on individual jurisdictions to implement the majority of the initiatives.

City-level planning is essential as well. In 2000 Boston began its "Leading the Way"[86] initiative, which quantified the need for new housing units at various levels of affordability, set specific goals for unit creation, dedicated significant city resources, and called on the private sector to more than match that investment. Since then, the city has seen the creation of more than 20,000 units and the preservation of more than 12,000 units. Key strategies included increasing the supply of public housing, making city-owned land available for affordable housing development, and providing financing to developments.

As the market has changed, Boston has updated its strategy twice; the latest plan focuses on maintaining affordability in the city's most expensive neighborhoods, providing housing for service workers, dealing with the foreclosure crisis, combatting homelessness, and stabilizing the rental market—particularly preventing the loss of "timed-out" units.

Boston's plan is notable for its specific, quantifiable goals based on good data about the housing stock and market and its aggressive action to meet those goals, both via the commitment of city resources and partnerships with the private sector.

Once a comprehensive housing plan is developed, there are many specific planning and zoning tools that may be appropriate for a local government to use. In general, land-use plans and zoning govern where housing can be located, how large buildings can be, and how many units they can contain.

Cities should have specific policies that favor development in already-developed areas, or infill development, as opposed to the edges of the city,[87] particularly on sites near employment and transportation options. Billings, Montana,[88] adopted a policy that outlines a number of specific strategies to promote infill development. Consider identifying a preapproved floor plan or site layout to make the approval of neighborhood infill easier. Portland, Oregon, has identified pre-approved building designs[89] of multiunit buildings for certain infill sites to further their housing goals.

Because there are economies of scale in developing affordable housing, higher-density housing[90] should be allowed in many areas by right. Zoning codes should allow for the adaptive reuse of existing buildings as affordable housing as well. The Los Angeles Adaptive Reuse Ordinance provides certainty and streamlined permitting for projects converting commercial buildings to residential or live and work units.[91]

Cities should also promote accessory dwelling units, or ADUs, sometimes called "granny flats" or backyard cottages,[92] as a way to increase density in existing neighborhoods and create affordable housing. Several cities, including Seattle[93] and Portland, Oregon,[104] do so. In each case, a change in zoning was required to allow these units. Seattle has even identified a pre-approved floor plan to make the creation of these units easier.

Inclusionary zoning

Inclusionary zoning, or IZ, policies require developers of market-rate housing to reserve a portion of the units they create for affordable housing.[95] IZ links the production of affordable housing to market-rate housing, expanding the supply of affordable units at no monetary cost to government and creates mixed-income housing throughout the jurisdiction.

But the policies must take into account the market realities of housing development. If they're too onerous, they will discourage development, fewer units of all types will be created, and the policy will not contribute to the city's overall housing goals.

Cities should adopt an IZ policy based on the specifics of the local housing market. But the following elements are important to an effective policy:[96]

- **The policy should be mandatory.** Voluntary policies have not been successful in creating significant numbers of affordable units.
- **Units that are owned and rented should both be covered, as should different ownership models.** San Diego's ordinance applies to condominium conversions, as well as new construction.[97]
- **Developments of all sizes should be covered, even buildings with few units.** The Chapel Hill, North Carolina, policy requires all projects that will create five or more units to comply.[98]
- **The percentage of affordable units required should be high.** The Boulder, Colorado, program begun in 1980 requires 20 percent of units to be affordable.[99]
- **Developers willing to produce very-low- and low-income housing should receive additional incentives.** For instance, they could be allowed to meet a lower percentage of affordable units than those producing moderate-income units.
- **The units should remain affordable for the longest possible time, preferably in perpetuity.** Alternatively, the "affordability clock" could reset each time the unit is sold.
- **Affordable units should be produced before, or at the same time as, market-rate units, preferably on the same site as the market-rate units.** The Cambridge, Massachusetts, ordinance focuses on developing units on the same site as market-rate units and requires all units to be comparable in their finishes.[100] San Francisco requires 5 percent more affordable units if they are produced offsite.[101]
- **There should be alternatives to developers producing the units themselves such as payments in lieu of production or donation of land.** These alternatives, however, should be structured so that they do not create fewer units than would be otherwise required, and developer eligibility for the alternatives should not be automatic.
- **There should be some meaningful, nonmonetary incentive for developers who participate.** This might be any of the incentives discussed in the section below. It must, however, be tied to the realization of concrete policy goals. For example, density bonuses (defined below) might be given to developers for the creation of very-low-income units, but not units targeted at 80 percent of area

median income. The Montgomery County, Maryland, ordinance, one of the earliest adopted, includes density bonuses.[102] It has produced at least 11,000 units of affordable housing over its 25-year lifespan.

Finally, there should be a clear path to compliance with an IZ policy, the policy should be applied equally to all covered projects, and the local government should have a system for monitoring compliance and tracking success.

Incentives for developers

In addition to requiring the development of affordable units, local governments can use a variety of incentives to encourage the development of affordable housing. These are generally related to the development process, fees associated with it, the property tax, or the provision of municipal infrastructure. They should all require permanent or at least long-term affordability in return for the incentive.

Local governments should offer a selection of incentives carefully crafted to produce the types of housing that the market will not provide on its own. They should not offer or should discontinue incentives for types of housing the market is producing. In addition to levels of affordability, incentives can reward proximity to transit and employment, or provision of onsite services.

Some states allow local jurisdictions to use property-tax abatement to encourage certain types of development. Cities should carefully examine state law before considering this tool, however, and should seriously consider how much—and for how long—they are willing to forego the tax revenue. Tax abatements should not be given lightly, but rather should be in exchange for maximum long-term affordability, at the level of 50 percent of AMI or lower. Seattle[103] offers a tax exemption to multifamily properties where at least 20 percent of the units are affordable at a certain level related to unit size.

Another way to reduce property taxes on affordable housing is to adjust the way they are assessed to account for the lower increases in rent, higher expense ratios, and lower resale values of affordable properties.[104]

Further, local governments usually have the ability to reduce or waive development or permit fees and requirements such as parkland dedication—or fees in lieu of—for affordable housing developments. These revenues are generally easier

to forgo since they are one-time fees. This waiver can be leveraged to require long-term affordability by treating it as a deferment, with the fees due in full if the property transitions out of affordable housing. Flagstaff, Arizona, has a comprehensive incentive policy, which includes waivers for building permit, planning, and development-impact fees that are tied to the level of affordability produced.[105]

Another tool is the density bonus. Projects that would be limited by zoning codes to a certain floor-area ratio or number of stories can be granted additional area or height in exchange for the inclusion of affordable units. Los Angeles offers a by-right density bonus of 20 percent to affordable-housing projects. The bonus can be increased to 35 percent by increasing the percentage of affordable units or making them more affordable, providing on-site child care, or locating near employment or transportation centers.[106]

Cities may also offer regulatory flexibility for affordable-housing projects. These projects, for instance, may receive expedited permitting or presumptive approval within a certain timeframe. Costly requirements such as parking minimums may also be waived, or regulations about lot sizes and setbacks may be reduced. The Flagstaff, Arizona, program mentioned above provides expedited review and flexibility on parking requirements for projects that are at least 20 percent affordable. Bellingham, Washington, offers a number of different types of flexibility, including waivers of minimum lot size, street frontage, setbacks, parking requirements, usable open space, and maximum lot coverage regulations.[107]

Improving housing assistance

Public housing authorities, or PHAs, manage public housing and administer housing-choice vouchers, better known as Section 8.[108] Section 8 is a tenant-based subsidy where recipients pay 30 percent of their income toward rent and the voucher covers the rest of the cost. As this is a federal program, most of the reforms or improvements to it must happen at the federal level. There are, however, management practices that PHAs can use to improve the program's impact.

Recipients may have trouble finding housing that meets both their needs and the requirements of the program. This may be because landlords are not required to accept vouchers as a form of payment, because recipients have trouble finding or accessing open units, or because there is an actual shortage of appropriate units. As discussed in detail above, the latter issue is dealt with by increasing the supply

of affordable housing of the type (e.g., number of bedrooms) and at the level of affordability required by voucher recipients.

One of the perceived benefits of the housing-voucher program is to geographically distribute low-income households. This requires available units in a variety of neighborhoods. PHAs can work to educate landlords and market the voucher program to increase acceptance. Local governments could also give priority for funding to projects that accept vouchers or require them to do so as a condition of funding. In addition, local governments can rigorously enforce laws prohibiting housing discrimination (see the fair housing section).

As with other types of affordable housing, high concentrations of poorly managed properties rented by voucher holders may generate opposition because of fears about neighborhood decline. Working with landlords to improve their property-management practices is important (see the high-quality housing section), as is making sure tenants are connected to the appropriate supportive services.

Finally, PHAs can improve their communication with, and offer more assistance to, voucher recipients. PHAs should simplify briefings and informational materials so that families better understand their options, and provide better information about transportation, services, and amenities available in different neighborhoods coupled with information about available units. Some families may need more direct assistance locating housing or transportation during the housing-search process to expand the geography of their search.

Creating supportive housing

In their housing plans, local governments should pay particular attention to the availability or production of supportive housing. Housing may be "supportive" in a number of different ways, but basically the term means affordable housing linked to services that help individuals and families live more stable, productive lives.

Such services may be supplied by the—usually nonprofit—housing provider or by an outside provider via contract, and may be funded as part of the property's financial plan or by outside grants, including community or social-services funding from governments.[109]

Services may include:

- Case management
- Substance-abuse and mental-health counseling
- Child care
- Youth programing
- Gardening or urban agriculture
- Food banks
- Re-entry services
- Adult education and English as a second language, or ESL, programs
- Employment programs
- Financial-literacy programs

Providing such services in the context of housing improves housing stability, employment, mental and physical health, school attendance, and results in lower costs to government via decreased use of homeless shelters and services, emergency rooms, jails, and prisons.[110]

Cities should pay particular attention to providing supportive housing for seniors, people with disabilities, and the recently or chronically homeless. And PHAs need to pay attention to accommodating people with disabilities in their projects, not just in the design and administration but also with the provision of appropriate supportive services.[111] Allegheny County, Pennsylvania, developed permanent supportive housing for mentally ill individuals in the context of a larger plan to reduce their reliance on hospital, emergency shelter, and criminal justice resources.

Cities should pay particular attention to providing supportive housing for seniors, people with disabilities, and the recently or chronically homeless.

Senior housing is of particular concern given demographic trends. Already, many seniors are burdened by housing costs, and many seniors in subsidized housing are frail or disabled.[112] As an increasing percentage of the population falls into the "senior" category, a wider range of "senior" housing will be required, from "empty-nester" apartments and condos to supportive housing to assisted living to skilled nursing facilities. The private sector will certainly provide market-rate options, but local governments will need to ensure that affordable options are available as well.

Cities should consider targeting some of their affordable housing dollars to senior options, and should form partnerships for service delivery. Lapham Park, a Milwaukee PHA property, provides health care services on site for seniors via a partnership with the Milwaukee County Department of Aging, Community Care Organization, St. Mary's Family Practice Clinic, the Milwaukee Area

Technical College Dental program, Marquette University School of Nursing, and the YWCA. Services include health assessments that are often as part of student training, health-promotion programing, exercise opportunities, and access to primary and critical care.

The Just for Us program in Durham, North Carolina, is a partnership between Duke University Medical Center Division of Community Health, the Lincoln Community Health Center, the Durham County Department of Social Services, the Durham County Health Department, the Council on Senior Citizens, and the City of Durham Housing Authority. It provides seniors and disabled adults with primary care, mental-health services, and care management. In addition to monitoring chronic medical conditions, the program provides case management, assistance in applying for benefits, and access to services such as Meals on Wheels and home health aides.[113]

Promoting homeownership

While the lowest-income families are likely to be served by rental housing, local governments still need to pay attention to the availability of affordable homeownership opportunities. That's because ownership provides a potential way to build equity for low- and moderate-income families, and the availability of workforce housing close to jobs is important for both employees and employers.

Cities can employ a number of strategies to increase affordable homeownership opportunities. As always, these should be integrated into a comprehensive housing plan specific to the local housing market. Prior to the recession, there was a marked policy preference for encouraging homeownership nationally. Cities should take a more balanced view now but should still support programs that make ownership affordable.

One option is housing cooperatives, which are likely to maintain a level of affordability since there is no profit motive—the building is owned by a cooperative corporation controlled by residents, who own shares or stock, and decisions are made democratically. Cooperatives generally have lower entry costs than other types of ownership.[114]

Many housing cooperatives target or limit membership to a particular group, such as artists, students, or seniors, for example. Others have an open membership. Residents may occupy a room, an apartment, or a whole house, depending on the

cooperative. The Madison Community Cooperative in Madison, Wisconsin, began as a student cooperative but now owns and operates several properties open to all.[115]

A local government's role in promoting market-rate cooperative housing is generally limited to ensuring that it is allowed in residential areas under the zoning code.

Shared equity is another approach to affordable homeownership. These programs help income-eligible families purchase homes at below-market prices. In return, restrictions are placed on the resale of the property, including the need to sell to another income-eligible buyer and a limit on the amount of accumulated equity the seller can retain; the equity is shared with the program that provided the initial subsidy. Such programs create a supply of homes that will continue to sell at an affordable price, while still allowing first-time buyers to become homeowners and accumulate some equity.[116] These programs may be structured as shared-equity cooperatives or as "silent" second mortgages,[117] where no payments are due until the sale of the property.[118]

San Francisco offers a program where both the initial purchase and subsequent resale prices are tied to the income level of the buyer, not to the market value of the home. The program is targeted to households earning 55 percent to 120 percent of area median income, who would likely otherwise be unable to purchase a home in the city.[119]

Another approach is a community land trust.[120] In this case, the trust, a nonprofit corporation, owns the land, and individuals own the homes, which are substantially less expensive without land costs. The Burlington Community Land Trust in Vermont was seeded by a $200,000 grant from the city, and given access to a $1 million line of credit by the city employees' pension fund to develop and preserve affordable ownership options in neighborhoods where home prices were rising.[121] The Madison Area Community Land Trust in Wisconsin developed and manages the Troy Gardens project, an award-winning mixed-income co-housing and urban agriculture community.[122]

Other ways to make homeownership affordable include lease-to-purchase, employer-assisted housing,[123] and first-time-buyer education programs. Pittsburgh uses Community Development Block Grants to support a lease-to-purchase program run by Bloomfield-Garfield Corporation, which renovates vacant housing and offers it to families with poor credit histories. An initial $100 deposit and rent payments become the down payment once the family is able to secure a mortgage.[124]

Cities can also provide funding to match employer-assisted housing programs or can provide them for their own employees. The Chicago Area Metropolitan Planning Council started the Regional Employer-Assisted Collaboration for Housing, which assists private companies in establishing programs to educate employees about homeownership and provide them with down-payment assistance.[125] San Francisco[126] offers comprehensive education and assistance to first-time homebuyers, as does the New Opportunities for Homeownership program in Milwaukee. A partnership of 46 financial institutions, homebuyer-counseling agencies, and the city of Milwaukee, the program provides education to individuals via the counseling agencies, providing the financial institutions with a pool of educated potential buyers. In return, the institutions offer standardized eligibility requirements, minimal loan-origination fees, prompt servicing, and referrals if a client is denied. The program also educates real-estate professionals about neighborhoods and programs available to their clients.[127]

Fund affordable housing

Background

The critical component in both preserving and creating affordable housing is funding. Publicly managed housing requires both upfront construction funding and ongoing operations and maintenance support. Private projects usually require a public contribution in the construction or rehabilitation phase but may also need operating support, particularly for supportive housing. Other costs that should be considered are site acquisition and predevelopment costs.

While the funding available for affordable housing is generally insufficient to meet the need, it is available from a myriad of sources. This section will focus on the sources available to or controlled by local governments; a complete review of affordable-housing funding would include additional state and federal sources, as well as private and philanthropic ones.[128]

Federal sources

The federal funds that local governments have the most control over are Community Development Block Grants[129] and HOME.[130] Use of these funds should help a community meet the goals of their housing plan.

HOME funds are targeted at providing housing for households with incomes less than the area median income. Communities should target these funds to the highest-need housing, which will usually be for low- and very-low-income families. It's important to use public dollars for the housing that the private sector is least likely to provide on its own. HOME funds may also leverage other investment.

CDBG funds are more flexible in their use, but they should also be targeted to produce the highest levels of affordability possible. CDBG funds can also be used as interest-free bridge or construction loans. Block-grant funds awarded to a jurisdiction that have not yet been committed to a project or drawn down can be used for interim purposes as long as they are still eligible and are secured. This is a low-risk way to reduce transaction and carrying costs for affordable-housing projects.[131]

Housing trust funds

Local governments should create an affordable-housing trust fund that can only be used for the preservation and creation of affordable housing. Allowed uses should match up with the goals of the local government housing plan, and funds should be allocated accordingly. Funds can be used for grants, loans, or both. Cities will need to identify a reliable source of funding to capitalize and replenish the trust fund.

Trust funds are segregated, dedicated funds that can only be used according to their governing documents. When structured correctly and connected with dedicated funding (see below), they can provide dependable funding for the preservation and creation of affordable housing. Because housing trust funds are funded and governed locally, they can be more flexible than federal or state funds and can be used to leverage other sources of capital.

Trust-fund governing statutes should specify both the process by which money is allocated and which uses are eligible, including levels of affordability and duration of affordability restrictions. Funds can be used for grants, loans, or both. Some trust funds set aside specific amounts or percentages to meet particular goals such as levels of affordability, geographic targeting, or acquisition of at-risk properties.

Chicago's Low-Income Housing Trust Fund is primarily focused on providing rental subsidies for very-low-income tenants. The fund is capitalized by one-time payments from large transactions such as the long-term lease of the Skyway Bridge or the city's parking meters. It also receives a portion of some development fees.[132]

Affordable-housing trust funds may also be established in partnership with the private sector. The Santa Clara, California, trust fund is a revolving loan fund and grant program capitalized with close to $20 million from both public and private sources.[133] San Antonio houses its trust fund in a nonprofit foundation whose board is appointed by the city council. It was capitalized by a one-time payment from the sale of a cable-television franchise.[134]

Housing levies and bonds

One way to capitalize an affordable-housing trust fund, or to provide other dedicated affordable-housing funding, is via special levies or bond issuances. Housing levies almost always require approval via a ballot measure and may be governed by state law as well. Housing bonds may or may not need voter approval but will be governed by state and local rules regarding debt issuances. Of course, bond proceeds must be paid back, usually from the general tax levy. Special levies and bonds may be tied to specific projects identified in advance, or may be held and allocated to projects over time.

While these locally allocated funds can be powerful tools, they are also subject to the political climate. Because they are established by local action, they can be raided, reallocated, or abolished by local action as well. Voter approval may be a high barrier and may be difficult to achieve multiple times if reauthorization is required. Still, their flexibility and dedicated nature make bond issues and levies worth considering.

Austin, Texas, has successfully used general obligation bonding to support affordable housing. In 2006 Austin voters approved a $55 million issuance by a 62 percent margin. Just over half of the funds went to provide housing for households making 30 percent to 50 percent of area median income, seniors on fixed incomes, and homeless individuals; the rest was used for working families earning 50 percent to 80 percent of area median income. The bonds are being repaid via the property tax, which is about $6 a year for the average home.[135]

In Florida, Miami-Dade County voters authorized the Building Better Communities general obligation bonds in 2004. These bonds will provide almost $3 billion over 40 years for construction and rehabilitation of affordable housing.[136] Oak Park, Illinois, also funds its Diversity Assurance Program from bond proceeds. The program offers matching grants and low-interest loans for the

rehabilitation of small multiunit buildings, in exchange for agreement to list vacancies with the Oak Park Regional Housing Center, which focuses on maintaining a racially diverse tenant population.

Security improvement and garage-repair programs are also available.[137] Portland, Oregon, uses its bonding authority to issue private-activity bonds for multifamily housing projects that provide a benefit to the city. Private-activity bonds are guaranteed by and repaid from the revenues of the project they fund, and are not guaranteed by the city. They are tax exempt, however, and generally offer a lower interest cost than private financing.[138]

Fairfax County, Virginia, had a "one penny for housing" real-estate tax levy that supported its affordable-housing preservation fund from 2005 through 2009. The program netted about $20 million annually and was used to leverage other sources of funding to preserve rental properties where at least 50 percent of the units were available to families earning less than 50 percent of area median income. The program was discontinued when the board of supervisors reallocated the revenue to human-services programs to fill a budget gap.[139]

Seattle has had a housing levy since 1981. Voters have approved it four times, and the program has funded more than 10,000 affordable apartments, provided down-payment loans to more than 600 first-time buyers, and given rental assistance to more than 4,000 households. The most recent levy, which was approved in 2009, will provide $145 million over seven years at a median cost to homeowners of $65 a year. It will preserve or produce 1,850 affordable homes and assist 3,420 households.[140]

Other dedicated sources

In addition to bonds and levies, local governments may use other dedicated sources of funding to support affordable housing. One-time sources include air rights[151] and proceeds from sales of municipal property. In both cases, local governments should pass an ordinance dedicating all or part of the proceeds to affordable housing via a housing trust fund, if one exists; otherwise funds are likely to be used to plug the budget hole of the moment.

Municipal property may also be donated or leased to affordable projects if appropriate. King County, Washington, has had an ordinance since 1996 requiring surplus property to be sold or leased for affordable housing. Each year, the property-services

division compiles a list of surplus properties and works with the Housing and Community Development Program to solicit proposals from housing developers.[142]

The revenue from fees may also be reserved for affordable housing. Local governments may be restricted by state law, but if not, they can charge fees for different government services. Philadelphia charges a document-recording fee—a per-page charge for items such as birth certificates, deeds of trust, or marriage licenses—that varies from $50 to $75, and uses the proceeds of close to $10 million a year for its housing trust fund.[143]

Other fee revenue may be dedicated, but local governments should be careful not to make fees too onerous or regressive, and should generally maintain some tie between the service for which the fee is charged and the use of the revenue.

Similarly, the revenue—or a portion of it—from special taxes may be dedicated to affordable housing. Cities with a significant tourism industry that produces high numbers of low-wage jobs should consider a tourism or hotel and motel room tax to fund workforce housing.[144]

A demolition tax or demolition permit fee is another option. Faced with the increasing demolition of affordable housing for luxury units, Evanston, Illinois, instituted a demolition tax of $10,000 per structure or $3,000 per unit, whichever is greater. In addition to discouraging demolition, the tax funds affordable-housing programs. Owner-occupants may receive a deferral or forgiveness of the tax, provided they continue to live on the site. Highland Park, also in Illinois, has a similar tax that raised more than $600,000 a year the first four years it was implemented.[145]

Real-estate transfer taxes, a percentage of the purchase price paid by the seller of property, can be convincingly tied to the need for affordable housing. They are not regressive and can be modified to exempt sales of homes below a set affordable price. Transfer taxes also have the advantage of discouraging the "flipping" of properties, and while they are cyclical, they are also likely to produce more revenue when affordability is more of a problem because of a strong housing market.

Finally, tax-increment financing, or TIF,[146] can be used to support affordable housing as well. In addition to supporting eligible, tax-generating projects that contain affordable housing with TIF, municipalities can set aside a portion of the increment generated in TIF districts to fund affordable housing. These funds can be used for city-led projects, but are more often distributed as grants or loans to nonprofit housing providers.

Salt Lake City uses TIF proceeds to fund its housing trust fund.[147] And San Francisco has a Citywide Tax Increment Housing Program, run by the mayor's Office of Housing.[148] At least 20 percent of the increment generated by TIF districts must be used for affordable-housing projects, in the form of grants and loans to housing developers. Importantly, funds do not need to be used within the district that generates them. From 1990 to 2008 more than $428 million was used to create housing for low- and moderate-income families.[149] Portland, Oregon, sets aside 30 percent of the TIF proceeds from all districts for affordable housing.[150]

House the homeless

Background

Homelessness is a national problem that affects people of all backgrounds. Based on the latest data available, there are more than 600,000 homeless individuals in the United States on any given night, almost 20 percent of whom are chronically homeless. More than a quarter of these people have a severe mental illness, and almost 35 percent of them have chronic substance-abuse issues. Additionally, more than 10 percent of them are veterans. In the course of a year, more than 1.5 million individuals will experience homelessness.[151] The number-one reason for homelessness is the lack of affordable housing, exacerbated by individual challenges such as substance abuse, disability, and mental and physical health.[152]

The number-one reason for homelessness is the lack of affordable housing, exacerbated by individual challenges such as substance abuse, disability, and mental and physical health.

The costs of homelessness to society are very high. Medical treatment and hospitalization, police intervention and incarceration, and emergency shelter expenses add up quickly, making homelessness very expensive for the local governments that must deal with it. As usual, the federal funds available are insufficient.[153]

Cities dealing with homelessness must consider not only the housing, health, and employment needs of homeless individuals but also their civil rights. For instance, homeless people have the right to vote, and homeless children have the right to a public school education.

As with housing, strategies to address homelessness should be based on a comprehensive plan[154] that is informed by data on the specifics of the local homeless population and the services available to them.

Many cities have developed plans to end homelessness with varying results. Boston's progress is notable. Between 1983 and 2003, the city focused on mini-

mizing street homelessness via emergency shelters. It successfully eliminated families living on the street and reduced the rate of unsheltered homeless to one-twelfth of the national rate. In 2003 the city adopted a goal of ending homelessness and started using a housing-first strategy, where individuals are placed directly into supportive housing. The approach almost cut in half the number of adults living in emergency shelters.[155]

Denver has also had success with its 2005 plan, Denver's Road Home. In two years, the city decreased overall homelessness by 11 percent and chronic homelessness by 36 percent. Key elements in Denver's success included strong leadership in the form of a large stakeholder council, a strong organizational infrastructure of service providers, and the use of public funds to leverage private contributions.[156]

Prevention

As with many societal ills, preventing homelessness is often easier and less expensive than solving it. Assuring an adequate supply of affordable housing, as discussed above, is a necessary but not sufficient piece of the puzzle. Many communities have services that connect vulnerable populations with emergency services, cash assistance, and case management. These should be integrated into a prevention plan and supplemented where necessary.

In particular, cities should offer emergency rental-assistance programs to help families avoid eviction and subsequent homelessness. But obtaining rental housing can be more difficult than keeping it, because of start-up costs, such as security deposits, and discriminatory behaviors of some landlords against low-income households.[157] Prevention programs such as rental assistance or subsidies can help families avoid eviction and subsequent homelessness. The San Diego Housing Commission runs a prevention program using $5.7 million in federal funds to provide vulnerable families payments to their landlord for security deposits, back rent, and rent subsidies for up to 12 months.[158]

Vulnerable populations will also need specific attention to prevent homelessness. Many people become homeless after leaving an institution such as prison, foster care, or treatment for mental illness. Local governments need to develop a plan to house individuals in vulnerable populations. Prevention programs should work with institutions to create a clear path to housing for these individuals that includes case management, access to services, and housing assistance.[159]

Boston's experience suggests that prevention costs about half of what it would cost to house an individual in an emergency shelter. The city supports a prevention strategy that includes an early warning system to identify at-risk individuals, rental-market stabilization, and shelter diversion.[160]

Consider creating a housing support center to coordinate resources from various city departments into a one-stop shop for housing needs. The city of Philadelphia provides such a center.[161]

Emergency shelter

Because prevention is not always possible, local governments must provide emergency shelter. Entry into a shelter should not be considered a goal, however, but rather a step on the path to permanent housing.

Shelters should, whenever possible, offer clients a range of services such as substance abuse and mental-health counseling and referrals, education and job-training assistance, and criminal justice re-entry services. They also should be well connected to other prevention and housing services. The Hennepin County, Minnesota, Rapid Exit Program provides a housing-barrier assessment within one week of an individual entering shelter and makes referrals for individualized assistance to locate and secure housing.[162]

Cities that fund shelters should structure contracts to give shelters incentives to move people into permanent housing while discouraging shelters from dealing only with the easiest clients by encouraging them to serve those with the most barriers to housing. Shelters also should be discouraged from using time limits or other sanctions that limit the time in shelter but do not contribute to rehousing.[163]

San Diego operates emergency winter shelters, which provide housing and job counseling, mental-health screening, and drug and alcohol treatment.[164] The city also offers homeless individuals storage in a central facility that serves 350 people a day at a cost of less than a dollar per person.[165]

Supportive programs and transition to housing

Services for homeless individuals and families should focus on transitioning them off the streets, out of shelters, and into housing. A housing-first strategy removes barriers to housing, such as requiring drug and alcohol treatment, and provides access to services on site or via other mechanisms. Outreach to homeless populations is a key tool for all homeless services and should be invested in.

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A coordinated approach is needed as well. Boston identifies tools such as a universal housing database to provide real-time vacancy information and a coordinated housing-placement system as key.[166]

Rapid rehousing—placing individuals in a temporary or permanent housing situation instead of a shelter—of homeless individuals is considered a best practice and should be adopted by cities. Mercer County, New Jersey, has reduced the demand for shelter or transitional housing by a third with a rapid-rehousing strategy. Hamilton County, Ohio, found that only 8 percent of homeless families that were rapidly rehoused returned to homelessness over two years, and Harris County, Texas, had a rate of only 6 percent.

Rapid rehousing can reduce time in shelter as well. Palm Beach County, Florida, rehoused 69 percent of families within 30 days, and Richmond, Virginia, reduced the median duration of homelessness for families by 50 percent. Alameda County, California, found significant cost savings as well. For each person exiting homelessness, rapid rehousing cost almost $8,000 per person less than from shelter and $22,000 less than from transitional housing.[167]

One way to rapidly rehouse people is for public housing authorities to target a portion of public housing and housing-choice vouchers for homeless individuals. The Asheville, North Carolina, housing authority preferentially serves individuals who have been homeless more than 90 days and has a 90 percent success rate. Baltimore has a set aside for 500 chronically homeless.[168] Tacoma, Washington, partners with elementary schools to identify homeless families and prioritizes services to them, including vouchers and case management, if the families agree to keep their children in school.[169] Finally, Boston requires rental-housing developments with 10 or more units to set aside 10 percent of their units for homeless families or individuals with an income of less than 30 percent of the area median income.[170]

Homeless individuals and those recently rehoused will continue to need supportive services for at least a little while. Long-term supportive housing is discussed below, but even families and individuals who were homeless for a short period of time should be provided some support.

Many of these services already exist in the community, such as Temporary Assistance for Needy Families, Supplemental Security Income, Medicaid, other federal assistance programs, housing counseling, mental-health services, and the like. A successful exit from homelessness is more likely if individual and families are connected to these resources.[171] Beyond Shelter in Los Angeles uses a housing-first model for homeless families and provides intensive case management to assist families to stabilize in housing.[172]

Permanent housing

Permanent housing is, of course, the ultimate cure for homelessness. For some, achieving permanent housing may be relatively easy with access to the services described above. Others with higher barriers to housing will need long-term supportive services attached to their housing.

This supportive housing is usually targeted to people who have been chronically homeless because of other problems such as mental illness, substance abuse, or chronic medical problems. These individuals often cycle through emergency services at a very high cost to the public. Portland, Oregon, found that half the resources of its homeless system were consumed by just 10 percent of the people: the chronically homeless.[173]

Permanent, affordable, supportive housing can break this cycle and can be more cost effective than other solutions. Supportive housing can reduce emergency-room visits by more than 50 percent, cut the use of detoxification services by almost 90 percent, and decrease the incarceration rate by more than 50 percent. New York City saves more than $16,000 per supportive unit, which essentially covers the cost of supportive housing. In Portland, Oregon, the savings were more dramatic—almost $25,000 per person per year, more than twice the cost of providing housing and services.[174]

To promote permanent housing, cities should adopt a housing-first strategy that removes barriers to housing, such as requiring drug and alcohol treatment, and

provides access to services on site or via other mechanisms. The primary shift with a housing-first model is that services, which used to be provided sequentially and at the offices of the providing agency, are now provided where the clients are housed, usually with dedicated case managers engaging residents and monitoring their progress. Participation in services is not a requirement of housing, though complying with the law is. Primarily, housing-first models focus on helping clients be good tenants and providing services when the clients are ready.

Chicago decreased homelessness by 12 percent in two years using a housing-first approach.[175] And Quincy, Massachusetts, has doubled the availability of permanent supportive housing since 2004, resulting in a dramatic decline in the population of chronically homeless individuals.[176]

Another strong example is the San Francisco Direct Access to Housing program, which provides permanent supportive housing for adults with mental illness, substance abuse, or chronic medical conditions. Improved health outcomes for these individuals include an 80 percent reduction in mortality for those with AIDS, glucose control for diabetics, and adherence to a medication regime for those with mental illness. The program also significantly reduced health care costs. Care for HIV-positive individuals cost $14,000 less a year, and an overall two-thirds reduction in health care costs was realized after individuals moved into the Direct Access to Housing site. Significantly, half of the people who leave the program move to other permanent housing.[177]

Endnotes

1 Center for Neighborhood Technology, "Housing + Transportation," available at http://www.cnt.org/tcd/ht (last accessed July 2013).

2 See the land-use planning section.

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Improve the quality of education for all students

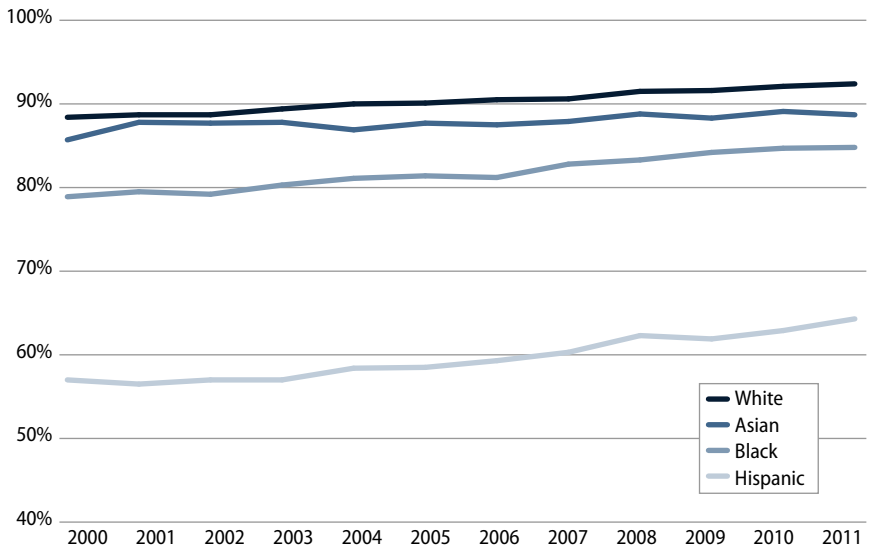
Introduction

In 1848 Horace Mann wrote "Education then, beyond all other devices of human origin, is a great equalizer of the conditions of men."[1] These words resonate even today. Strong public education is the lynchpin of high-road cities. Excellent schools attract young families, build the skills of future workers, and reduce costs of social services and criminal-justice systems. On the other hand, weak schools undermine property values, reinforce ruinous inequality, and provide weaker human capital for future development. In addition, the location of schools directly drives housing markets, neighborhood quality, and transportation systems.

FIGURE 9

The educational achievement gap

Percentage of persons ages 25 and over with a high school degree or equivalent



Source: http://nces.ed.gov/programs/digest/d11/tables/dt11_008.asp

At best, public schools help counteract our nation's ruinous inequalities. At worst, they exacerbate the social problems they inherit. The quality of local schools and the vibrancy of cities are linked.

While public schools are of tremendous importance to cities, most city governments have no direct control over the school systems that serve their citizens. School taxes add to the local tax burden and school district decisions influence infrastructure and other costs for cities. The reverse is true as well: Local gov-

ernment decisions about infrastructure, planning, zoning, and transportation affect school districts with little to no control over these areas. And despite these close links, schools and cities, with unique governance, have not always worked together on common issues.

The good news is that the strength of the common interest is increasingly overcoming the tradition of separation. Throughout the nation, partnerships and innovation are bringing new models and success. This chapter covers options to improve schools beginning with efforts to provide or enhance pre-kindergarten education; ways to reconnect with youth who are at risk of leaving or have already left the school system; and community partnerships that extend the value of school.

In addition, many of the topics covered in other chapters of this book are relevant to public education. For example:

- The siting of schools should incorporate good land-use policy (see the infrastructure chapter).
- The location and type of housing in the attendance area is important to schools; the housing chapter suggests tools to build stronger neighborhoods via housing policy.
- School districts, similar to any other building owner, can save money with energy efficiency, renewable energy, water efficiency, and good stormwater management (see the infrastructure chapter).
- The health of students affects their educational performance, and schools can improve the health of young people (see the health chapter).
- School districts are major employers, and they should consider the policies outlined in the job quality chapter and their role as anchor institutions (see economic development chapter).

In addition, school districts should be proactive about abating health hazards—such as polychlorinated biphenyls, or PCBs, asbestos, lead, and toxic mold—in school buildings and ensuring sufficient operational budgets to maintain safe and healthy school environments. Of course, there are many public school issues we simply cannot include here. For instance, we do not cover school funding, and we leave out curriculum and its reform—a subject far too vast to cover here. We focus instead on ways that cities and school districts can support children and families and foster stronger communities. The recommendations in this chapter apply to both cities and school districts in most cases.

Promote and support early care and education, including universal pre-kindergarten

Background

The foundation for learning is established in a child's earliest years. High-quality early education is an investment with real payoffs, as it establishes a foundation for success in one's school career and life. But too often working families with young children struggle to find high-quality and affordable early care and education. Child care assistance can help, yet federal and state child care assistance serves only one in six eligible children.[2] Meanwhile, the child care and early learning workforce—which remains a key career opportunity for many women—is one of the lowest-paid in the country, making it difficult to recruit and retain a stable and skilled workforce.

The benefits of investing in our young children are clear. Early childhood education is a critical investment for communities, and failing to invest in quality early education costs more in the long run.[3] In terms of promoting equity, the National Institute for Early Education Research has found that pre-K programs could cut the achievement gap by 40 percent.[4] In economic terms, a national universal pre-K program would result in annual benefits exceeding annual costs within nine years of program implementation. Overall benefits of a national program could exceed costs by an 8-to-1 ratio, based on budget savings, increased earnings, and reduced crime.[5] Research also demonstrates that publicly funded, large-scale pre-K programs have strong potential "as a strategy for school reform and turning around a record of underachievement."[6]

A majority of Americans favor candidates and programs that support universal pre-K.

Universal pre-K programs have significant public support, too: A majority of Americans favor candidates and programs that support universal pre-K.[8]

While pre-K is a critical state issue—currently 11 states lack a state law requiring 4-year-olds to attend kindergarten—local government leaders can also play an important role in the promotion and support of universal pre-K, and take other steps to invest in early care and education by:

The achievement gap

The achievement gap is the persistent and pervasive difference in multiple types of educational achievement, observed starting in infancy and continuing into the high school and college years between young people of different races, ethnicities, and socioeconomic classes. In the United States, children who are black, Latino, or from low-income families are significantly less likely to do well in school and to graduate high school than their white, more affluent peers.[7]

- Coordinating with school district and early childhood leaders to create a framework for universal early learning that prioritizes an integrated approach to early care and learning for children from birth to age 5. It should recognize the needs of working families for full-day, full-year services, and include city-based strategies to establish and measure success on the pre-K to third-grade educational pipeline.

- Working with key partners to improve the knowledge, skills, and education of early care and education teachers by supporting and rewarding teachers for improving their skills and qualifications; raising compensation and other efforts to decrease turnover and stabilize the workforce; and bringing postsecondary education systems and the early childhood system in a region together to measure and build the skills of the early childhood workforce.

Promote and support universal pre-K

Pre-K programs focus not on direct learning but on play-based curricula, which is proven to help children develop the physical, social, and learning skills to succeed in school.

Pre-K is part of good early childhood development, or ECD, which improves educational achievement, health, employment, and earnings, while decreasing welfare dependency, drug use, and criminal activity. ECD initiatives are a proven alternative to more traditional economic development because ECD investments provide long-term benefits—both financial and social—that far exceed their costs.[9]

Local leaders can start on pre-K by knowing these facts, seeking chances to promote the collaboration necessary to build quality universal pre-K, and looking for places where their leadership, partnership, and resources might help ensure success of a local pre-K strategy.

Ensure quality pre-K through coordination and funding

One major challenge in implementing universal pre-K is the lack of any comprehensive governance structure for early childhood education. Declining state revenues and financially strapped schools also make new programs for quality early education programs harder to build.

Pre-K programs have seen increased enrollment in the past decade, but the amount spent per student has fallen; concurrently, most states' programs have seen a drop in program quality during this period.[10] Funding is the most important factor to ensuring program quality in pre-K. Local policymakers and community leaders should therefore work to prioritize and support investment in early education programs.

Leaders at the school district and city levels should coordinate to create a local framework for approaching early learning. Such efforts should bring in principals, teachers, administrators, school boards, teachers, parents, and community partners. With strong municipal leadership, such a partnership can determine the early education needs of the community and make plans to implement the best policy options for existing program structures.

Coordination with funders allows municipalities to dedicate the necessary resources to establish and improve early education programs. Many local areas benefited from American Recovery and Reinvestment Act funding in 2010 and 2011; in fact, without this funding, pre-K spending per child would have been at its lowest level in 10 years.[11] Approximately $500 million in federal Race to the Top Early Learning Challenge funds have been allocated to nine states, and round two of the funding is now in process. Private funding in this arena is widely available too, though national and local funders are most likely to support evidence-based, quality educational practices.

One example of city-level efforts is to strengthen the connection between pre-K and elementary education. Several cities are creating a pre-K to third-grade "educational pipeline" to ensure a continuum of quality education beyond just the one or two years of pre-K, and to combine advocacy efforts with a common platform: universal pre-K, full-day kindergarten, and a seamless curriculum from pre-K through third grade.[12]

The Seattle PreK-3rd Partnership unites Seattle Public Schools, the city of Seattle, and the New School Foundation to achieve an ambitious five-year action plan. To be completed by 2015, the plan's vision is that all kids will be ready for kindergarten and will be at or above grade level upon leaving third grade.[13]

Keep in mind that the cities that took this new approach leveraged significant private foundation funding.

Promote standardized pre-K teacher training and certification

Teacher training and quality are essential to ensuring quality pre-K education. That's why cities should help ensure that teachers and pre-K staff complete specialized education and training applied in experiential settings. This training will help early childhood professionals develop curriculum that is effective, inclusive, and culturally relevant, so that they can address the unique needs of all children in the classroom.

Such programs are most effective when baccalaureate, graduate, or community schools set the standards for initial or advanced teacher licensure to ensure training will be consistent across a variety of institutions.[14] The National Association for the Education of Young Children, or NAEYC, sets the standard via its accreditation of programs. Their selected programs enumerate and develop early childhood professional understanding of core standards. [15]

Madison, Wisconsin, is the only city in the country to create and maintain its own accreditation program for child care centers. In 1975 the city adopted a voluntary accreditation process for both center- and home-based child care providers, using established quality standards to promote optimal child development. The city wanted to ensure that its accredited centers provided quality services so child care providers can "access training, consultation and funding from the City to meet accreditation standards."[16] This process includes an extensive relationship-based review process.

Madison also pairs the program with child care subsidies, so that families who receive financial assistance can access high-quality, locally accredited child care. NAEYC consulted with Madison in the development of their standards. The Madison Metropolitan School District recently implemented universal 4-year-old kindergarten, using 23 public school sites and 31 private centers to provide this service; all providers are measured using the city standards.

Create avenues for family involvement

Parent and family involvement in pre-K and early childhood programming is also essential to a child's success. For school programs, working with families whose children are in pre-K helps establish a base of communication and support for students at the beginning of their schooling that can last for years. School and other local leaders can achieve the successful integration of families by helping articulate social and academic expectations of children entering kindergarten.[17]

School and other local leaders can achieve the successful integration of families by helping articulate social and academic expectations of children entering kindergarten.

Targeted initiatives coordinated with municipal leaders and organizations with deep and longstanding community ties have proven successful to increase family involvement in children's early education. The United Way's Parent-Child Home Program provides educational kits and one-on-one mentoring to low-income and minority parents of kids in public pre-K. Funded by United Way and others to help narrow the achievement gap among entering kindergarteners, the initiative helps parents understand how to use books and other accessible tools to build literacy and critical-thinking skills of young kids.

The Educare model, offered at 17 schools around the country, provides comprehensive services and education from birth to kindergarten in full-day, year-round programs. Building on the public model of Head Start, Educare requires higher levels of teacher education and smaller classroom sizes, while targeting family retention as a key goal.

Educare parents are empowered as champions of their children's education, and they participate in meetings throughout their child's five-year participation in the program. Parents have access to on-site support, including career services and medical, dental, and behavioral-health services.

Initial research shows that low income and limited-English-proficiency Educare students who attend for a full five years enter school with skills comparable to those of their more advantaged peers.[18] Educare schools are administered through public-private partnerships in each city where they are located, with significant support from Head Start and Early Head Start, as well as national and local foundations.

Partnerships to strengthen K-12 education

Background

Great public education is an essential element of the high road for cities. The public K-12 system is critical but also complex and politically contentious. There is no silver bullet for reform. And while there is significant local control of schools, real reform often hinges on federal and state control over everything from standards to funding formulas. Further, the broader social context of poverty or lack of jobs in a community can overwhelm even the most valiant of efforts inside schools.

Even so, there are many ways that communities can work to improve their schools—the quality of education, the performance of students, and eliminating the achievement gap that confronts even relatively strong school systems.

We highlight partnerships here that can be led within schools or new partnerships between schools and other local leaders. We focus on examples that engage teachers, their unions, and parents in ways that help improve school performance. And we focus on efforts that require new partnerships or new ways of thinking but not necessarily new resources.

In this work, leaders should seek to:

- Enlist teachers in finding innovative solutions to school problems by building and supporting successful, long-term partnerships between districts, teachers, and their unions.
- Enlist parent involvement in and commitment to schools and their children's success by truly engaging parents as partners in making schools work.
- Focus on retaining new teachers by building supportive workplaces and career pathways for teachers.
- When schools need to improve, build a strong community commitment to schools with teachers, parents, administrators, unions, and community leaders all focused and provided with resources to take on and solve school problems.

Union partnerships

Teachers are essential to good schools and are consistently devoted to making schools work for their students. There are many good examples of partnerships between district management, school boards, and unions, with all parties working together to improve working and learning conditions, teaching quality, and student performance. Success is built in schools, but local leaders can encourage and support the needed local partnerships between districts and their teachers.

Upon reviewing examples of successful partnerships, the Center for American Progress determined several key factors that contribute to successful, long-term partnerships between school districts and teachers unions:

- **Systems:** Reform cannot look at only one aspect of the education system. It must at least consider curriculum, professional development, teaching quality,

evaluation, compensation, hiring and retaining quality professionals, school management, site-based decision making, budgeting, and student performance. Looking at just one or two of these is not likely to be successful in the long term

- **Shared decision making:** Formal structures at both the district and school level to provide a venue for labor and management discussion and collaboration are important.
- **Quality:** The quality of teaching and student performance should be central to the conversation.
- **Peer networks:** Unions need to build the capacity to provide peer-to-peer support, not just on traditional labor-organizing issues, but also on improving instructional quality.
- **Culture:** A strong culture of collaboration should inform decision making and hiring decisions, and labor-management teams should have the opportunity to train and learn together.
- **Broad support:** The partnership needs the support of school boards, national unions, and the community.
- **Stability:** The longevity of leadership contributes to the duration of a successful partnership.

While short-term collaboration on individual projects can be important, long-term success depends on the institutionalization of collaboration.[19] To fully embrace this work, both teachers and administrators are challenged to take on new issues and deal with each other and those issues in new ways.

The ABC Unified School District, which serves the communities of Artesia, Cerritos, and Hawaiian Gardens in Southern California, is an example of a successful long-term collaboration. In 1993 the ABC Federation of Teachers went on strike over plans to cut teacher pay and benefits. In the aftermath of the strike, the union worked to elect school-board members open to collaboration and to get the board to hire a superintendent willing to work with the union. Starting in 1999, the district and the union launched the South Side Schools Reading Collaborative, a targeted intervention in six schools to improve student performance via professional development, improved curriculum and instructional practices, and hiring and retaining quality teachers. The success of this project led to additional collaboration on a range of instructional, training, curricular, and administrative issues. This work has led to improved outcomes for students as well: The district is consistently at least 7 percent above the state average on the California Academic Performance Index.[20]

Parent involvement

Parental involvement is key to student performance, but it is also important to improving school culture, working conditions, and overall student achievement. Beyond bake sales and PTA meetings, parents and community members need to do the difficult work of supporting schools and helping them achieve excellence. Districts should establish systems to integrate parents and community members into the decision-making process both at the district and school level. With this partnership approach, parents are not just welcome, but also essential partners in making schools work.

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The Plattsburgh City School District in upstate New York established a District-Wide Educational Improvement Council, or DWEIC, that includes teachers, administrators, union officials, and parents as members. The DWEIC, which meets monthly, helps facilitate goal setting, planning, and shared decision making, and holds everyone accountable for implementation.

The district's students show high levels of proficiency in subject matter, and there is no significant difference in student performance on the basis of race, gender, or socioeconomic status. Another positive outcome is a high level of community support for the district—bond votes and referenda requiring voter approval have never been rejected.[21]

Supportive workplaces

All too often new or struggling teachers feel isolated and stressed, without peers, prep time, or mentors. But the quality of both their work experience and their teaching can be improved through support, training, and resources. Collaboration with other teachers may be especially important to build teaching skills and confidence, as well as the ability to identify and solve problems. Examples from across the country suggest that improving the work environment for teachers can improve outcomes for schools.

Sanger Unified School District near Fresno, California, instituted "Professional Learning Communities" to build capacity at all levels of the district, including teachers, administrators, and central-office staff. These teams focus on improving student performance via collaboration, relationship building, professional development, data collection, and information sharing.[22] Independent School District

15 in St. Francis, Minnesota, sets up site-based planning teams by school, department, and specialist groups that are led by teachers and meet weekly to cover student progress, curricula, and other issues.[23]

Brooklyn Generation School is part of an effort to turn around South Shore High School in New York City. A smaller "school within a school," it operates on the same per-pupil allocation as other New York City schools, but has a significantly different school day and year format, designed to focus on teacher collaboration. The instructional year is 200 days, and rather than having one long summer vacation, teachers have two month-long breaks a year, but work the same contractual hours as others in the district. The rearranged schedule required approval by the district and the United Federation of Teachers.

Teachers are organized into teams based on grade level and subject area and have two hours a day for planning, professional development, and discussion of student work. Teams are designed to promote peer learning and contain teachers with different levels of experience, skill, and content knowledge.

So far, it's working. While only 20 percent of entering ninth graders were working at grade level, almost 80 percent are on track to graduate on time and are college ready.[24]

Career pathways for teachers

Unlike many professional careers, teaching has a fairly truncated career path. The most common move up for a teacher is to move out of the profession and into school administration. Reimagining the job and finding alternate ways into it and up through advanced skills is a strategy to help bring greater training into the field and to reward those who pursue training and demonstrate skills in teaching. This helps motivate teachers to pursue training and also allows a means of rewarding and retaining them.

Cincinnati Public Schools and the Cincinnati Federation of Teachers developed the Career in Teaching program, a career ladder that includes five stages. In the early stages, teachers receive mentoring, and each successive level includes both more responsibility and more compensation.[25]

Montgomery County Public Schools in Maryland worked with the Montgomery County Education Association to adopt the National Board for Professional Teaching Standards,[26] or NBPTS, certification as the core of the district's profes-

sional-growth system. NBPTS is an independent, rigorous, voluntary teacher-certification process. Teachers who choose to pursue certification receive coaching and support from staff-development teachers that are located at every school, two districtwide NBPTS instructional specialists, and a union staff member who coordinates logistics. In addition, they can get two days of release time to prepare, and the cost of taking the certification test is covered by the state and district. If they are successful, they receive $4,000 more a year in salary. As a result, the district has one of the highest percentages of certified teachers in the country.[27]

Boston Public Schools developed the Boston Teacher Residency, or BTR, which recruits individuals interested in a career in teaching and puts them through a master's-level training program based on the medical residency model. Students are placed as "residents" in a classroom for a year with a mentor teacher. Once they complete the program, the school system will forgive the cost of the program if the new teacher stays in the district for at least three years, during which time the program offers continued support. Eighty percent of BTR graduates stay in the district longer than three years.[28]

In 2000, Education Minnesota St. Francis—the Independent School District 15 American Federation of Teachers affiliate—created the Teacher Academy, a professional-development program funded by state dollars. Focused on teacher quality, the academy is run collaboratively by the union, administration, and school board, and offers 12-year-long courses led by teachers.

In 2005, in response to state incentive funding, the parties created the Student Performance Improvement Program, which integrates the professional development of the academy with an evaluation and peer-review system, mentoring for teachers, and an alternative compensation system based on a career ladder. The program compensates teachers for developing their teaching skills, meeting student-achievement goals, and assuming leadership roles. The career ladder involves three years of mentoring for new teachers and evaluations by peers and administrators.[29]

School turnaround

Communities need strategies to turn around their struggling schools. Successful school-turnaround strategies require strong partnerships and trust among administrators, teachers, and parents. The teams that emerge can then take on issues at the school level and focus increasingly on student success there.

The Charlotte-Mecklenburg School District in North Carolina started the Strategic Staffing Initiative in 2007. Focused mostly on low-performing elementary schools, the initiative deploys teams of highly skilled principals and teachers, gives them additional resources, and allows flexibility in several instructional areas. The teams commit to the school for at least three years, and principals are allowed substantial leeway to develop their own plans for improving the school. The initial implementation suggests that a collaborative approach that builds trust between teachers and the school community is one key to success. One problem faced by the initiative is the lack of sufficient exemplary principals to implement the program in all the schools that need it.[30]

The Metropolitan Nashville Public Schools in Tennessee implemented "MNPS Achieves" in 2009. The reform effort is based on 10 Transformational Leadership Groups that cover a range of areas, including support for disadvantaged youth, human capital, English-language learners, and more. These teams are made up of administrators, principals, teachers, parents, and community leaders. They are tasked with reviewing data and best practices, and developing proposals in their assigned area. There is a specific emphasis on increasing student and teacher performance, using distributed leadership, and encouraging collaboration with the community.

So far, teams have designed and implemented reforms to professional development, teacher orientation, programming for special-needs students, and graduation criteria. The district is also reorganizing central-office staff to be more school-oriented.[31]

City-school partnerships

Background

Schools are an incredible community resource but can become even more valuable if their use extends beyond the traditional bell schedule. Increasing learning time both by extending the school day and/or year and offering summer and after-school programming can help eliminate achievement gaps. What's more, parental participation, enrichment opportunities, attendance, and test scores can all be enhanced with more learning time in and outside of school. And investment in out-of-school programs for youth can help reduce the community's costs of juvenile justice systems.

Schools are an incredible community resource but can become even more valuable if their use extends beyond the traditional bell schedule.

Cities should:

- **Partner with school districts to support and fund a redesigned and expanded school day or year, as well as summer and after-school programming.** They should work together to coordinate easy access and transportation to programs.
- **Support programs that get chronically absent students back into school.** In particular, cities must ensure that truancy reduction is not contributing to the school-to-prison pipeline by criminalizing truancy and burdening young people with a criminal record so early in life.
- **Ensure that students get to school safely and efficiently.** Work with schools to plan and build safe, walkable, and bikeable routes to school, and to ensure that transit systems serve the needs of students.
- **Implement programs to reduce hunger and to provide a healthy food environment in and around schools, including getting every deserving child access to all benefits available under the National School Lunch Program.**
- **Partner with school districts to allow school buildings to serve community and civic purposes, such as polling, community meetings, disseminating information from city agencies, neighborhood centers, or delivery points for social work or public health services.**

By partnering with schools, city agencies can help them achieve their equalizing potential. The partnerships described in this section extend schools beyond their traditional role as places where students go in the morning, attend classes, and leave when the final bell rings. The partnerships illustrate the fact that the value of schools—for families, students, and entire communities—reaches far beyond the classroom.

Partnering to create programming beyond the school day

Cities can help support summer and after-school programming by partnering with school districts. Often, the role of a city is mostly of a funder of programing. But providing funding allows cities to set standards on program delivery and require coordination with the schools.

Both summer and after-school programming should provide a mix of activities such as homework clubs, sports, and academic support. The programs support learning and provide a positive way to spend time, as well as a way for kids to stay out of trouble. In the summer they help to counteract "learning loss," the loss of knowledge through lack of use over a period of time. Learning loss is more prevalent in low-income youth and youth of color.

Polling conducted by the Afterschool Alliance found widespread public support for such programs: 76 percent of voters feel that after-school programming is a necessity for their communities.[32]

For both summer and after-school programming, a central question is where to locate the activities. Though offering programs in school is ideal, community and neighborhood centers are also a good option. Either way, cities and school districts should work together to coordinate easy access and transportation (discussed more below).

Many successful programs incorporate city-school partnerships to extend educational programming. The Schools Uniting Neighborhoods, or SUN, partnership brings together agencies from Portland, Oregon (including the mayor's office, the parks district, and the Children's Levy,[33] a referendum-created city program to invest property-tax revenue in a variety of child-safety and education initiatives), Multnomah County, several school districts, and many nonprofits. It has created a wide range of summer and after-school programs, both in and out of schools.[34] And it's working. A study by Harvard researchers reported that 70 percent of SUN students are reaching or exceeding benchmarks in reading and math. Average daily school attendance is 95 percent, and 93 percent of students report having at least one adult who cares about them or to whom they can go for help.[35] The study cited the importance of a coordinating council to the success of this complex partnership.

Providence After School Alliance in Rhode Island is a public-private partnership between Providence, the Providence Public School District, and many nonprofits and community organizations.[36] Outcomes include the AfterZone (providing summer and after-school programs for middle schoolers) and The Hub (a set of student-driven extended-learning opportunities for high schoolers).

Another example is the Beacon Program in New York City. The NYC Department of Youth and Community Development partnered with community organizations and the city Department of Education to set up 80 Beacon centers throughout the city. Beacons, which operate in the afternoons, evenings, weekends, and during holidays and the summer, are "school-based community centers serving children, youth, and adults."[37]

Partnering to reduce truancy and chronic absenteeism

City-school partnerships can be especially effective in reducing truancy and chronic absenteeism. In New York City, the Mayor's Interagency Task Force on

Truancy, Chronic Absenteeism and School Engagement found that three out of four students who are chronically absent in sixth grade never graduate from high school.[38] Not surprisingly, the cost is not only in lost human capital; chronically absent kids also burden the criminal justice system. The same task force found that 79 percent of New York City children in the juvenile justice system had records of chronic absenteeism.[39]

Cities can start by ensuring that they are avoiding truancy-reduction practices that, in fact, connect truant kids more directly to prison than to schools. In Los Angeles, school police officials once treated truancy as a criminal matter by ticketing students who were not in school. But extensive research and campaigning by community and civil rights organizations highlighted how this policy actually undermined student engagement, while placing disparate impacts on students of color.[40] This led to a recent partnership among the city, police, and school officials to stop issuing citations to truant students and instead refer them to city youth centers.[41]

Other cities are also engaging in new partnerships to address truancy and absenteeism. The New York City Mayor's Interagency Task Force brings together multiple city agencies, schools, nonprofits, firms, and celebrities for initiatives ranging from a mentorship program to wake-up calls, data systems, and early warning systems.[42]

The Baltimore Student Attendance Campaign was designed by a city-convened working group, including officials from city and state agencies, as well as parents, students, universities, foundations, nonprofits, and schools. The working group provided recommendations that led to multiple initiatives, including revisions to the city schools' code of conduct, data sharing, an attendance campaign, and improvements to public transit (see below).[43]

More information on these and other programs are available in reports by the National Dropout Prevention Center/Network, the National Truancy Prevention Association, and the National Center for School Engagement.[44]

Partnering for transportation to school

Cities and schools are also working together to ensure that students get to school safely and efficiently. These partnerships fall into two main categories. First, cities and schools are planning and building safe, walkable, and bikeable routes to school. Second, they are working to ensure that transit systems serve the needs of students.[45]

As advocacy groups such as the Safe Routes to School National Partnership, or SRSNP,[46] and the National Center for Safe Routes to School, or NCSRS,[47] make clear, the basics of getting kids to school and back home safely aren't complicated: adequate signage, well-painted crosswalks, and crossing guards; good bicycle and pedestrian master plans; and pedestrian and bicycle-safety education in schools. Many of these are relatively low cost as well.

In Portland, Oregon, the city council tasked a stakeholder group—composed of city staff, police, school-district administrators, bike and pedestrian advocates, insurance agencies, and neighborhood associations—with developing a traffic-safety strategy and master plan. Together, the task force and the city were able to get state-level support to pass a surcharge on moving violations, which doubled the funds the city had available for traffic enforcement, traffic engineering, and traffic-safety education.

This and many more policy ideas and case studies are available in the SRSNP's "Safe Routes to School Local Policy Guide"[48] and the NCSRS program-tools database.[49]

For mass transit, solutions can be somewhat more complicated, but also more comprehensive. The Center for Cities & Schools, a source for good ideas on all of these topics, has produced a study of how transit-oriented development (also covered in the section on infrastructure) has helped link schools and communities in the Bay Area of California.[50] And in Baltimore, the city's transit agency has worked with the Central Maryland Transportation Alliance and other advocacy organizations to launch a "Rate Your Ride" texting campaign. Rate Your Ride allows the agency to track real-time data about students' experiences, and then address issues that could impede their ability to get to school on time.[51]

Partnering to ensure quality nutrition for students

For optimal learning, students should eat enough healthy food. Studies have shown that even marginal food insecurity hurts student performance.[52] Around the country, cities and schools have been working together to ensure that students are ready to learn, both through programs to reduce hunger and to provide a healthy food environment in and around schools.

One important step in making sure that students are not going hungry involves getting every deserving child access to all benefits available under the National

School Lunch Program. A recent report from the Center on Budget and Policy Priorities has summarized how school districts and states can do this.[53] From Oakland[54] and San Diego[55] to Seattle[56] and Rochester, New York,[57] cities and schools are partnering to get free and nutritious meals to students during the summer, often with assistance from the U.S. Department of Agriculture Summer Food Service Program.[58]

Cities are also joining with school districts and community partners to improve the quality and nutritional benefits of the food offered at schools. Project Cool School Food, for example, has created partnerships between schools, local businesses, and nonprofits to develop, test, and implement plant-based recipes in school cafeterias.[59] In the Los Angeles County community of Baldwin Park, city and school officials partnered to create Healthy Baldwin Park.[60] This partnership has produced a number of policies that aim to create a healthier food environment for children, beginning with the passage in 2003 of the city's Healthy Policy Yields Healthy Minds resolution, which mandated that school vending machines transition to offering healthier options.[61]

Partnering to create multifunctional schools

School buildings can serve community and civic purposes beyond the daytime use of teaching students. In many cities, schools are used regularly as polling places or for community meetings. Cities and schools also work together to have schools serve as sites for disseminating information from city agencies, and as delivery points for social work or public health services.

The nature of a partnership to create multifunctional schools often varies from city to city. But some partnerships, such as the joint use of a school's indoor or outdoor recreational facilities, have similar characteristics. Working from the principle that opening these facilities to the broader community can reduce obesity and improve public health, the National Policy & Legal Analysis Network to Prevent Childhood Obesity has created a number of model joint-use agreements, which city and school officials can easily adapt to fit the needs of their communities.[62] KaBOOM!, a national nonprofit aimed at helping communities by building great play spaces and playgrounds, also has developed case studies of successful joint-use programs in cities such as Niagara Falls, New York, and Tucson, Arizona. It offers modest grants of $15,000 to $30,000 to spur partnerships between cities and school districts that open playgrounds beyond the school day.[63]

Finally, the Center for Cities & Schools has produced a very helpful report that categorizes the various types of joint-use agreements in California school districts.[64] The study's key findings focus on ways in which formal policies and agreements between partners can increase the likelihood of success for joint-use partnerships. These agreements have supported the development of a wide range of projects, from shared indoor recreational facilities in West Sacramento and shared libraries in Orange County to a shared performing-arts center in San Diego and neighborhood redevelopment in Richmond.

Disconnected youth

Background

Too many youth ages 16 to 24 lack connection to employment or education. These "disconnected" youth have suffered in the aftermath of the Great Recession, as employment opportunities evaporated and have been so slow to return. Not surprisingly, the disconnected-youth group mirrors the inequality of opportunity that pervades society, with the disconnection rate of Black and Latino youth far surpassing the national average. This disparity is especially prevalent in youth exiting the educational system: Roughly a third of all young people leave school before completing high school, yet in communities of color, this rate jumps to almost one-half of youth.[65]

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The case for investment in this population is clear. For youth, disconnection at this critical stage has lifelong negative consequences economically (poverty, lower skill levels, and adult unemployment) and socially (incarceration and isolation). For society, the impact is similarly grave, with higher costs for public services and assistance, increased crime, and a less-skilled, less-competitive labor force.[66] The White House Council for Community Solutions found that the potential direct and indirect costs of this population, which they call "opportunity youth," were estimated at $93 million in 2011.[67]

Further, the Social Science Research Center found that disconnected American youth tend to come from disconnected families living in disconnected neighborhoods. Because children are likely to remain in the same social class as their parents, this cycle will continue.[68] The National League of Cities asserts that "By reconnecting these young people to education, job training, and other vital services, cities can build a stronger base for future economic growth while also making their communities safer and their neighborhoods stronger and more stable."[69]

Local governments can direct attention, resources, and community innovation to help these youth achieve success in a number of ways:

- Provide the leadership and framework to establish local collaboration and accountability to the population.
- Support targeted investments to keep kids in school.
- Connect youth to education that has relevance for learning and earning.
- Support career academies to connect at-risk youth more quickly to college.

Establish local collaboration and accountability

Because of the fragmented nature of disconnectedness, collaboration across sectors and populations is critically important. Success in this area demands strong local leadership. The National League of Cities' "Beyond City Limits" report underscores the need for collaboration and strong mayoral leadership:

> *The biggest challenge often lies in the fact that no one agency or public system can typically address the multiple obstacles facing disconnected youth. Collaboration between city, school, county, and state agencies is essential to ensure that young people are being connected to necessary opportunities and supports, rather than falling through the cracks. … City leaders are well positioned to launch these collaborative efforts. Mayors in particular can play an important role in bringing together key stakeholders and developing a citywide strategy that responds to the diverse needs of disconnected youth.*[70]

The Nashville Child and Youth Master Plan Task Force is an excellent example of effective mayoral leadership building collaboration across agencies and sectors. In 2010 Mayor Karl Dean commissioned the city's first Children and Youth Master Plan through a 50-member task force representing schools, nonprofits, local government, and the private sector. The goal was to establish a common vision and a plan to guide partners in helping all Nashville children succeed and be healthy.

The resulting plan, a comprehensive, far-reaching 14-outcome document, extends beyond how education happens in a classroom, focusing on the family, community, and societal factors that affect children. The Mayor's Office of Children and Youth oversees the plan's implementation and is accountable for ensuring and tracking progress. While disconnected youth are one of the myriad areas covered in the plan, the outcomes of the task-force work are aimed at advancing youth

well-being and success at all ages. Their focus is on prevention, building support for parents and families, and increasing use of existing services.[71]

Corpus Christi, Texas, provides a powerful model for sustained collaboration. The city, county, school district, United Way, and other local stakeholders established a long-term Comprehensive Strategy for Youth to reduce the number of youth offenders, enhance public safety, and promote healthy development. Notably, despite very limited paid staffing and frequent leadership changes across partner organizations, the "highly focused public-private coalition" has achieved not only longevity, but also impressive outcomes in decreased rates of teen pregnancy, incarceration, and dropouts.[72]

Keys to program success include sustaining the energy and focus of partners through short-term initiatives, based frequently around the Parks and Recreation Department and using the collaborative strategic plan as the basis of all short-term projects. Another factor in achieving success has been connecting to the local public university, whose analysis and data informed planning efforts and helped secure more than $14 million in state, federal, and private grants in the past four years.[73]

Support targeted programs to keep kids in school

Perhaps the most effective strategy for keeping youth in school is building connections—relationships and a sense of community—to support them there. Local governments can play a key role in providing youth with the opportunity to access this necessary support, by funding targeted outreach, on-site support in schools, and mentoring programs.

While we typically think of youth dropping out of school, progressive advocates urge that we reframe this term to recognize and address the societal and systemic forces at play. The fact is, many students are pushed out of schools because they are considered difficult, failing, or dangerous, often because of subtle racial biases; others face challenging life events, such as having a child or a death in the family, which make a standard school day impossible to maintain.[74]

Disconnectedness cannot be solved until we shift blame from the "dropouts" and instead focus on building the opportunities and support systems needed for them to succeed in our educational system. Cities should promote targeted educational opportunities that meet the needs of this disconnected population, which many schools fail to address.[75]

The successful Wyman Teen Outreach and Teen Leadership Programs, based in St. Louis, use an outreach strategy and curriculum to build relationships and support for youth at risk of leaving school. Wyman's programs include guided group discussions, service learning, and engaging youth in leadership roles, with the overall goals of building health behaviors, life skills, and a sense of purpose among participants. Studies of the program found significant reductions in teen pregnancy, course failure, suspension from school, and dropout among participants.[76]

The program is innovative in its grounding in the theory of developmental, social, and educational needs of youth. It is also a cost-effective intervention, largely because it is held during the school day, resulting in a lower cost structure.[77] It has been replicated across the country, and administered by school districts, local governments, and nonprofits. Notably, program participants say that what they most needed to succeed in school was not new computers or books, but support and stronger relationships.

The model Colorado Youth for a Change, or CYC, program uses systematic outreach to identify students statewide that have withdrawn from schools, as well as those who have failed a course early in high school. CYC then responds to these students with direct services, including thorough assessments, help eliminating barriers to returning to school, determining the best school fit, and enrollment.

CYC also helps build capacity within schools and helps define curricula for schools targeting returning students. One such partnership is the Futures Academy in Aurora, Colorado, where 17- to 21-year-old students graduate with some combination of a GED, associate's degree, and technical certificates in 50 different areas.

Ensure that programs advance education while building skills for employment

Efforts to re-engage older disconnected youth in education are incomplete without helping them build skills for employment; programs focusing on employment without specific educational-advancement opportunities are similarly lacking.

Half of disconnected youth report a jobs-skills mismatch, in both a lack of work experience and in education, as their primary obstacle to returning to work. Many cities have had notable success in supporting programs that build employment skills and educational retention among disconnected youth, focusing particularly on older youth who left school several years earlier.

The Philadelphia Youth Network, or PYN, effectively balances exposure to career opportunities and on-the-job training with intensive educational support. The PYN has its roots in the job-training system, unlike many other programs that begin as correctional initiatives that tailor services to court-involved youth.[78]

The PYN WorkReady initiative has deep, longstanding connections in the employer community, and now places more than 11,000 youth at 150 different employers annually. Work placements are offered throughout the year; fall and spring internship opportunities are structured around the school day and build on classroom education.

In Baltimore, decades of efforts by the Mayor's Office of Employment Development were unable to reduce the 50 percent dropout rate. Yet this turned around, in part, when an infusion of funding from the federal Workforce Investment Act and the Youth Opportunity Grants helped establish the Youth Council.[79] The council sets the vision for youth in the community, selects providers, and tracks their performance. Among the successful programs funded are one-stop job centers, the civic works urban service corps, a summer jobs program, and a career academy—all of which have educational opportunities co-located at employment and training sites. Baltimore's graduation rates have continued to increase each year, with particularly impressive gains among African American males.[80]

And finally, the nationally recognized YouthBuild program provides transferable employment skills to high school dropouts, while continuing to support participants' educational development. Students alternate weeks of school in small classes with weeks of job training in construction skills.

The YouthBuild model also includes a strong connection to the community through the building and provision of affordable housing for homeless and low-income community members. This benefits not only the recipients of housing, but also builds invaluable, lifelong community leadership skills for participants. Since 1994, 100,000 program participants have constructed more than 20,000 units of housing on 200 local program sites.

Other key aspects of the program include youth leadership, where program participants share in the governance of the program; peer groups; counseling; life-planning skills; and an alumni program for graduates to continue participating and serve as mentors.

While a controlled experiment measuring this program's long-term impact is currently underway, decades of outcome data show significant improvement in participants' lives immediately following program completion; participants are more likely to complete their GED and hold steady employment, and less likely to engage in negative behavior such as drug use and violence.[81]

Career academies to support the transition to college for at-risk youth

Career academies were developed a generation ago to develop smaller learning communities with a stronger focus on the transition to work and learning after high school. More than 8,000 high schools in the United States now have such academies, which were evaluated in a rigorous random-assignment evaluation by MDRC.[82] Their study, which traced students for more than a decade, found strong and sustained effects on students' labor-market outcomes—"most notably earnings, especially for African-American males"—without detrimental effects on educational outcomes. These are important findings that show it is possible to improve labor-market preparation and transitions to work without compromising academic goals and preparation for college.

Career academies operate within schools and typically host around 50 students per grade. They are generally organized around occupations and industry themes such as health sciences, law, business and finance, and pre-engineering. Students in an academy generally move as a cohort, taking classes with the same group of teachers over time and using curricula that mix academic and career-oriented courses.

A key aspect of the academy experience is work-based learning, including internships, which have become harder to fund since the end of the School-to-Work Opportunities Act. The MDRC evaluation suggests that these experiences likely played an important role in the positive results, so identifying community partnerships to support these activities may provide an important role for city and civic leadership.

Philadelphia Academies, Inc., or PAI, was formed to strengthen the connection between the business community and the school district, and support the city's 29 career academies. The partnership engages parents, labor, and the city's higher-education systems to increase graduation and transition-to-college rates. The partnership also builds shared infrastructure for industry engagement and business leadership on issues of skill development and school policy.

In addition, the PAI supports CEO Ambassadors for 21st Century Skills, which is an ad-hoc committee of executive leaders who annually set an agenda for stronger work-based curricula, mentoring, and career experiences for students.[83]

This model's success is also evident in a strong partnership in St. Augustine, Florida, where students at Pedro Menendez High School participate in a medical and health career academy that connects them directly to the local hospital. And in Sacramento, California, the school district developed academies at all six of the city's high schools, resulting in significant improvement in student performance.[84]

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Build healthy cities

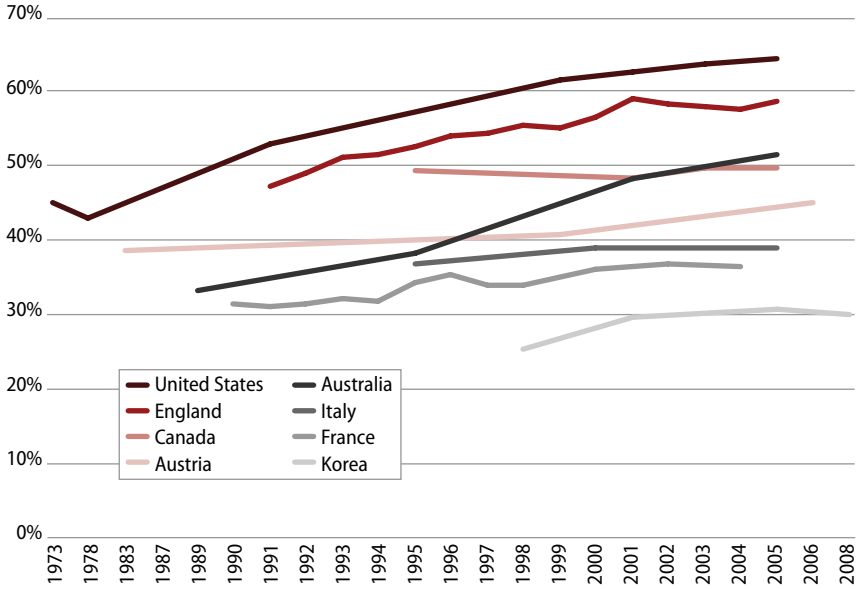
Introduction

Health care costs in the United States reached $2.6 trillion in 2010, representing 15 percent of the country's gross domestic product—an astonishing increase from 9 percent of GDP in 1980.[1] Further, the Centers for Disease Control and Prevention estimates that chronic diseases account for about 75 percent of health care costs and 70 percent of deaths.[2] The costs of treating diabetes, heart disease, hypertension, cancer, and other noncommunicable diseases pose a staggering burden to society, particularly for disproportionately affected low-income and minority populations. What's more, fully half of Americans will be obese—not overweight, but obese—by 2030.[3]

FIGURE 10

Obesity rates around the world

Percent of population that is overweight and obese



Source: OECD analysis of national health survey data.

Within this already-bleak context of societal health, childhood obesity is perhaps the most pressing issue, with more than a third of the nation's youth either overweight or obese. Obese youth are likely to be obese into adulthood as well, resulting in a significantly increased risk of developing the chronic illnesses that plague our adult population.

In light of this epidemic of chronic diseases and their costs, disease prevention—principally through health and wellness promotion—is critically important.

While the causes of chronic disease reach deep into our society and far beyond the purview of local government, innovative leaders can fight chronic disease by using health as a framework for planning, policies, and decision making. In fact, many local governments have taken progressive efforts to reduce and prevent chronic diseases among their residents, establishing wellness plans to guide city efforts across departments, evaluating the health effects of all policies (such as transportation, infrastructure, and safety), increasing residents' access to fresh foods, directly increasing opportunities for daily active living, and providing the outreach and education to promote these efforts.

In light of this epidemic of chronic diseases and their costs, disease prevention—principally through health and wellness promotion—is critically important.

We know this strategy works. Workplace wellness programs provide a return on investment ranging from $1 to $6 in reduced health care costs and increased employee productivity for every $1 spent.[4] And access to public parks can improve health: Research shows a strong connection between easy access to recreational areas and lower rates of obesity and Type 2 diabetes.[5]

The chapter that follows does not discuss the many state and federal policies affecting the provision of health care in the United States. This complicated arena, where the United States ranks near the top in spending worldwide yet near the bottom in health outcomes, is beyond the scope of local government. But cities and counties can and should take important steps to ensure that residents are aware of available health care resources, including federal and state benefit programs. This paper focuses on addressing health, not health care, in a preventive way—something well within the purview of progressive city governments.

The passage and implementation of the Patient Protection and Affordable Care Act of 2010, or ACA, dramatically changed the landscape for health care access and services. For one thing, clinics provide critically important services to vulnerable populations, and the ACA makes their role even more key to our health care infrastructure. Evidence shows that community clinics provide primary care and chronic disease care as well or better than their private counterparts.[6] In 2010 these clinics treated 19.5 million patients, 40 percent of whom had no health insurance, and one-third of whom were children.

The $11 billion Community Health Center Fund, which was created through the ACA, will expand primary health care to millions of people by 2015; create thousands of new jobs; support and expand existing community clinics with key services, such as oral and behavioral health care; and create new clinics in underserved areas.[7] City leaders should closely follow the progress of community health clinics in pro-

viding much-needed services to underserved residents, and should view clinics as partners in the prevention of chronic disease in this population.

In sum, local governments should prioritize funding and resources to tackle this collective structural health problem. Each of the strategies in this chapter provides innovative and effective tools for local governments to invest in the health of their populations: establishing citywide health plans; ensuring public-health agency involvement in policy development and planning; increasing access to healthy, local food; establishing workplace-wellness initiatives for public-sector employees; and addressing childhood obesity through access to recreation and physical activity.

Develop a comprehensive, citywide wellness plan

Background

In recent years, many cities have taken creative efforts to promote health and wellness and to reduce and prevent chronic diseases among their residents. They've coordinated with stakeholders on communitywide health goals and incorporated healthy eating, active living, and physical activity into their city's work. "Wellness" is defined in this context as efforts to promote good physical and mental health. This is an inclusive definition that spans much of the work of city government, from public infrastructure to transportation to community programming.

Establish wellness as a framework for city planning and action

Local governments should incorporate wellness into all aspects of city planning. They should use it as a framework for efforts ranging from building sustainable housing to enhancing walkability and public spaces for physical activity to making school menus healthier. Cities can prioritize wellness by incorporating a health focus into the work of many city departments. While this strategy poses challenges, such as achieving buy-in from a range of stakeholders, it can provide a powerful tool for focusing priorities, addressing health holistically, and raising awareness of the health of the community.

Savannah, Georgia, has implemented a broad-based citywide wellness effort. It unites the city, school district, and nonprofits in becoming, "A community committed to supporting healthy lifestyles."[8] The project is a framework for the

city and schools to use in planning, and it now includes co-branding wellness initiatives to help promote the broader effort. The project successfully incorporated wellness into all aspects of the city's Civic Master Plan—the comprehensive plan for the city's center. Savannah's former Mayor Otis Johnson focused on bringing resources to traditionally underserved areas via access to urban gardens, building sustainable housing, and enhancing walkability and public spaces for physical activity.[9] Enhancing schools' focus on wellness has also been a central component, with efforts to make school menus healthier and ensure safe walking and biking near schools.

The Healthy Eating Active Living, or HEAL, Cities Campaign in California is a nonprofit that provides a framework for cities to achieve a designation, so that they can demonstrate a commitment to wellness. The HEAL model resolution requires cities to commit to making changes in four policy areas: land use, zoning, healthy food, and employee wellness.[10] The program has three designations for cities based on policies passed in these areas—three achieved policies makes a city "fit"—and it provides checklists for cities to easily prioritize their work, based on health data from their communities.

About 130 California cities have joined HEAL since 2010, and 23 cities have already passed municipal policies promoting farmers markets, community gardens, and nutrition standards.

Focus cross-sectoral partners to achieve targeted outcomes

Another approach to citywide wellness is to focus stakeholders on shared, well-defined, communitywide goals. The Shape Up Somerville program in Massachusetts, now in its 10th year, initially succeeded because of its focus on a single goal: reducing childhood obesity among elementary school children. Studies show that childhood obesity is strongly connected to negative health outcomes as an adult, and thus preventing excessive weight gain among children is a key factor in preventing future health problems.

Originally a Tufts University project funded by the Centers for Disease Control and Prevention and various foundations, Shape Up Somerville started by identifying practices to help children avoid gaining weight. Schools, local restaurants, and the city all initiated efforts centered on evidence-based practices to prevent obesity, including offering healthier foods and more physical activity in schools,

increasing the nutritional value of meals offered at restaurants, and improving walking routes to schools across neighborhoods.

Tufts researchers found that the program contributed to a statistically significant decrease in body mass index among targeted elementary school children between 2002 and 2005.[11] Building on this clear evidence of success, Shape Up Somerville expanded to a broader community focus, coordinated by 3 city staff, 11 task forces, and a steering committee of 25 stakeholders.[12]

The focus on a common agenda and shared measurement of progress are keys to the success of this work.[13] The program has been recognized as a model initiative for connecting low-income communities to active-living education and opportunities. The newly expanded Somerville Path is the focal point for active transportation and recreation.

Bloomington, Indiana, has a model Active Living Coalition comprising representatives from city and county government, health care, education, and business, all united around the single goal of increasing physical activity.[14] The coalition meets monthly, and it has implemented community programs and assessed systems. It uses evidence-based practices to increase opportunities to be active.

Successful initiatives include a healthy restaurant scorecard, where local establishments are assessed on 32 criteria such as portion size, healthy ingredients, and family friendliness; and a city walking guide covering all neighborhoods and tracking distance, as well as interactive tools to track walks over time.

Redefine public health to focus on health in all policies

Background

Public health in the United States is defined by the Institute of Medicine as efforts to "assure the conditions where people can be healthy."[15] This work has often focused on a medical approach to health, eliminating communicable diseases through vaccination campaigns or targeting clear threats to public safety. While effective, traditional public-health efforts alone do not address what is now the most pressing health crisis facing our population: the high incidence of chronic, noncommunicable diseases.

Progressive local governments now understand that population health is affected by most areas of their work, from transportation to land-use planning to accessing quality affordable housing. These cities and counties are redefining traditional public-health roles, moving from a medical approach to a focus on prevention policy and planning. To combat chronic disease, public-health workers must have a voice and a role in guiding all public-health policy.

To combat chronic disease, public-health workers must have a voice and a role in guiding all public-health policy.

As described in the prior section on citywide wellness plans, many cities use health as a framework for action across departments. This section describes related, more-focused strategies for local governments to tie public health to planning by assessing and addressing potential health effects.

Use evidence-based practice to broaden public health

New and innovative public-health approaches have expanded to focus on sociological factors, the built environment, and the local planning process. Success in public-health efforts, once defined strictly by the mortality of residents (life expectancy and infant mortality), is now measured by quality-of-life outcomes (access to physical activity, healthy food, and safe drinking water). Cities have access to an enormous range of data and outcomes to use in identifying areas of greatest need, and to promote effective health interventions to address those needs.

The widespread availability of locally based data can guide and inform public-health efforts in a community. An excellent tool for assessing the need and success of local health interventions is the County Health Rankings & Roadmaps, supported by the Robert Wood Johnson Foundation to improve population health. The County Health Rankings, which include data for almost every county in the nation, help local governments understand whether residents are healthy and then determine how to address health through policy and systems change. The rankings provide detail on a range of health indicators, such as access to healthier foods, air-pollution levels, education levels, and rates of smoking and obesity.[16]

In combination with county-level data, the Roadmaps tool helps local governments identify priorities and evidence-based strategies to improve population health. Strategies are broken out by principal actors (government and business) and their stage in the policy process.

Not only do the rankings help local governments identify areas of greatest need, but they also stimulate immediate action in addressing chronic disease. The for-

mer mayor of Kansas City, Kansas, Joe Reardon, used the very low scores received by his city in the 2010 Annual County Health Rankings to motivate creation of the Healthy Communities Initiative, an issue that had not been on his agenda prior to the release of the rankings. At the center of the most economically and ethnically diverse county in the state, Kansas City ranked at the bottom of the state in health indicators, including poverty rates and violent crime.

Among the projects supported through this new, comprehensive project were passing a complete streets policy, implementing a Safe Routes to School program, and offering city tax credits to incentivize a local retailer to open the first grocery store in an area that lacked one for more than 30 years. Public-health staff use the rankings as a baseline to measure the success of their work.[17]

Local governments should use evidence and data to support a broader, more inclusive definition of public health.

Implement health-impact assessments

A health-impact assessment, or HIA, is a powerful and innovative tool for local governments to ensure that health is central in the planning and implementation of all policies. Originally defined by the World Health Organization, an HIA is a systematic process for determining the impact of a proposed policy on the health of the affected population.[18]

Several dozen U.S. cities have used this process in their planning; only a very small group, however, uses HIAs as a standard practice for all policies. Local governments should implement health-impact assessments to determine the impact of a proposed policy on their population's health. This process also ensures that health staff have a voice in planning, which can increase health benefits and equity concerns in the development process.

While undertaking a formal HIA can be challenging, studies show it to be highly effective in improving population health.

The Bay Area Regional Health Inequities Initiative, or BARHII, is an innovative model for connecting public-health professionals to planning staff, which includes promoting the use of health-impact assessments. BARHII is made up of public-health department staff and officials from eight counties in the Bay Area of California, as well as funders and nonprofits.

Faced with stark data showing that life expectancy in poor neighborhoods was 10 years shorter than in other areas, the committee addressed health equity by training health officials to engage and advocate in all aspects of the planning process. BARHII's work transformed the organization, culture, and practice of public health in the Bay Area, focusing efforts on the intersection of public health and social justice, using and understanding data to support interventions, and working with planners on the built environment.[19]

Atlanta conducted an HIA between 2005 and 2007 as part of planning for a major redevelopment and transportation initiative called BeltLine, which included developing 22 miles of new transit and 2,100 acres of parks and improvements. By beginning screening for possible health effects early in the discussion of the BeltLine, HIA partners established their "seat at the table," thereby prioritizing discussions of health. The HIA team included representatives from the city and county governments, and health professionals from the Centers for Disease Control and Prevention and several local universities.

Researchers consider this large-scale HIA project successful, as decision makers adjusted plans to mitigate the negative health impacts identified by the study and agreed to promote BeltLine modifications for additional health benefits and equity. Decision makers agreed to begin building green and open spaces, for example, and to enhance linkages between existing schools, parks, and libraries to the new transit route.[20]

Increase access to healthy, local food

Background

Within cities, residents face stark disparities in their access to fresh, healthy produce, with low-income communities often the most affected by this limited access. Inequitable access to food perpetuates poor health outcomes among low-income populations and undermines efforts to improve public health and promote community.

While there is no single solution to address this large and interconnected system of access to affordable, healthy food, several policy strategies can help develop local food capacities and enhance public health. And while locating fresh food within a community does not, on its own, directly enhance the health of its neighborhood residents, it is a critical component of a comprehensive effort to improve health.

Diversify farmers' markets

Cities should support viability of farmers' market and efforts to increase the diversity of both customers and vendors. Strategies to diversify include offering affordable and dedicated space on public land, keeping a share of proceeds to cover operating expenses; providing free advertising for the markets through city sources; ensuring that zoning codes allow and protect markets; or offering free parking, electricity, and signage.

Many communities use microloan programs to support minority and immigrant farmers, benefiting the farmers and satisfying the diverse range of tastes and cultures among customers. And some cities have added cultural celebrations to recognize the unique foods available at the markets and to promote diversity in attendance.

Webb City, Missouri, created a Market Roots event to both promote community building and boost market attendance and participation.[21] To recognize the diversity among farmers and market customers, including Hmong, Latino, Irish, and Native American cultures, market vendors displayed signs showing their countries of origin.

Cities can also support farmers' markets by ensuring that zoning codes explicitly allow markets, and by providing funding or in-kind donations of land and advertising. Fresno, California, recently modified their zoning code to explicitly allow farmers' markets in its city limits. The city is also partnering with public schools to host free markets on school grounds. And at least one-third of all markets in Vermont receive some municipal support for operations.[22]

Cities should also support local markets' efforts to establish and promote the use of electronic benefit transfer, or EBT, cards at markets or similar venues that carry fresh food. These cards are issued by each state as part of the federal Supplemental Nutrition Assistance Program, or SNAP, formerly known as food stamps. According to the Department of Agriculture, more than 46 million people now receive SNAP benefits, of which more than half are children.

The Department of Agriculture has greatly expanded the technology, funding, and technical assistance for the use of EBT at farmers' markets and through community-supported agriculture. Many markets accept paper vouchers for nutritional programs as well. In addition, a recent study showed that markets adopting EBT technology saw sales rise almost 40 percent in a year.[23] The department offers supplemental funds to provide wireless EBT equipment, service, and training to farmers' markets.

New York City reported a 25 percent increase in SNAP use at farmers' markets in 2011, following the Greenmarket program to establish widespread use of EBT at markets.[24] Greenmarket is the largest and most diverse market network in the country, managing almost 60 New York City-based markets. Its dual goals are promoting access to healthy food among city residents and supporting local farmers.

A key funder and supporter of EBT use at markets is Wholesome Wave, a national nonprofit dedicated to improving access to healthy food. Wholesome Wave's Double Value Coupon Program, or DVCP, managed by local organizations that apply via competitive grants, is an EBT purchase "matching" program available at 300 farm-to-retail vendors in 26 states. Two examples of DVCP-funded efforts are Michigan's Double Up Food Bucks program, which gives each person up to $20 in additional money to spend on market produce when using EBT, and the Philly Food Bucks program, which offers an additional $2 for every $5 spent by EBT.

Promote land-use policies to prioritize access to fresh food

Urban food-growing programs offer a source of fresh, healthy food for neighborhoods. Urban farmers grow produce for sale, often locally, and community gardeners typically grow food for their own consumption or limited nonprofit sales. But many communities' land-use plans do not protect—and may even actively restrict—food-growing activities. Due to outdated zoning ordinances and lack of policy coordination, these activities may be considered illegal or extra-legal.

For these efforts to be viable and sustainable, cities must adopt or update zoning and land-use policies that authorize and protect them.

Several cities have taken steps to support urban food growing. San Francisco Mayor Ed Lee signed an ordinance, known as the "Salad Law," which rewrote the city's planning code to allow urban agriculture in all areas of the city. Chicago recently adopted zoning-code changes to allow land to be used for agricultural purposes, expanding urban growing areas to 25,000 square feet, and relaxing rules for parking and fencing and the use of aquaponics. New York City made rooftop gardening and greenhouses feasible via a significant zoning change, adding approximately 1,200 acres of private rooftop growing space in the city.

Community gardens bring a number of benefits. They help reduce household food costs, create green spaces in urban neighborhoods, and improve public safety

San Francisco Mayor Ed Lee signed an ordinance, known as the "Salad Law," which rewrote the city's planning code to allow urban agriculture in all areas of the city.

by putting vacant spaces into productive use. In a low-income neighborhood, community gardens provide outdoor space for many residents who otherwise have no access to growing their own food, including immigrant populations with agricultural backgrounds.

Local governments should support existing community gardens and move to establish more. Some cities provide financial support for community gardens, others make municipal land and water available, and others act as partners in operating community garden programs.

Managed by the city of Seattle and a nonprofit land trust, the P-Patch Program plans, finds sites, negotiates, sets rules, and protects gardens throughout the city.[25] They support more than 2,000 families via their 75 gardens on both public and private land, with special programs for youth, low-income, and underrepresented populations.

In Madison, Wisconsin, the Troy Gardens community plots were the first phase of a comprehensive program to connect individuals to urban agriculture and natural lands.[26] Troy Gardens now provides more than 300 individual community plots for as little as $10 per year—depending on income—and runs a community farm that sells produce to markets and through a community-supported agricultural model.

Operating on a larger scale than community gardens, urban farms typically require a business license to operate. Cities should support urban farms by making public land available for free or at nominal cost; supporting zoning to allow for agricultural innovation, such as rooftop and vertical farms; and/or encouraging or authorizing urban farmers to sell produce locally.

Growing Power in Milwaukee and Red Hook Farms in Brooklyn, New York, are excellent models of nonprofit, large-scale, community-based urban farms supported by city governments.[27] These farms use sustainable farming techniques, promote job growth and green economic opportunities, provide education and training opportunities for youth, and produce food for sale and donation. Milwaukee has modified specific zoning codes to permit innovative growing technologies at Growing Power, such as the Vertical Farm, which will create year-round indoor growing space. The New York City Department of Parks and Recreation worked closely with Red Hook Farms to convert a city-owned block into a vibrant farm.

Expand traditional retail food options

Many neighborhoods, particularly low-income ones, lack access to full-service grocery stores. Cities should thus include expanding retail access to healthy food as part of their healthy, local food strategies.

Pennsylvania created the public-private Fresh Food Financing Initiative, or FFFI, a grant and loan program to encourage supermarket development statewide.[28] FFFI has funded 88 projects in 34 counties, creating or preserving more than 5,000 jobs, and reaching more than half a million people. FFFI investments range from smaller retrofits of corner stores to expanded produce areas to large renovations of family-owned chain stores.

The Detroit Fair Food Network aims to increase the number of supermarkets in neighborhoods by providing local entrepreneurs with on-the-job training and education to open and operate successful grocery stores.[29] The project, jointly funded by several foundations, helps secure investors to allow entrepreneurs to open supermarkets in food deserts - neighborhoods with little or no access to large grocery stores that offer fresh and affordable foods.

Sometimes just providing convenient public transportation to a grocery store can make a difference. Hartford, Connecticut, added a cross-town route that cut travel time in half for low-income residents trying to reach jobs and stores, particularly a major supermarket. A survey showed ridership increased by more than 100 percent in the first year, and that 33 percent of riders were using the line to reach a major supermarket.[30]

Knoxville Area Transit in Tennessee implemented the Shop and Ride program in 1990, which provides shoppers who spend $10 or more at the Three Rivers Market a free one-way ticket on any city bus, with tickets validated at the store. The city provides the bus service and bills the stores each month for the fares.[31]

In the absence of full-service grocery stores, many city residents turn to alternative sources of fresh food. Corner stores and bodegas are often the only source of easily accessible food in low-income communities, yet the food available is highly processed and unhealthy. Cities can help provide education and support for bodega owners to expand their existing selection to include healthy options, which is quicker and easier than advocating for a full-scale grocery store. The 600 members of Healthy Corner Stores Network work to expand stores' offerings to include fresh fruits and vegetables, lean meats, and whole grains.[32]

Corner stores and bodegas are often the only source of easily accessible food in low-income communities, yet the food available is highly processed and unhealthy.

Cities can also work with nonprofits and local vendors to bring fresh food directly to underserved areas. In Chicago, Fresh Moves transformed a Chicago Transit Authority bus—donated by the city for $1—into a mobile produce market that travels to targeted "food-desert" neighborhoods on a set schedule. They began with $40,000 raised from private funders, and now have a broad funding base of foundations and investors.[33]

The Capital District Community Gardens in upstate New York operates the Veggie Mobile, "a produce aisle on wheels." The mobile is a box truck, retrofitted by local volunteers, with solar panels to power the refrigeration units, and fueled by biodiesel. The box truck stops at senior centers and housing projects in five neighboring cities and also offers tastings and food demonstrations.[34]

Workplace-wellness programs

Background

Employers now face continually increasing health care costs that are not sustainable, as well as an employee population affected by heart disease, diabetes, and other chronic conditions. After years of shifting costs to employees and reducing health care benefits, employers are now looking to wellness programs as a proven, effective means of retaining quality workers, improving employee health, and reducing health care costs.

Local governments should implement a comprehensive wellness program for their employees. Such a program would focus on prevention and promote physical, behavioral, and mental health. Common program components are health-risk assessments, often tied to lower employee premiums; behavior modification, which includes using incentives for participation; nutrition education and access to healthy food at work sites; and chronic-disease management.

Employers recognize the value of prevention and the need to have healthy employees, not only for the savings in health insurance costs, but for productivity and reduced absenteeism. Wellness and prevention efforts are an excellent use of resources for public employees, as the programs result in healthier, more effective workers, many of whom provide direct services to the public. Data shows that employer investments in workplace-wellness programs can produce significant returns, with estimates varying between $2 to $10 for every $1 spent on program costs, when taking into account health care costs and productivity.[35]

Implement a comprehensive employer wellness program

The private sector leads the way in this area: Close to 90 percent of companies with more than 50 employees have implemented healthy-living initiatives.[36] Several public programs, however, are excellent models, with self-sustaining revenue and clear effects on employee health and morale.

Workplace-wellness programs go beyond traditional employee benefit offerings by using a shared-care model of health services. This model empowers individuals to make decisions and change their behavior to improve their own health. And it ensures a strong link between employee health and the workplace where employees spend so much time.

A holistic workplace-wellness program focuses on prevention; promotes physical, behavioral, and mental health; and often replaces traditional Employer Assistance Programs, encouraging broader—stigma-free—participation among employees. Common program components are health-risk assessments, which are often tied to lower employee premiums; behavior modification, using incentives for participation; nutrition education and access to healthy food at work sites; and chronic-disease management. Programs are typically housed in the human resources departments.

Perhaps the biggest challenges for cities in implementing a larger-scale, comprehensive wellness program for all employees are the delay in realizing a return on investment, as most programs take two years before benefits are realized; and complying with federal law requiring wellness programs to avoid discrimination based on health status. Consumer advocates urge employers to use incentives and penalties carefully in these programs to avoid discrimination based on health status or shifting health care costs from the healthy to the sick.[37]

As an incentive, in 2014 the federal Patient Protection and Affordable Care Act will expand employers' capacity to reward employees who meet health standards through their participation in wellness programs.[38] Local governments should also make sure they are getting reimbursed for any Medicaid-eligible components of their health care and wellness programs.

The Washoe County School District in Nevada administers an innovative, 100 percent self-sustaining wellness program that has saved $15 for every $1 spent, all in reductions in absenteeism.[39] The district's Group Insurance Committee proposed the program, which was approved by employee associations and the superintendent.

The program's two key components focus on primary prevention for its 8,600 employees, retirees, and spouses. The first component is a required $40 monthly Good Health Incentive Contribution. Members who complete a physical and health assessment with a primary-care physician, and then follow the recommended steps to address any identified high-risk health factors, can reduce this contribution to nothing. The monthly contributions from members who do not take these steps fund the second program component, a broad array of voluntary wellness activities tied to financial incentives and perks for participants. Participants who complete 10,000 daily steps for a month—tracked by a program pedometer—are eligible for a $10,000 cash drawing.

Gainesville, Florida, launched LifeQuest, a wellness program to help employees take charge of their own health. They worked in close coordination with city labor unions.[40] LifeQuest targets chronic diseases by offering employee screenings and blood tests, targeted educational opportunities, and convenient access to physical fitness.

The LifeQuest model is innovative in its delivery of these services on site at workplaces throughout the city. With lab screenings and blood tests, for example, employees have them completed prior to doctors' visits, thus eliminating the need for return trips and making medical visits more efficient and effective. LifeQuest also includes the flexibility to adapt program elements to specific workplaces to meet their needs and employee cultures.

LifeQuest employs several program staff, including an athletic trainer and a dietician, who are available to meet with employees for one-on-one counseling, screening, and follow up, on a "24/7" basis. Easy access to staff has been critical in helping employees change their behaviors.

Gainesville's health insurance premiums have been consistently below the national average since the program began, and the coordination between management and labor unions on program elements has been a key to this success.[41]

Implement small-scale changes to improve employee health

While implementing a comprehensive wellness program is the most effective way to reduce health care costs and improve employee health, local governments can take smaller steps to achieve these goals when faced with limited budgets or political will.

For instance, the "do" campaign, created by Minnesota Blue Cross Blue Shield, has creative ideas for getting people to be active each day, including lists of ideas and links to resources for low-cost interventions.[42] Human resources staff, or even groups of motivated employees, could easily adopt many of these ideas.

A highly effective, low-cost effort is the use of "point-of-decision prompt" signs, which are motivational posters placed in public locations reminding people to use the stairs in lieu of elevators.[43] These signs, which should mention the health benefits of using stairs, have proven to increase physical activity, particularly among obese individuals most at risk for chronic diseases.

Several cities in California, including San Francisco, Chino, and Los Angeles, have established 10-minute exercise breaks, giving employees paid time to stretch, walk the stairs, do basic yoga, or other on-site exercises of their choosing. Data show these breaks help employees reach modest daily goals for moderate physical activity, a key aspect of preventing and treating diabetes and heart disease, in particular.[44]

Instead of pursuing a larger, standardized employee-wellness program, former San Francisco Mayor Gavin Newsom required each city department to develop its own wellness policies and programs. He passed an executive order mandating that departments incorporate wellness into their missions and pursue strategies for implementing workplace programs.[45]

Improving accommodations for breastfeeding mothers also promotes wellness and enhanced morale for working mothers of young children. It reduces their absenteeism as a result of lower rates of illness among breastfed infants.

The Affordable Care Act now requires that all employers provide both a dedicated, private space—other than a bathroom—for expressing breast milk, as well as break times for a mother to do so throughout the first year of a child's life.[46] Many local governments go beyond these requirements, however, by providing paid breaks for expressing milk, as well as educational resources to support and encourage nursing mothers. Philadelphia passed an innovative worksite lactation-support policy for city employees, and offers several different breastfeeding support courses and manuals to employees and community workers.[47]

Reducing childhood obesity through physical activity

Background

Childhood obesity is perhaps the most pressing health issue in our society. More than a third of the nation's youth are either overweight or obese.[48] Studies show obesity in children is a strong predictor of obesity in adulthood,[49] which in turn results in significantly increased risks for chronic illnesses, such as cardiovascular diseases and diabetes.[50]

Local governments are uniquely poised to tackle this health issue. They have both access to children via public education and youth programming, and historical experience in related efforts and campaigns, such as immunization and safety. As the Institute of Medicine notes, local governments have jurisdiction over a range of policies that can support children and adolescents in reaching a healthy weight, including infrastructure, land use, public-space planning, and health and nutrition programs.[51]

Local governments should therefore prioritize funding and resources to provide opportunities for physical activity for children. Studies show that daily exercise helps prevent obesity, and recent research has found a strong association between access to recreational areas and lower rates of Type 2 diabetes.[52]

But often communities of color and low-income people live in environments that make physical activity difficult and unappealing.[53] Communities that lack sufficient parks, sidewalks, bike paths, and safe, clean public spaces have less physically active residents. Moreover, when residents think their neighborhoods are unsafe, they are less likely to be outside or allow their children to play outside.

The infrastructure policy section describes local government options to increase park space and implement complete streets. Another way to reduce obesity is good nutrition, in large part through equitable access to healthy foods, as covered above.

Focus on pedestrian safety

Cities should implement traffic-calming and complete-streets policies (see the transportation section) to make physically active forms of transportation such as walking and biking safer.

In Oakland, California, traffic-calming policies have significantly reduced the number of pedestrian injuries and fatalities by adding 1,600 speed humps. Other cities have widened sidewalks, added streetscaping, or created barriers that slow traffic and enhance safety for walkers and cyclists.

The National Complete Streets Coalition has a database of policy proposals for both new and retrofit projects, adaptable for most communities. Their central goal is that our streets should work for everyone, regardless of age, ability, or mode of transport.[54]

In addition, the Safe Routes to Schools, or SRTS, program funds local efforts to create and improve sidewalks, control intersections, and add bike lanes. This directly addresses the fact that fewer than 15 percent of children currently walk or bike to school. Local governments can partner with the national program to adopt a framework for individual schools and can apply for $1,000 mini grants to implement or support a school program.[55]

Successful SRTS programs are often school-based with community support, and include outreach and education efforts to complement infrastructure improvements. School-based SRTS programs can be part of a comprehensive citywide planning and infrastructure initiative to encourage walking and biking, though they may be more easily implemented as independent projects specific to each school's neighborhood.

Make recreational space crime free

Lack of access to nearby open space bars many children from play and recreation, and local governments should create or improve existing park spaces to directly address this issue.

The Boston Schoolyard Initiative, or BSI, has supported the revitalization of more than 80 schoolyards. Their goals are encouraging active play, as well as providing spaces for outdoor classroom education. A recent project study found that BSI has increased physical activity in all schools, as well as improved student behavior and school relationships with the parents and the community.[56] The BSI is managed through a public-private partnership between the city, the school district, and a funding collaborative.

KaBOOM!, a national nonprofit organization, has helped create more than 2,000 playgrounds in 70 cities as part of its goal to establish a place to play within walking distance for every child in America.[57] They work with cities, schools, and even individual neighborhoods to meet this goal.

Beyond meeting the need for physical space for activity, cities should ensure that residents will be safe in existing recreational areas. This is why efforts promoting physical activity must be linked to crime-prevention efforts.

Many studies show that people will engage in more physical activity if they think their environment is safe.[58] Staffing efforts, such as supervision of schoolyards during nonschool hours and citizen park patrols, have led to a significant increase in children's physical activity in New Orleans and Madera, California.

A more long-term approach to creating safe areas is to enhance the aesthetics of public spaces using the crime-prevention-through-environmental-design framework in all recreational space planning. This low-cost approach helps improve visual appeal, encourages social interaction, and, most importantly, prioritizes safety. Examples of this include limiting entrances and exits, and ensuring that they are highly visible; keeping greenery pruned away from paths and common areas; and locating play structures in open areas, set back away from streets.

In Cincinnati, the police worked with community organizations and private businesses to transform an abandoned lot into a community gathering area. Not only did crime decrease, but residents increased their involvement with community police as well.[59]

Beyond meeting the need for physical space for activity, cities should ensure that residents will be safe in existing recreational areas.

Put in place education and programming to encourage physical activity

Local governments should also provide physical education and other support services to complement the availability of safe recreation spaces. Research shows that having both a place to perform physical activity, as well as the educational support to do so, results in an increase in activity levels.[60]

The innovative Shape Up Somerville program in Massachusetts uses a holistic approach to address childhood obesity. It has strong coordination across city government departments, nonprofits, universities, civic organizations, businesses, and the school district. Along with making significant improvements to student

lunch options, the school district implemented an active-living curriculum to use in several subjects, as well as after-school programming. Parent education and outreach has been key to success, with schools giving parents nutritional and activity guides, as well as updates on kids' health indicators.

Another unique initiative, funded by the Partnership for a Healthier America, is Play Streets. Expanding to 40 new locations this year, Play Streets are blocks or entire streets that are "closed to traffic but open to the community."[61] Each city adapts its activity to meet local needs, such as closing miles of streets in Chicago and Portland, Oregon.

The New York City program has had tremendous success. It built on decades of similar, often informal, efforts of communities around the city to ensure that kids had access to activities and a safe space to do them. Program data found that almost two-thirds of kids in New York City's Play Streets programs reported that they would have been engaged in sedentary activity if their Play Street had not been available. During the summer of 2012, kids at these sites accessed free programming in team sports, karate, yoga, nutrition, and arts and culture.

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Protect civil rights

Introduction

Though the vast majority of civil rights issues are controlled by federal and state legislation and regulation, cities play a vital role in the implementation of laws and policies ensuring the protection of public health, safety, and general welfare; maintaining good open government; and providing every individual with an equal opportunity to participate fully in city life.

Cities not only play a significant role in eliminating discrimination, but also in eliminating less obvious barriers to social and political participation related to real or perceived fears and concerns and the unseen or misunderstood needs of residents. Cities should proactively support community members, particularly those who may find it difficult to express their concerns, fears, and needs. They should also actively seek community feedback to make sure that all areas of the community are represented.

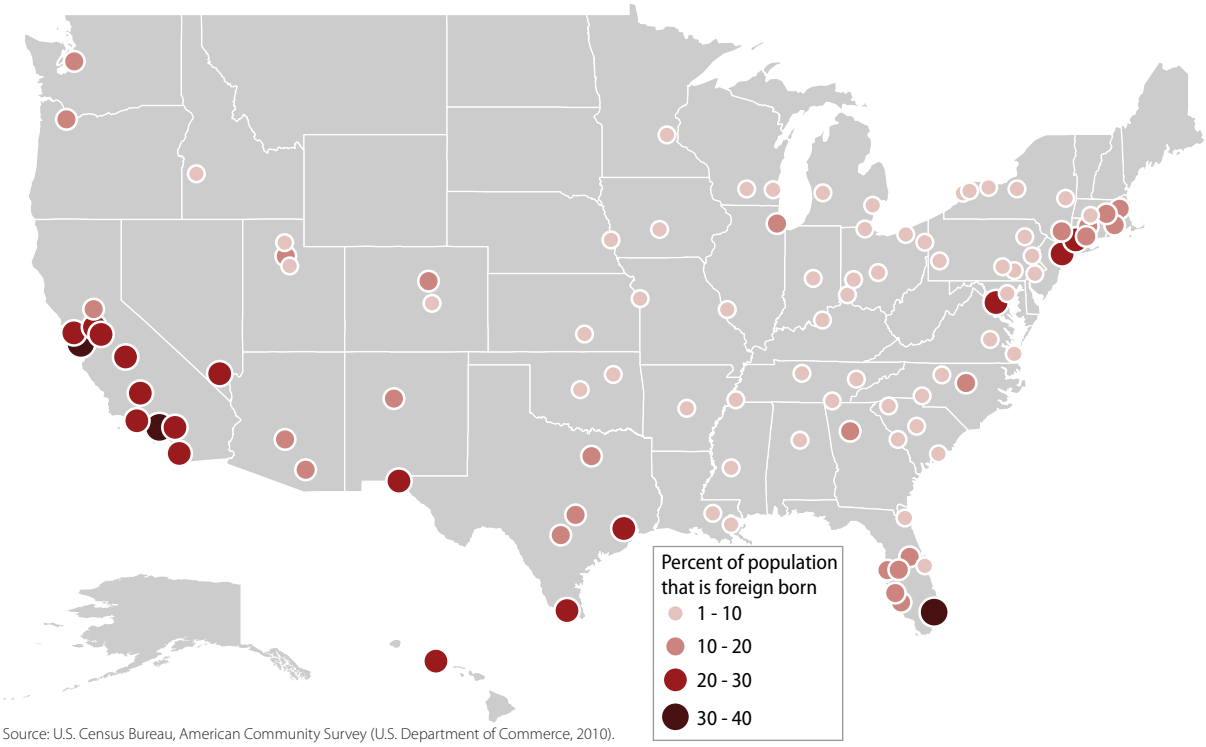
Since civil rights touches on almost every aspect of city life, this chapter does not take on every issue involved. Instead it puts forth a number of suggestions for best practices and policies in several key areas of current concern in which cities can have a significant effect on the lives of residents. The topics in this chapter may focus on a particular part of the community, such as social barriers for immigrants, but the policies and practices may have implications for other parts of the community as well. This is particularly applicable to homeless, transient, and very low-income communities, who are often overlooked or undervalued, and for whom it may be difficult to immediately identify needs.

Safeguarding the rights and safety of city residents and ensuring equal treatment and universal access to city life is critical to maintaining a vibrant and successful community. In order to accomplish this, cities must eliminate local discrimination and protect against destructive practices at the federal and state levels. At the same time, they should encourage residents to participate socially and politically through proactive policies, services, and programs with the goal of greater access and universal integration into city life.

FIGURE 10

A nation of immigrants

Percent of the foreign-born population in the top 100 metropolitan areas by population, 2010



Source: U.S. Census Bureau, American Community Survey (U.S. Department of Commerce, 2010).

We suggest starting this process with voting and government access, immigration reform and protections, policing reform, employment protections, hiring equity, and gun control.

Voting

Background

A citizen's right to cast his or her vote in a fair and open election, and have it counted, is at the core of a representative democracy. Over the past several years, however, numerous states have taken steps that effectively limit that right by requiring specific types of photo identification to vote, placing restrictions on early voting, eliminating same-day registration, and drawing district lines that greatly circumscribe an individual vote's power.[1]

Though the laws governing elections and voting are primarily determined at the state and federal levels, substantial implementation of those laws, including voter access and education, is controlled by municipalities. At the most basic level, local governments need to provide sufficient polling locations, elections staff, and ballots to ensure every resident their right to vote. In addition, local governments can conduct fair redistricting and put in place progressive campaign-finance laws.

Fair redistricting

Redistricting is usually a contentious process with politically volatile results. Members of the majority party frequently draw lines behind closed doors to assure their own re-election and the retention of party power. Though state requirements on municipal redistricting vary widely, municipalities should look at a few key issues while drawing districts that allow each individual's vote to count equally. Such reforms have the added benefit of leading to more competitive districts that give voters greater choice on representation.

Cities should begin by creating an independent bipartisan or nonpartisan commission charged with drawing district lines. Such a commission should go beyond the basic federal requirements such as equal population between districts and contiguous borders, and aim to ensure full representation of racial and ethnic minorities, create compact districts that keep neighborhoods and communities of interest whole, and remain neutral on political parties, incumbents, and other candidates.

New York City contains exemplary language in its charter requiring that "neighborhoods and communities with established ties of common interest and association" be kept intact during redistricting. It prohibits the creation of districts more than twice as long as they are wide, and prohibits drawing lines to separate concentrations of voters of the same political party.[2]

Its commission is both independent and bipartisan. It is composed of five members chosen by the majority party, three members chosen by the minority party, and seven members chosen by the mayor with the caveat that the mayor's appointments may not create a majority composed of the same political party within the total number of the commission.[3] It is important to note that while adopting clear exemplary language is key, cities should also focus on an implementation process that follows the spirit of the adopted language.

To combat the tendency toward secretive, closed-door decision making, redistricting commissions should be as transparent as possible. In 2011 the San Diego Redistricting Commission held nine meetings, attended by more than 1,500 people, to discuss and hear comments on their initial plan.[4]

To combat the tendency toward secretive, closed-door decision making, redistricting commissions should be as transparent as possible.

Sufficient polling locations

Municipalities should consider a range of factors in locating polling places. These include compliance with federal and state regulations, and proximity to public transportation and population concentrations for ease of access. Cities should also attempt, when possible, to ensure that polling places for local, state, and federal elections are in the same location in order to lessen the chance of confusion.

Ensuring access for the elderly and disabled is another factor: New Jersey mandates that every municipal polling place must be accessible for disabled and elderly individuals. And it requires the Voting Accessibility Advisory Committee to report to the attorney general any polling places that do not meet accessibility requirements.[5]

Voting centers are another innovative idea. These allow residents to vote at any polling place within their county. Travis County, Texas, after approving the use of voting centers for the November 2011 election,[6] found the practice resulted in higher turnout.[7]

Campaign financing and disclosure

Public campaign-finance programs are government programs that offer funds to qualified candidates who agree to campaign spending limits and disclosure requirements. In addition to making elections more competitive by limiting the effect of private contributions, public campaign-finance programs can also increase voter participation and awareness, provide campaign-finance information to the public, enable more citizens to run for office, strengthen the role of small contributors, and reduce the potential for corruption.

Cities should implement campaign-financing programs for local elections that give public funds to candidates while requiring spending and contribution limits and finance audits. Campaign-finance programs should limit donors by type,

including sharply limiting or prohibiting corporate contributions, thus reducing corporate influence.

Several cities across the country have passed public campaign-financing laws, including New York City;[8] Chapel Hill, North Carolina;[9] and Sacramento, California.[10]

In 2005 Albuquerque, New Mexico, amended its city charter with the Open and Ethical Elections Referendum, creating municipal public-financing program for city council and mayoral campaigns.[11] Under the law, candidates are eligible for public financing if they receive $5 donations from 1 percent of eligible voters. Matching city funds are financed by a direct deposit of one-tenth of 1 percent of the city's general funds. An eligible candidate will receive $1 from the city fund for every registered voter, and $0.33 for every registered voter in the case of a runoff election.

A candidate accepting public funds under the law must limit spending to those funds raised under the rules, along with public matching funds, and must report all qualifying contributions and expenditures. The city clerk is required to determine eligibility and certification for participation; ensure timely disbursement of funds, contribution collection, and return of unspent disbursements; and educate the public about the law's requirements.

Voter education and outreach

Cities should educate voters to encourage maximum turnout and informed voting. Residents need information about issues and candidates, when and where to register, new voting laws, and location and accessibility of polling places. Clerks should play a large part in voter education through outreach programs with a variety of presentations and publications, as well as assiduous updating of city websites. These campaigns should also publish information and hold sessions or provide translation services in multiple languages to reach as many voters as possible.

As part of voter education and outreach, cities should further include voter-registration guides and advice for voters, including the location of registration and polling sites and public transit lines, access and registration deadlines, and same-day and early voting policies. Cities should reduce barriers to voting by offering extended hours for early voting and absentee ballots, simplifying the absentee voting process where possible, and providing ballots and offering translation services at polls in multiple languages.

To inform voters about the newly enacted voter ID law, the Madison, Wisconsin, city clerk held more than 100 presentations around the city[12] as part of more than 800 voter-education and informational presentations held in 2012.[13] In addition to information on the clerk's website listing candidates, campaign-finance reports, information about registration and early voting, and the new voter ID law,[14] the city clerk publishes a "Voting in the City of Madison" brochure[15] and a list of polling places categorized by ward. The list includes the location of an accessible entrance and the polling room, and whether there is off-street parking.[16] For the two weeks preceding the May 2012 election, the Office of the City Clerk extended its hours by 3.5 hours per day during the week and offered hours on weekends to accommodate absentee voting.[17]

To inform voters about the newly enacted voter ID law, the Madison, Wisconsin, city clerk held more than 100 presentations around the city.

The Minneapolis city website offers a "Conducting a Voter Registration Drive" webpage. This page contains advice on how to collect voter registrations, including eligibility requirements, and how to submit the registrations collected.[18] San Francisco offers early voting 29 days before the election date, absentee voting or vote by mail either for a single election or on a permanent basis,[19] and ballots in Chinese, in addition to the languages mandated by the state.[20]

Open government

Background

Citizen access to government information and functions is essential to a vital and responsive democracy. Adopting an open government strategy can significantly benefit cities by enhancing civic engagement, increasing government accountability, improving policy, and improving the city's ability to respond to constituents. City officials should work together and with the public to establish a system of transparency, public participation, collaboration, and accountability that ensures effective government and enhances public trust.

Sunshine ordinances[21]

Sunshine ordinances expand on state law addressing public information, meeting access, and public participation. Open meetings and open records laws are generally passed at the state level and outline the basic requirements for public access and participation in local decision making. But local laws and policies augmenting

state regulation can greatly increase efficient and effective access to information and public participation.

Cities should adopt open meetings and open records requirements that give the public the greatest access and input. They should consider scheduling, the space used for meetings, notice given, pubic registration and testimony, and record keeping and ease of access. These laws should ensure that individuals are not prevented from accessing buildings by fees or rules, meetings are held at reasonable times, and notice is given with enough time and in a format that allows for the largest attendance. The laws should also require that records not only be maintained and made available, but also that city clerks should respond to information requests in a timely matter, providing the greatest amount of information and assistance possible.

San Francisco passed one of the earliest and most comprehensive sunshine ordinances in 1994. It greatly expanded building access and notice requirements for public meetings and hearings and required every closed meeting to be recorded and made available once the reason for closing the meeting was no longer applicable.[22]

To encourage more participation at public meetings, Berkeley, California, recently adopted new provisions requiring meetings to begin no later than 7 p.m., and public testimony and comment to begin no later than 10 p.m.[23]

Oakland, California's ordinance, adopted in 1997, requires that private entities owning or managing property in which the city has an ownership interest or on which property the private entity performs a governmental function to allow public access to governing board meetings on the administration of the property or government function.[24]

Though observers point to ongoing issues with enforcement of sunshine provisions and open-meetings and open-records laws, cities can take steps to strengthen enforcement. In Berkeley, an unsuccessful measure was placed on the November 2012 ballot that included provisions for the creation of an oversight committee tasked in part with enforcement of the city's sunshine ordinance.[25]

Open data

Open-data policies and laws govern city policy on access and effective dissemination of information. With advancements in computer technology and Internet access,

information can now be made widely available in easily usable formats. Such sharing encourages collaboration between government and the public in the creation and implementation of applications that improve city services. It also expands information access and dissemination, resulting in improved communication between the city and the public, enhanced civic engagement, better city policy through feedback and idea generation, improved problem solving, and improved governmental management because of greater internal and external transparency.

Cities should implement open-data policies and practices aimed at providing access to the greatest amount of city data possible and developing partnerships making effective use of residents' expertise and experience.

Portland, Oregon, has partnered with city residents on transit data under its open-data initiative and Civic Apps Competition, allowing for the creation of more than 35 transit applications, or apps, for smartphones since 2005.[26] In 2009 the Chicago City Council passed the Tax Increment Financing Sunshine Ordinance, requiring TIF redevelopment agreements and attachments to be searchable on the city's website.[27]

Through the NYC OpenData website, New York City provides access to a repository of searchable government-produced, machine-readable data sets from city agencies and other city organizations. These range from a database with detailed information about all public spaces in all boroughs to the School Construction Authority's rating system for environmentally friendly buildings.[28] In addition, the NYC BigApps 3.0 program offers software developers $50,000 in cash and prizes for the creation of apps using city data for city improvements.[29]

San Francisco's mayor recently unveiled https://data.sfgov.org, a cutting-edge, cloud-based data website.[30] That city's open-data policy has already generated numerous apps on everything from maps of kid-friendly hang-out spots and real-time transit information to the app Zonability, which helps make local zoning rules more accessible.[31]

Social media best practices

Policies and practices supporting the use of social media such as blogs, Facebook, and Twitter can provide faster access to information along with forums for communication and collaboration between government and the public.

To make the most of social media, cities should consider: which platforms will be used and how they will be connected to one another; how often they will be updated; what information will be conveyed; who will oversee the day-to-day functions and updates; what records will be kept of page updates, tweets, and other information; and how records will be kept, particularly if the city or state has strict record-keeping requirements. Cities should also refer to the growing body of best-practice guides published by city and state governments and third parties for effective setup and use of social media tools.[32]

Seattle created a social media policy in 2009, making staff from each agency responsible for the content and upkeep of any site their agency launches. It also mandated that all social media on city business be kept and produced when requested in compliance with the city's open-records law.[33] To encourage public employee communication with the community, Arlington, Virginia's social media policy suggests talking to readers "like you'd talk to real people in professional situations."[34] And to increase access and organization, San Francisco[35] and Madison, Wisconsin,[36] link to all city social media and categorize by agency and initiative on the city websites.

Cities should also clearly post comment policies. For instance, Iowa City's city website lists the reasons that a comment may be removed, including discriminatory, defamatory, or threatening comments, and comments soliciting commerce or not related to the post's original topic.[37]

Public engagement

Effective public engagement allows for faster dissemination of information, greater public involvement and interest in government, and collaborative, crowd-sourced problem solving. Cities should go beyond simply making information available and meetings accessible, and involve the public by partnering with communities in policymaking and problem solving.

In the fall of 2009, Chicago Alderman Joe Moore ceded his decision-making authority over the $1.3 million in discretionary funding that he was given for the 2009-10 budget cycle to the people of the 49th ward. It is the first locality in the country to engage community members in a participatory budgeting process.[38]

Starting in the fall of 2011, four members of the New York City Council began allocating part of their discretionary funds for participatory budgeting. As a result,

after a series of public meetings, community members will decide how more than $6 million in public funds are to be spent.[39]

The Los Angeles Unified School District, wrestling with a $390 million budget deficit, crowd-sourced cost saving and efficiency proposals in their "My Bright Idea Challenge" program. The district then created a project team to implement the top three suggestions.[40]

Finally, several cities, including Austin, Texas;[41] Raleigh, North Carolina;[42] and San Francisco,[43] have adopted policies requiring an open-source procurement process. San Francisco went so far as to require the consideration of open-source options for all new software procurement.[44]

Enforcing employment laws

Background

Federal and state enforcement of employment law has been scaled back dramatically over the past three decades in the face of tightening budgets and outright hostility toward workers' rights from some elected officials.[45] Furthermore, the working world has changed enormously since most of the employment law-enforcement apparatus was created 50 or more years ago, and traditional means of enforcing workplace law are less and less effective.[46]

Very few workers, and even fewer low-wage or immigrant workers, have the time, money, or wherewithal to pursue legal remedies against unscrupulous employers in small-claims court. As a result, low-road employers have come to see obeying employment law as optional. They rob workers of not only their employment rights, but also their civil and human rights.

Wage theft

The scale of wage theft in this country is one indication of how flagrantly low-road employers violate even minimal protections for American workers. A 2008 study of nearly 5,000 workers in low-wage industries in Chicago, Los Angeles, and New York found an epidemic of workplace law noncompliance: Two-thirds of the workers surveyed reported at least one pay-related violation the previous week,

including more than a quarter who had been paid less than the statutory minimum wage.[47] A new report from Houston suggests wage theft amounts to $750 million per year in that city alone.[48]

Unfortunately, inaction in most states[49] has left cities and counties as the only viable options for strengthening workplace laws and providing this critical worker protection. Austin;[50] Kansas City, Missouri;[51] and Denver[52] were pioneers in explicitly including wage theft under theft-of-services or petty theft ordinances and using the local police to enforce. But for many overstressed urban police departments, prioritizing wage-theft enforcement is unlikely, even with supportive theft-of-service law.

With this in mind, cities and counties should pass comprehensive wage-theft ordinances containing the following elements:[53]

- The classification of wage theft—the failure to pay agreed upon or legally mandated wages in a reasonable time period—as a violation that entitles the employee to back pay and compensatory damages.
- A straightforward process for filing and investigating wage-theft claims, including appropriate funding for the designated office.
- Real costs or penalties to employers for violating the law that go beyond merely the payment of wages owed. (The Miami-Dade County ordinance allows employees to collect triple damages from violating employers and requires violating employers to pay administrative costs.)
- Lengthening the statute of limitations within which claims can be filed. (New York state allows employees six years to file a claim and suspends the statute of limitations during a wage-theft investigation.)
- A requirement that city or county license holders comply with all relevant employment law and that licenses of violators be revoked.
- Late-payment fines and penalties targeting employers chronically late in paying wages.
- In addition to responding to and investigating complaints, enforcement agencies should affirmatively investigate high-violation industries.
- Outreach policies and programs that work with existing community groups to reach the most vulnerable workers.

After years of coalition work, Miami-Dade County's landmark wage-theft ordinance, the first comprehensive municipal or countywide wage-theft ordinance in the country, was passed in 2010.[54] Florida abolished its Department of Labor and Employment Security in 2002, eliminating the state's capacity to enforce wage and

hour laws. In its first 18 months, the conciliation-based process has returned more than $1 million to working people in South Florida.[55]

More recently, San Francisco[56] and Seattle[57] both passed comprehensive wage-theft ordinances. Wage-theft campaigns are currently underway in Los Angeles, Houston,[58] New Orleans, and Palm Beach County, Florida.

Local enforcement of employment law

The vast majority of employment law-enforcement authority and schemes rest with federal and state agencies. Unfortunately, at the federal level and in most states, the number of inspectors has not kept up with the growth in or changing nature of employment.[59] In addition, the only local enforcement of wage and employment laws in most cities are the many immigrant and day-worker centers that have helped wage-theft victims identify violations, pursue claims, and report violators to the U.S. Department of Labor. In response, where possible, cities should pass a minimum wage and job-standards ordinance that establishes an enforcement office.

In addition to passing a local minimum-wage law, San Francisco empowered and funded a municipal Office of Labor Standards Enforcement. The office is now charged with enforcing local laws on minimum, living, and prevailing wages; paid sick leave; minimum health care coverage; and anti-sweatshop working conditions.[60] It is important to note that California courts have upheld the right of San Francisco and other California cities to "home rule," giving them the authority to set their own wage and job standards higher than the rest of the state.[61] Even in cities that do not have home-rule authority, funding to ensure adequate monitoring of city contractors and other recipients of subsidies or tax benefits with regard to local prevailing wage, living wage, and other employment laws will provide a meaningful deterrent to low-road employers.[62]

Public safety and policing reforms

Background

A strong economy requires a safe environment. And building and maintaining successful businesses in communities where people do not feel safe is extremely difficult.

Overall crime rates in the United States have been declining for the past 20 years, and some U.S. cities are the safest they've been in 50 years.[63] But progress has been uneven, and even in cities that have seen large reductions in crime, some neighborhoods struggle with the perception or reality that they are not safe.

In order to address this issue, local law enforcement must strike a careful and often precarious balance between protecting the public and safeguarding individual rights and freedoms. Reforms attempting to strike this balance have taken numerous forms and experienced varying degrees of success.

But even the most innovative communities have not achieved all they can, and the vast majority of communities fall far short of the leading edge. Unacceptably high rates of racial profiling continue to be reported despite efforts at all levels of government and consistent public outcry. Law-enforcement officials continue to push the boundaries of the Fourth Amendment, supported by Supreme Court rulings, resulting in almost unfettered ability to search and detain individuals without full explanation or supporting evidence of threat or crime. Review of officer performance and disciplinary actions continue to be selective and ineffective in many jurisdictions.[64] In the wake of 9/11 and the continued fear of terrorist activity, federal agencies, backed by legislation, have adopted unprecedented policies and practices,[65] overstepping traditionally held views of privacy and individual security.

What's more, in 1980, 1 in every 156 males ages 18 to 64 was in prison or jail; by 2008 the rate was 1 in 48. The United States now puts people away at a rate 50 percent higher than when the U.S. crime rate peaked in 1992.[66]

Cities may adopt several best practices to begin combating poor policing practices, including city opposition to federal laws abridging individual rights and freedoms; combating racial profiling practices; adoption of community policies and practices; strengthening police accountability; enacting and bolstering consent to search laws and requirements for officer identification in interactions with the public; and adoption of justice reinvestment decision-making strategies to determine which communities need investment to improve public safety and community well-being.

Oppose federal laws and policies abridging individual rights and freedoms

Since 9/11 the federal government, in response to both real and perceived terrorist threats, has adopted policies and practices and passed legislation threat-

ening personal liberties and freedom. At the core of these issues and the cause of much public outcry is the Patriot Act,[67] enacted in 2001 in response to the terrorist attacks of September 11.[68] The Patriot Act greatly reduced limitations on law-enforcement surveillance. It broadened authority to search homes, businesses, personal records, and information in connection to terrorist activities and expanded law enforcement authority to detain and deport immigrants.[69]

Although protecting the community against threats is very important, cities should not allow such actions to come at the cost of the liberties and freedoms of their residents. They should adopt resolutions in opposition to the Patriot Act and any subsequent legislation based on the act. In addition, they should oppose other federal legislation or policy affecting the liberties and freedoms of community members, including National Security Agency, or NSA, warrantless surveillance[70] and the U.S. Immigration and Customs Enforcement's, or ICE, Secure Communities program for immigrant community members.

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As of fall 2012, 414 local, county, and state resolutions have been passed in opposition to the Patriot Act.[71] As an example, Los Angeles passed a resolution in 2004 adopting as part of the City Federal Legislation Program support for any legislation that would repeal the Patriot Act and opposition to any legislation that would strengthen it.[72]

In an effort to address the extreme rise in federal surveillance that grew out of the September 11 attacks, San Francisco passed a resolution in 2006 calling on the president to order the NSA to abide by the limits set out in the Foreign Intelligence Surveillance Act.[73] It also urged city and county agencies to obtain assurances by federal authorities that any requests for cooperation with electronic surveillance comply with federal law, and encouraged Congress to investigate the use of electronic surveillance by federal agencies.[74]

In July 2012 Chicago Mayor Rahm Emanuel attempted to work around the mandatory Immigration and Customs Enforcement information-sharing S-Comm program. He introduced an ordinance that prohibits city law enforcement from fulfilling ICE detainer requests or releasing immigrants with no serious criminal background or outstanding warrants to federal authorities.[75]

And in June 2012 the District of Columbia City Council passed a law that prohibits Washington, D.C., police from keeping any individual in custody longer than they would in normal circumstances—even if there was a detainer request—unless they have been convicted of a "serious or violent felony."[76] The law comes

eight months after D.C. Mayor Vincent Gray signed an executive order prohibiting police and public safety agencies from inquiring about a person's immigration status or contacting federal immigration authorities.[77]

Community policing

Community policing is a philosophy that promotes the systematic use of neighborhood-based policing and community partnerships to proactively address the causes of crime, social disorder, and fear of crime. Community policing recognizes that the people who live and work in a community are its most valuable resource, and that the best way to address community concerns is to engage that community in a collaborative, problem-solving process.

The creation of the Office of Community Oriented Policing Services by the U.S. Department of Justice in 1994 has resulted in the adoption of community policing principles by thousands of police departments and agencies. It has also led to the hiring and training of thousands of new community officers and law enforcement support personnel.[78]

More recently, the 2009 American Recovery and Reinvestment Act allocated $1 billion to support community policing. It allowed more than 1,000 different law-enforcement agencies to hire or rehire nearly 5,000 officers for three years to create and preserve jobs, and to increase their community policing capacity and crime-prevention efforts.[79] Mayor's offices and police departments should establish community policing policy and train officers on community policing principles and best practices.

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The Seattle Police Department was an early adopter of community policing strategies. Its efforts include:

- A neighborhood "Block Watch" program
- Business-outreach programs that deal with retail theft, trespassing, and false alarms
- A community-outreach section of the police force that builds relationships, provides information, and addresses local concerns by making personal contacts and connections with neighborhood residents, community groups, and businesses
- A variety of youth-outreach programs, including initiatives to address youth homelessness, youth violence, and gang activity, and a Police Explorers program that breaks down barriers between police officers and young adults by involving the latter in police operations and allowing them to explore careers in law enforcement

- Victim-support teams of community members who volunteer their time to help victims of domestic violence after an incident[80]

End racial profiling

The United States has a long and troubled history of race and policing. This has led to ongoing tensions between community members and police, and has often eroded trust in law enforcement.

Cities have taken many crucial steps over the past several decades to end racial profiling, but the problem still persists.[81] In particular, young men of color, and, since the September 11 attacks, individuals matching the ethnic profiles of certain immigrant groups, experience high rates of racial profiling. In addition to the abuse, frustration, and mistrust racial profiling and racially motivated policing produces, it breaks down communication and respect.[82]

Cities need to stem racial profiling so that individuals feel protected and not targeted by police. One step to take is passing ordinances banning the use of race in police investigations. Cities, however, should ensure that the ordinance's language defines racial profiling effectively. Specifically, the definition should not only prohibit profiling based solely on race, but also eliminate race from the decision-making process.

In addition, cities should establish training on how stereotypes operate and how to conduct proper investigatory and policing actions. They should partner with community members and groups to share perspectives.

As part of a comprehensive set of laws on police reform, the New York City Council introduced an initiative prohibiting bias policing. It includes restricting officer use of certain factors, actual or perceived, including " race, color, ethnicity, … national origin, … immigration or citizenship status, … or socioeconomic status." The law explains the prohibited practice by juxtaposing it with the permitted use of information about the circumstance "relevant to the locality and timeframe, that links a person" of a certain race, color, or ethnicity to illegal activity. The initiative also authorizes citizens and organizations to file claims of disparate impact or intentional discrimination against a variety of individuals and agencies.[83]

To protect immigrants from police targeting, Jackson, Mississippi, passed a law not only adopting the prohibitions addressed above, but also prohibiting officers from inquiring into an individual's immigration status.[84]

The Nashville Police Department established a racial-profiling training program overseen by a citizen steering committee that sets goals for training and defines "racial profiling" for the department. The Nashville program focuses on cultural misperceptions, perceptions about law enforcement held by community members, and the importance of officers acting as role models during contact with community members.[85]

In a similar effort, the Oakland Police Department has partnered with a community organization called Youth UpRising to establish a five-week "culture-shifting experience" program to connect young people with police officers. The program was created to develop youth-police "relations by promoting better understanding and mutual respect between youth and police with the ultimate goal of improving public safety in Oakland."[86]

The program consists of three-hour workshops each week in which officers and young people engage in open dialogue with the help of "translators" to learn about each other's histories and perspectives.[87]

Police accountability

In the past, police corruption and mismanagement led to destructive scandals and encouraged mistrust and tension in the community.[88] In order to combat these issues, raise fitness and quality standards for policing, and build community support and trust, cities and local law-enforcement agencies should establish accountability boards and review policies independent of law-enforcement agencies. To further bolster communication and accountability with the community, cities should establish citizen review boards, with community-member appointments from a range of backgrounds. Cities may also choose to establish an independent investigatory department or agency that oversees all reviews of law-enforcement action and policies.

Chicago, along with several other local jurisdictions nationwide,[89] established a citizen review board composed of nine members appointed by the mayor with the consent of the city council. The board decides disciplinary action in cases of police misconduct and holds monthly meetings that provide a forum for the public "to present questions and comments to the Board." In addition, the board is responsible for nominating candidates, which are submitted to the mayor, for superintendent of police when a vacancy arises.[90]

In 2002, after a decade of attempted accountability reforms, Seattle created the Office of Professional Accountability, or OPA. Similar to the Chicago board, it oversees investigations of misconduct, even though police sergeants carry out the actual investigations.[91] The OPA is also tasked, among other things, with reviewing the fairness of the complaint and investigatory processes, and related police policies and procedures.[92]

In an attempt to address years of alleged misconduct and public frustration with New York Police Department practices, the New York City Council introduced an initiative to establish the Office of the Inspector General, an independent investigatory unit for police misconduct. The initiative prohibits the inspector general from being a member of the NYPD and makes the office independent from the mayor's and NYPD commissioner's oversight or review.

The inspector general's office reviews, reports, and makes recommendations to the mayor, commissioner, and city council "to improve the department's policies, practices, programs, and operations."[93]

Consent to search and officer identification

Community members must feel secure in their cities to fully participate in social and political life, including during interactions with law enforcement. They must be able to trust that officers have their best interest in mind.

The Fourth Amendment provides robust protections for individuals against searches and seizures. But many individuals are not aware of their rights when interacting with police and often forego them. An officer will often ask for consent to search an individual or an individual's property when the requisite conditions to search are not met,[94] or, on occasion, they will perform an unlawful search without consent.[95] Individuals, often unaware of when consent is needed or of their right to refuse to be searched, consent to a search or say nothing when a search is performed unlawfully, foregoing constitutional rights[96] and allowing undue infringement on their privacy.

Furthermore, regardless of the law and the demeanor with which an officer interacts with an individual, individuals may often feel that they have no choice but to comply with the officer's request to search. This results not only in a loss of rights, but also further loss of trust in law enforcement.

Officer contact with citizens can cause stress and frustration, resulting in violence. This is particularly true when an individual is not sure why he or she is being questioned, detained, or arrested. Tensions may rise further if the individual does not know that he or she is interacting with law enforcement.[97]

For these reasons, cities should adopt clear requirements regulating searches and officer identification for law enforcement. They should require officers to inform individuals of their right to refuse to be searched and be explicit about when an officer may perform a search without consent under the law.

Cities should also adopt laws and policies requiring that officers identify themselves during contact with community members. These laws and policies should include not only wearing nameplates and providing name, rank, shield number, and command when asked, but they should also require officers to provide the reason for the stop or interaction and contact information for comments or complaints.

As part of the New York City comprehensive reform discussed above, the New York City Council introduced an initiative to protect New Yorkers' constitutional rights. The initiative requires NYPD officers, prior to conducting a search for which an officer must receive consent,[98] to explain to any individual being asked to consent to a search that the search is voluntary and that he or she has the right to refuse the request. The initiative also requires officers to create an audio or written record of the person's consent in every case in which consent to search is given, and to create and submit a report based on those records, including the "race [and] ethnicity … of the person searched."[99]

In addition, the New York City Council introduced an initiative requiring all NYPD officers to identify themselves in every law-enforcement-related interaction. Officers are required to state the reason for contact and provide contact information for the civil review board when the contact does not end in arrest. The initiative also provides an exception when an officer is not in uniform and where identification would "compromise the immediate safety of the public or … officers or would seriously compromise a specific, ongoing law enforcement investigation."[100]

Justice reinvestment

Justice reinvestment is a community-based, data-driven strategy of collaborative decision making designed to reduce correctional spending and reinvest resources

in high-stakes communities to improve public safety and community well-being.[101] Cities and counties should adopt justice-reinvestment decision-making strategies to determine where corrections spending should be cut and which communities need investment to improve public safety and community well-being.

The recession has finally driven home that our prison-based criminal justice system is hugely expensive. We spend more than $100 billion per year on criminal justice,[102] and several states now spend more on prisons than on K-12 education. Estimates of how much it costs to keep a person in prison for one year run from $20,000 to $50,000 per person per year.

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Further, the effects are not evenly distributed. Because housing is segregated in the United States by race and class, a small number of communities are disproportionately affected by the strategies that continue to dominate criminal justice. These communities are almost all poor, mostly African American, inner-city neighborhoods with high unemployment rates.[103] In some neighborhoods, it is estimated that up to 25 percent of all adult male residents are locked up on any given day.[104]

Since 2008, several states, including Massachusetts, New York, and New Jersey, have lessened the penalties for nonviolent drug offenses and have looked to less expensive treatment options as an alternative to prison.[105]

There are many promising state and local "justice-reinvestment" efforts to reduce both crime and criminal justice spending. These redirect resources from prisons to programs that can address some of the underlying issues that lead to high rates of incarceration and recidivism: education and job training, drug-treatment programs, mental-health resources, and other programs to help offenders successfully reintegrate back into their communities.

The Michigan Council on Crime and Delinquency has partnered with state corrections, community-service agencies, and the cities of Detroit, Grand Rapids, Saginaw, and Benton Harbor, to launch the Inner-City Neighborhood Project,[106] a public safety and national service initiative to reduce crime and improve employment for felony offenders released from the state prison system. The project is modeled after the Civic Justice Corps, a national service initiative started in Oregon in 2005 that recruits individuals involved in the justice system for neighborhood-based public-service projects. These offer skills and sustainable jobs in the emerging "green" sector.

The Denver City Council established the Denver Crime Prevention and Control Commission in 2005[107] to reduce crime and delinquency through an evidence-based, accountable, and efficient public safety strategy. The commission, composed of 32 designated system representatives and appointed community members, is housed within the Manager of Safety's Office and advises Denver's criminal justice system agencies. It also directs a Crime Prevention and Control Fund that has helped fund a variety of alternative justice programs:

- Court to Community, a flexible and responsive special-services court docket and system to manage municipal offenders with serious and persistent mental-health issues
- A Justice Reinvestment program for female offenders who are domestic-violence victims that supports community and system-based providers to help create a safe and healthy environment for their children, who are at risk of academic truancy and becoming involved in the criminal justice system
- Racial and Gender Disparity, Mental Health Advisory, and Women's Advisory Committees to explore how specific policies and practices affect different groups
- Initiatives such as Denver County Jail Life Skills, the Community Reentry Project, Mental Health Transition Units, Frequent Users Service Enhancements program, Recovery in a Secure Environment, medications upon release, and other developing work for special populations[108]

Immigration enforcement

Background

Until recently, it was generally accepted that only the federal government had the authority to enforce immigration law. Over the past several years, however, local law-enforcement agencies have begun to play a significant role in immigration enforcement through efforts such as the mandated information disclosure and fulfillment of detainer requests under the federal Immigration and Customs Enforcement's Secure Communities, or S-Comm, program.

Local enforcement of immigration law often comes at a very high cost to cities, local law-enforcement agencies, and the communities they are charged to protect and serve. These costs are huge financial burdens[109] on already-struggling jurisdictions,[110] and local enforcement often erodes the trust of immigrants who may already distrust or fear law-enforcement officers. This mistrust often results in an unwillingness to

Local enforcement of immigration law often comes at a very high cost to cities, local law-enforcement agencies, and the communities they are charged to protect and serve.

contact law enforcement even in emergency situations or when a crime has been committed.[111] In turn, this decreases the rate at which crime is reported, and isolates immigrants from city services and aspects of social life.[112] It also highlights immigrant communities as targets for crime. In addition, local enforcement often drives immigrant populations underground, resulting in the closure of businesses and the removal of substantial contributors to local economies.[113]

Ultimately, local enforcement of immigration law restricts the already-limited resources necessary to protect communities from real public safety threats,[114] burdens cities with ever-increasing costs, removes a vital portion of the community from local economies, and breeds tense and distrustful relations with law enforcement—making it more difficult for officers to carry out their duty to protect the public safety.

Minimizing participation in federal enforcement

To combat the problems with local enforcement of immigration law, cities should enact laws and adopt policies to minimize their participation in enforcement of immigration law.

For starters, cites should minimize involvement in ICE's S-Comm program.[115] S-Comm is a federal information program under which fingerprints taken by local officials and sent to the FBI are checked against an immigration-status database.[116] If an individual's prints match a set in the immigration database, ICE is alerted and commences a status check on the individual, which is usually accompanied by a detainer request sent to the local law-enforcement agency.[117]

In October 2010, despite widespread criticism,[118] ICE announced that localities could no longer opt out of the S-Comm program, and that ICE could initiate the program in a jurisdiction without informing the city that it was doing so.[119] Though cities are no longer able to opt out of S-Comm data sharing, they should pass laws limiting the situations in which local law enforcement will comply with detainer requests. These include only holding individuals who are charged or have been convicted of serious felony offenses and requiring ICE to pay for expenses associated with complying with hold requests.

Additionally, cities should avoid or eliminate laws that require or allow local law enforcement to police for violations of immigration law and actively state their opposition to state laws requiring or allowing local enforcement.

After a series of contentious interactions[120] between ICE's S-Comm program and San Francisco's sanctuary ordinance,[121] the San Francisco County Sheriff's Office adopted a policy that protects low-level offenders or noncriminal immigrants from ICE detainer requests. The policy, adopted after ICE made the S-Comm program nonvoluntary for local jurisdictions, was adopted to uphold San Francisco's sanctuary ordinance, which limits all local assistance in federal immigration enforcement to felonies.[122]

In September 2012 the Chicago City Council passed the Welcoming City Ordinance. In addition to prohibiting the investigation, arrest, or detention of an individual based solely on immigration status, the ordinance prohibits ICE agents access to an individual in custody unless it is for "a legitimate law enforcement purpose unrelated to the enforcement of civil immigration law."[123]

The District of Columbia passed legislation requiring detainer requests to only be honored when the individual in question is age 18 or older. The individual must have been convicted of a dangerous crime or a crime of violence either for which they are in custody or for which they have been convicted within 10 years of the detainer request—or for which they were released after having served a sentence within five years of the request.[124]

In addition to limiting the situations where a detainer request will be honored, New York City[125] requires the posting of a yearly report containing, among other things, the number of individuals who had at least one felony who were detained as a result of an ICE request and transferred to federal immigration authority custody.

As tension rises between federal and local governments due to forced participation in the enforcement of immigration law, federal and state laws will undoubtedly change—perhaps not for the better. As such, cities should remain attentive to changes affecting their jurisdictions.

Support of U Visa

One important way cities can combat crime and the harmful effects of federal immigration policy, protect vulnerable members of their immigrant communities, and encourage immigrant integration and trust is through municipal support of the U Visa. The U Visa, which was created under the Trafficking Victims Protection Act of 2000,[126] is an immigration benefit[127] that offers a visa to immigrants who provide ongoing assistance to law enforcement in the investigation of a crime.

Cities should adopt policies and procedures governing interactions between law-enforcement officers and community members related to U Visas. These should include education for law-enforcement officers on the purpose of the U Visa to combat misunderstandings. Often there's a belief that officers who provide assistance to individuals seeking U Visa certification are condoning illegal activity or helping "illegal immigrants" remain in the country. On the contrary, the U Visa was created to encourage immigrants who may not otherwise contact and assist law enforcement when a crime is committed for fear of deportation to come forward by providing an incentive and safety net for doing so.[128]

Cities should firmly support the U Visa and affirm the purposes set forth by Congress. They should also establish clear policies and protocols for U Visa applications and consult ICE definitions and explanations for the various components for qualifications.[129] In addition, cities should consult educational resources and work with nonprofit and educational organizations to educate law-enforcement agencies and certifying officers about the value and purposes of the U Visa and the particulars of the qualifying requirements.[130]

In September 2011 the Cincinnati City Council passed a resolution in support of the U Visa. In the resolution, the council specifically recognized the importance of expressing its support to the County Police Association and the County Association of Chiefs of Police, and mandated that a copy of the resolution be sent to both organizations.[131] In February 2011 the San Francisco Police Department released a department bulletin setting up U Visa protocols. This included a list of the types of crimes for which the U Visa applies, the benefits the U Visa provides to crime victims, and qualifications a victim must meet in order to apply for a U Visa. The bulletin also clarifies that the role of patrol officers in the U Visa process is to explain to the victim that it may be possible to obtain a U Visa application and then, without attempting to establish a victim's eligibility, refer applications to the Domestic Violence Unit. In addition, the bulletin reiterated the prohibition on investigating or detaining an individual "solely because of his [or] her national origin, appearance, inability to speak English, or his [or] her immigration status."[132]

Deferred action

On July 15, 2012, the Obama administration announced a new policy called "deferred action." It allows young people who were brought to the United States before age 16 to be considered for removal deferment for two years if they are

currently attending school, are under the age of 31, have been continually residing in the country for at least five years, and have not been convicted of certain criminal offenses.[133]

Despite the obvious benefits of this policy, there are some very serious dangers to certain undocumented immigrants because deferment is only available to individuals in removal proceedings—those who are going to be deported. If an individual, in an attempt to receive deferment, reveals his or her status to the Immigration and Customs Enforcement to initiate removal proceedings but does not meet the criteria for deferment, then that individual runs the risks of removal. Thus, it is important that individuals are well-informed about the requirements and process for deferred action.

Cities can offer accurate information quickly and to a wide range of people. They should provide training sessions on deferred-action requirements and work with community organizations to connect people with organizations that can help with deferred action.

When the deferred-action policy was first announced, the city of Madison, Wisconsin, created a deferred-action brochure that explained the policy, listed the criteria for deferment and additional resources, and outlined the application process.[134] Additionally, Madison has partnered with several community organizations to hold community immigration workshops on the deferred action process at the Catholic Multicultural Center,[135] which also partners with other organizations to offer deferred-action clinics to assist individuals with filling out deferred-action paperwork.[136]

Overcoming barriers to social participation for immigrants

Background

Over the past several decades, the United States has seen huge increases in immigration and immigrant populations. Unsurprisingly, immigration has become a major issue at every level of government.

With the exception of a few recent actions, the federal government's reaction to the growing immigrant populations has been increasingly hostile, whereas reactions to these changes have been quite varied at the state and local levels.

In the absence of a national immigrant-integration policy, U.S. cities must take a central role in developing and implementing immigrant-integration programs. These policies and programs should encourage integration into the community and increase access to city services. They should also recognize the important contributions immigrant communities bring to cities, while being aware that immigrants, particularly those without lawful immigration status, may be wary of government services and community engagement due to fear of discovery or experiences in their home country.

In the absence of a national immigrant-integration policy, U.S. cities must take a central role in developing and implementing immigrant-integration programs.

Language services

To give limited English proficiency, or LEP, immigrants the same access to basic public and private services as English speakers, local governments should develop immigrant-friendly communication policies. They should provide broad language services in every area of the government. Cities should use translation services at city meetings, hearings, other city-sponsored gatherings, and government agencies. They should also provide translated documents and websites, including brochures, meeting announcements, agency information, government forms, online applications, and city websites.

Cities may experience initial pushback due to public opinion and costs, particularly in smaller localities. But the benefits of these policies far outweigh any drawbacks, especially if cities wish to support a vibrant and integrated immigrant population in their community.

These policies are an invitation for immigrants to use city services and programs by making them possible for individuals who may otherwise find it too difficult or intimidating to use them. In addition, LEP immigrants are often deterred from seeking assistance through city services in emergency or public safety situations when language services are not available.[137]

A number of cities are taking action. The Memphis Office of Community Affairs, for example, offers a translation phone service connected to every city office, translating more than 150 languages into English.[138]

St. Paul, Minnesota's Limited English Proficiency Plan requires the city to provide an interpreter without charge to LEP individuals in any situation where one is needed to receive city services, programs, and activities. It also requires public meeting notices to include notification that interpreters will be provided if

requested at least five business days prior to the meeting.[139] It establishes standards for competence and cultural sensitivity of interpreters.

The Office on Asian and Pacific Islander Affairs in Washington, D.C., does outreach and training to residents and city agency staff. It also provides D.C. residents with language services through the Language Access program, including document translation and in-person or over-the-phone interpreter services.[140]

New York City, in addition to passing language-access laws for city agencies and schools,[141] offers a variety of links to city websites, programs, and services in Spanish, Chinese, and Russian through the NYC Language Gateway website.[142]

Immigrant services offices

One of the most comprehensive actions a city should take to contribute to the social integration of immigrants is establishing an office of immigrant affairs or another similar multipurpose agency aimed at serving immigrants and addressing integration challenges. The functions of this entity should include outreach and communication, with both the immigrant communities and the established community to build support and cultural understanding and expand understanding of public safety and how to access city services.

Perhaps the most critical hindrance to integration for many immigrants is their immigration status. To help overcome this hindrance, cities should provide resources on legal immigration status, including information on immigration legislation and policies, types of visas, and permanent residency and citizenship requirements and application procedures.

Additionally, cities can offer legal counseling on immigration issues and city agencies can work with U.S. Citizenship and Immigration Services on forms and self-help kits on immigration status and citizenship.

New York City's Mayor's Office of Immigrant Affairs facilitates the integration of immigrants in New York. It offers a list of city benefits and services available to individuals regardless of immigration status, connects immigrants with community-based organizations, brings together community-based organizations serving immigrants with city agencies and officials to facilitate services and programs, provides current city, state, and federal legal information affecting immigrants, and

continually creates and updates initiatives "to promote and empower immigrant communities through civic engagement initiatives and awareness campaigns."[143]

The city of Los Angeles and the U.S. Citizenship and Immigration Services, or USCIS, partnered in the Immigrant Integration Partnership. This program offers information sessions on citizenship; naturalization workshops; distribution of USCIS educational materials; and focused outreach to raise awareness of the rights and responsibilities related to citizenship. Recently, a new initiative was included in the partnership providing Los Angeles Public Libraries with "citizenship resources and training for library staff."[144]

Finally, the Seattle Police Department, or SPD, established the first of 10 Demographic Advisory Councils in 1994 with the goal to "build bridges between minority communities and the police department, which results in increased awareness, improved understanding, and open dialogue regarding challenging issues." These councils advise the SPD on safety issues facing particular communities; promote dialogue to strengthen ties and trust between communities and the SPD; provide cultural competency training to police officers; and hold events promoting public safety.[145]

Municipal ID cards

One service that cities should provide immigrants is legal identification. Anyone who does not have a driver's license can benefit from a municipal ID card—both documented and undocumented young people, seniors, students, and immigrants. Lack of a valid ID can keep people from accessing basic services such as libraries or prevent them from accomplishing routine tasks such as opening a bank account.

Alternatively, cities may agree to accept other forms of ID such as national IDs issued by a foreign country's national government or an ID issued by an NGO.

New Haven, Connecticut, gives municipal ID cards to all its residents regardless of immigration status. In addition to identification, the card grants access to resident-only services and discounts city fees—at the municipal golf course, for example. It also acts as a library card and can be converted into a debit card accepted by city parking facilities and multiple local businesses.[146] Several other cities,[147] including San Francisco[148] and Richmond, Virginia,[149] have similar programs.

Reporting and disclosure of information

City agencies and officials often play an important de facto role in the civil provisions of immigration law. They require disclosure of immigration status when such disclosure is not necessary and mandatory reporting of more information, including immigration status, than is needed. This not only leads to community mistrust, racial profiling, and civil rights violations, but it also jeopardizes city agencies' primary goals. For fear of having to reveal their immigration status, immigrants may avoid using city services or calling city agencies, including public schools, fire departments, and ambulance services.

To avoid these issues and to encourage trust and social and civic engagement, cities should prohibit inquiry into an individual's immigration status unless immigration status is necessary for the determination of eligibility for a program, service, or benefit, or inquiry is required by law. In particular, inquiries about the immigration status of crime victims, witnesses, or others who call or approach city agents seeking assistance raise public safety concerns.

Cities should also prohibit the reporting of information unless such reporting is mandated by law, the denial of city services on the basis of immigration status, and public-safety employees from requesting documents for the sole purpose of determining immigration status. And they should consider passing strict confidentiality provisions limiting the context in which immigration status may be reported.

In an effort to ensure access to city services for all residents, New York City Mayor Michael Bloomberg issued Executive Orders 34 and 41 in 2003 extending confidentiality and privacy rights to New York immigrants.

Executive Order 34 prohibits inquiry into an individual's immigration status unless such information is necessary for eligibility determination for a city program, service, or benefit. It also prevents police officers from inquiring into an individual's "immigration status unless investigating illegal activity other than mere status as an undocumented alien." The order further prohibits NYPD officers from inquiring about the immigration status of individuals seeking police assistance.[150]

Executive Order 41 prohibits the disclosure of certain information, including immigration status, obtained by a New York City agency unless, among other things, disclosure is required by law or the individual is suspected of a crime.[151]

El Paso, Texas, does not require disclosure of immigration status to report domestic violence, file a restraining order, stay at a battered women's shelter, or receive emergency medical attention.[152] The city aims to encourage victims of domestic violence to come forward, in addition to not conditioning city services on immigration status.

Comprehensive equity laws

Besides the specific policies and practices protecting immigrant populations addressed above, cities should adopt comprehensive equity laws and policies that encompass more than issues of race, ethnicity, or immigration status, and require fairness and equality to be applied to every city department and agency. These laws and policies should extend to every demographic to make sure principles of equity in opportunity and access to services, programs, and events for all city residents are embedded through city government. But these policies should not take the place of the targeted policies and practices addressed above.

King County, Washington, has adopted "principles of 'just and fair' to guide every aspect of its work." In an ongoing effort to ensure that these principles are embedded through city governance, the county passed a "first-of-its-kind ordinance" in 2010 mandating equal access to opportunities for all people.[153] Since 2010 the county has implemented several reforms in a variety areas including setting higher transit service levels in "low-income communities and communities of color" and expanding economic-outlook reports to include race and income measures.[154]

To assess the effectiveness of these policies, the county created an "Equity Impact Review Tool," which outlines three stages of assessment to help achieve equity goals:

- Stage I. What is the impact of the proposal on determinants of equity?
- Stage II. Assessment: Who is affected?
- Stage III. Impact review: Opportunities for action.[155]

Finally, several county agencies are reaching out to diverse communities with translated materials in several new languages to increase community engagement and awareness.[156]

Hiring Practices

Background

Throughout U.S. history, municipal government jobs have given members of immigrant and minority communities a pathway into the middle class.[157] For much of the 20th century, this route was reserved for white immigrant groups. But in the wake of the civil rights movement, municipal jobs were increasingly made available to members of nonwhite minority communities.

The Equal Employment Opportunity Act of 1972 extended the prohibition on discrimination in private employment—which had been created by Title VII of the Civil Rights Act of 1964—to state and local governments.[158] The Equal Employment Opportunity Commission now requires that municipal governments file annual reports on their workforce's racial and ethnic compositions.[159]

Beyond the push of federal laws, city managers are realizing that better hiring practices can increase the efficiency and effectiveness of local government, and can even help spur improvements in private-sector hiring practices. This section summarizes a number of the emerging policies, including efforts to hire people who reflect the diversity of a city's population and combat racial disparities in hiring; altering when and how job applicants are asked about criminal records; and techniques for requiring recipients of municipal contracts and assistance to hire locally and help create career pathways for members of historically excluded groups.

Beyond the push of federal laws, city managers are realizing that better hiring practices can increase the efficiency and effectiveness of local government.

Benchmarks and evaluation

In a number of U.S. cities, municipal managers are taking proactive steps to ensure that their workforce reflects the diversity of the city, the population they serve, and the local labor market. This generally involves monitoring certain characteristics of the municipal government workforce, such as its race and gender composition in various positions and skill levels, and comparing those characteristics to the city population and the relevant labor market. Presented with this data, affirmative-action officials can work with human resources staffers from departments where the employees do not adequately reflect the diversity of their community.

Cities should require the monitoring and comparisons outlined above to ensure diversity within the city workforce.

Cambridge, Massachusetts, is a good example of this sort of monitoring and responsive hiring. The city's Affirmative Action Office has an overarching goal "to reflect at all levels, and in all types of positions, the race, sex, disability or other protected status of the labor markets from which employees are recruited."[160]

In each year's budget, the office reports on how the percent of women and people of color employed by the city compares to the correspondent percentages in the Cambridge workforce. It also uses data based on the U.S. Census Preliminary Metropolitan Statistical Area from which the city recruits to set affirmative action goals for increasing racial and cultural diversity and to measure performance. The office then meets with every city department to set measurable goals and assist them in improving recruiting and hiring practices.

Comprehensive hiring-discrimination reform

In conjunction with the benchmarking and evaluation policies discussed above, cities need to remedy racial disparities in employment by adopting comprehensive laws acknowledging the damaging effects of racial bias and racism on employment opportunities for people of color. They should mandate the necessary steps to remedy those effects. In addition, cities should mandate broad hiring and employment reform focused on equity, expanding opportunity, and fostering diversity, and require officials to recommend hiring equity and diversity provisions to be included in the city code.

Minneapolis passed a city resolution in August 2012 declaring that "institutional racism … is the primary reason for unemployment disparity." This was in reaction to a 2011 report showing extreme racial disparities in unemployment in the city.

Affirming its commitment to equality, the resolution called for better incorporation of racial equity in all city policies and practices. It also required certain city officials to create and implement a toolkit for equity assessment, recommend fair hiring provisions that should be added to the municipal code, and provide a report on the development and implementation of the equity assessment toolkit.[161]

As a result, the city council has set targets to be reached by 2016 of reducing racial disparity in employment and poverty rates for people of color by 25 percent and increasing city employment for people of color from 11 percent to 32 percent.[162]

Ban the box: A better approach to asking about criminal records

In more than 40 cities and counties around the country, human resources managers have changed how and when they ask job applicants whether they have a criminal record.[163] Behind this shift is a campaign—originally organized by All of Us or None[164]—to "ban the box," or remove the check boxes on application forms that commonly ask candidates whether they have a criminal record.

The rationale behind this move is straightforward. Asking every applicant at the outset of the hiring process about the existence of a criminal record is likely to weed out otherwise-qualified candidates for minor offenses that would not jeopardize their ability to do the job successfully. Moreover, banning the box helps put a city in compliance with requirements of Title VII, which requires that any reliance on conviction records in hiring decisions be job related.[165]

Most cities that have banned the box still conduct a criminal background check to reduce the risk of negligent hiring. But they do this at the final stage of the hiring process, when an applicant receives a conditional offer of employment, and they limit their review to job-related offenses.

Cities that have banned the box also report multiple benefits. Austin, Texas's human resources director found that more qualified applicants with criminal records were applying for jobs. And in Minneapolis, banning the box reduced the time and resources needed to process applicants by 28 percent.[166] The National League of Cities and the National Employment Law Project have published helpful and comprehensive reports that detail the provisions and practices implemented by dozens of cities.[167]

Leveraging the power of municipal procurement

Cities have the power to improve private-sector hiring practices by using project-labor agreements and community-workforce agreements to ensure city contractors follow specified practices. The section on municipal procurement provides a more comprehensive treatment of these tools, but it is worth emphasizing how they can help open pathways to middle-class careers for minority and low-income residents.

A project-labor agreement, or PLA, is a comprehensive agreement between a city contractor and a consortium of labor unions. Since roughly 2004, PLAs increasingly

have included social investment or targeted hiring provisions to create employment and career paths for people from historically excluded communities.[168] This subset of PLAs, which often includes agreements between contractors and community organizations, are known as Community Workforce Agreements, or CWAs.

A recent report from Cornell University's School of Industrial Relations describes CWA trends and identifies best practices.[169] One insight is that flexibility itself is a best practice: CWA provisions must be tailored to local conditions. In certain cities where the workforce is already quite diverse, requiring hiring from certain ZIP codes could decrease rather than increase employment opportunities for union members; in such markets it might be better to grant credits for employment of target-area residents at sites other than the worksite in question. But the authors conclude that across the country, CWAs generally are more successful when they have established pre-apprenticeship programs, which recruit individuals from target populations and give them direct access to apprenticeship programs.

First-source hiring

First-source hiring policies use economic development assistance such as subsidies, grants, or loans to require that the beneficiaries of any such assistance look first to local sources of labor when they hire new workers. Some first-source policies mandate that local workers fill a certain percentage of positions or complete a certain percentage of work hours. More often, however, first-source hiring establishes a process whereby job centers and programs that serve disadvantaged or at-risk workers are the first to be informed of openings created by recipients of economic-development assistance.

In any case, cities should establish first-source hiring policies as part of economic assistance programs with an enforcement mechanism incorporated into agreements with beneficiaries.

Boston has one such system, established as part of the Jobs and Living Wage Ordinance of 1998.[170] The city requires that any entity that receives more than $100,000 in any type of assistance—grant, loan, tax incentive, bond financing, subsidy, debt forgiveness, or otherwise—enter into an agreement with a certified referral agency or a one-stop career center.[171]

This agreement requires the beneficiary to inform the referral agency or career center of job postings as they become available, and allow a five-day advance

notice period to pass before advertising these postings elsewhere. The agencies and centers in turn must provide information about these postings to city residents who receive job services, and forward monthly reports to the Living Wage Division on the number of people hired by beneficiaries. Although the first-source program does not mandate that beneficiaries hire locally, it gives a leg up to local residents who need assistance in finding jobs.

Another successful example cited by a PolicyLink toolkit on local hiring practices is Oakland, California.[172] City officials achieved an 80 percent to 90 percent compliance rate in the local hiring program through a fine of $1,000 per day or 1 percent of the contract—whichever is less—when beneficiaries of municipal aid did not comply with the activities mandated by the city's program.

ADA compliance

Background

According to the U.S. Census Bureau, 36.3 million noninstitutionalized people in the United States, or roughly 12 percent of the population, live with a disability.[173] People with disabilities have the right to participate equally in the world around them. This includes access to both public and private buildings, programs, events, services, and participation in government. But people with disabilities often face physical, communication, attitudinal, systemic, or other barriers as a part of daily life.

The Americans with Disabilities Act, or ADA, is a comprehensive civil rights law that, at its core, aims to ensure access to civil life for people with disabilities. The ADA establishes, among other things, requirements for cities in employment and access to services, programs, and activities for individuals with disabilities. The ADA requires "reasonable accommodations"[174] for qualified applicants or employees with a disability in employment and hiring processes. But an agency is not required to make accommodations that will result in "undue hardship"[175] on the operation of its program.

In practice, because employment law is governed primarily at the state and federal level, cities should not only comply with the ADA's reasonable accommodations and undue hardship standard, but also stay up to date on evolving Equal Employment Opportunity Commission regulations, as well as case law and state law when establishing hiring and employment policies and practices.[176] Because cities have so little influence on employment laws, this section will focus on ADA compliance in access to city services, programs, and activities.

The ADA requires cities to make "reasonable modifications" to ensure access to government services, programs, and activities. But a city is not required to make modifications resulting in a fundamental alteration in the nature of the service, activity, or program, or undue financial and administrative burdens. The ADA mandates administrative requirements addressing access, including appointing an ADA coordinator; providing public notice of ADA requirements; establishing grievance procedures; conducting a self evaluation; and establishing a transition plan for implementing changes in line with ADA requirements.

Beyond the explicit requirements listed, cities should take steps to make sure their policies are effectively carried out and the spirit of the ADA's requirements is met. These steps are outlined below.

Programmatic access

When implementing disability-access policies, cities should consider all possible barriers to access—including individuals with hidden disabilities such as mental disabilities, cognitive impairments, and immune-system disorders. Where an individual with a mental disability or a cognitive impairment may need assistance filling out complex forms, an individual with an immune-system disorder or a physical disability may require in-person meeting or filing requirements because of an inability to leave their residence.

It is also important that the correct type of service or aid is provided. If a hearing-impaired individual does not read sign language, for example, it will be necessary to provide aid in a different form, such as real-time captioning. Cities should be up to date on current assistive technology as well, including TTY service for 911 emergency services, closed-circuit television systems, assistive-listening devices, captioned video training materials, and real-time captioning.

In addition, individuals with disabilities need full access not only to government, but also to public-service participation, including running for government offices, working as staff for city offices, and serving on city commissions, committees, and boards. Finally, cities should remain flexible enough in their policies to allow for accommodation in any circumstance.

The San Francisco Mayor's Office on Disability offers guidance for city offices and programs on disability language and etiquette to improve communication.[177] It has

recommended guidelines for alternative formats and resources for communication, including a recommendation that agencies provide a 72-hour notice for contact information on alternative formats of print materials at public meetings and hearings to ensure availability of the materials during the meeting or hearing.[178]

To accommodate disabled individuals who are unable to access services during normal hours and under normal circumstances, the city's transition plan also requires that municipal offices have extended hours, waive in-person identification requirements, and conduct business over the phone when policy otherwise dictates it be done in person.[179] The city provides a best practices and etiquette guide for using hearing-impaired communication devices,[180] as well as bulletins on a variety of topics, including sign-language interpreter services,[181] assistive listening devices and systems,[182] and real-time captioning.[183]

Madison, Wisconsin, passed a city resolution stating its goal of achieving diversity in city committees, commissions, and boards. It wanted individuals with disabilities to be adequately represented and given the opportunity to serve in public positions. The Madison Common Council has also commissioned a study[184] that looks at trends in appointments to city committees, commissions, and boards, and offers recommendations on methodologies to improve city diversity.[185]

Physical access

In addition to accommodations for access to services, cities are required to make modifications to ensure physical access with any new construction or alterations. But cities should go beyond these requirements to ensure that physical barriers do not prevent individuals with disabilities from meaningful participation at any point in city services, programs, and activities.

Often physical barriers include a lack of ramps, well-maintained pathways, or seating and aisle space at public events. Physical barriers, though, also include any physical structure or a lack thereof that restricts a disabled person's ability to participate in city services, programs, and activities. These include picnic-table height at city parks and recreation areas, doors that close too quickly in city buildings and facilities, narrow sidewalks, and improperly placed fire hydrants and tree wells.

This means cities should identify physical barriers in every area of government, paying particular attention to those areas that may at first seem less obvious.

Sandpoint, Idaho's transition plan report[186] identified numerous issues and solutions to physical barriers including sinks mounted too high and picnic tables built too low for wheelchair accessibility, brick walls in public bathrooms leaving only 40 inches of space for exit, grass-only access to recreation areas, high-cross slopes for tennis-court access, and several locks on city buildings set too high.[187]

Bellevue, Washington, implemented several "work-around solutions" extending sidewalks and relocating objects where possible in response to impassible sidewalks and curb ramps; due to fixed objects, such as fire hydrants, trees, mail boxes, and sign posts.[199]

And to enable the greatest possible access to businesses, San Francisco has partnered with a nonprofit organization to provide small-business loans to businesses that need to renovate for ADA compliance but cannot afford it.[189]

Education and outreach

City policies on access and participation may have little effect, however, if city staff and community members are unaware of them.

Though the ADA requires public notice of the statutory requirements, cities should go beyond these requirements. They should educate city employees, including committee members and elected officials, about who is considered disabled under the ADA and the goals of the law, to allow for the greatest amount of flexibility and efficiency in achieving the ADA's purposes. Training should emphasize how city policy may affect the ADA compliance of specific agencies and services, including best practices and etiquette guidelines.

Community members should also be educated on ADA requirements and purposes to allow for as much transparency as possible in implementation, and to allow for the greatest amount of feedback and creativity in creating policy. Cities can post information on websites and at city offices on ADA compliance, and offer ADA seminars for business owners and community leaders and members.

Furthermore, cities should ensure that community members are given the opportunity to voice their opinions and concerns on what city policy should be and what specific changes should take place. They can hold open meetings to get input from members of the community, both with and without disabilities, to put together the most comprehensive plan possible.

In implementing the city transition plan, Bloomington, Indiana, held several workshops, presentations, and webinars for city staff at various public agencies. In addition, all the materials used at these events remain posted on the city's website, along with best-practice guides and case studies from other states for future reference and easy access.[190]

The New Jersey Department of Transportation's, or NJDOT, Transition Plan explicitly states that stakeholder involvement needs to be a part of transition-plan activities, including comments on accessible facilities, prioritization and scheduling of accessibility improvements, and feedback on the usability of the ADA website and related content on NJDOT's website.

NJDOT focused on the importance of public comments during the evaluation and transition-plan-development phases, and further identified key stakeholders, including "activists, advocacy groups, general citizens, organizations that support the rights of the disabled, elected officials, other agencies, a Governor's Committee on People with Disabilities or other such body, or a state ombudsman," from whom feedback should be solicited through awareness days, newsletters, and websites.[191]

Gun control

Background

Almost 1 million people have died due to homicides, accidents, or suicides committed using a gun over the past three decades. In 2007, guns were used in about 13,000 criminal homicides, 50,000 nonfatal gunshot injuries, and 300,000 assaults and robberies.[192]

Beyond the pain, suffering, and loss of life, the socioeconomic costs of gun violence are estimated to be about $2 billion per year for the treatment of gunshot wounds.[193] On top of all that, the cost of gun violence is not borne equally by the general population. Black men ages 15 to 34 in 2007 were 15 times more likely to be victims of criminal homicide than white non-Hispanic men in the same age group. Homicide is the leading cause of death for this group, and is now the second leading cause of death for Hispanic males in this age group.[194]

Instead of addressing the crime statistics with a national gun-control plan, the federal government passed pro-gun laws and allowed gun control laws to expire.[195]

Instead of addressing the crime statistics with a national gun-control plan, the federal government passed pro-gun laws and allowed gun control laws to expire.

Many state legislators followed suit by pushing to deregulate various aspects of gun control.[196] Organized opponents to gun control, such as the National Rifle Association, or NRA, have been busy promoting the theory that more gun owners leads to less crime.

Unfortunately for states with lax gun laws, and the states and cities where many of these guns eventually end up, studies do not support this theory. Research has shown that in jurisdictions where gun ownership is more common, it is much more likely that a gun will be used in a crime.[197] Researchers have found that the prevalence of guns has no effect on the amount of crime, but rather makes crimes more deadly.[198] This is why the assault and robbery rates in the United States are similar to those of Canada, Western Europe, and Australia, but our criminal homicide rate is far higher.[199]

The "hands-off" policy at the federal and state level has shifted the cost of gun control to local governments, which are responsible for the services affected by gun violence: local law enforcement, fire departments, paramedics, hospitals, and county prisons—not to mention the local economy.[200] Unfortunately, recent Supreme Court rulings have greatly limited the regulatory powers of cities,[201] and even in cities that can pass gun-control laws, the NRA has been effective at chipping away at this authority through the courts.[202] In addition to court rulings, state legislatures are making it more difficult for many cities to implement gun-control laws.

Even in this environment, however, cities can reduce gun violence and regulate firearms. The following are a selection of best practices.

Firearm sale and possession regulations

Municipal governments have implemented a range of gun-control laws to regulate the sale and possession of firearms. Cities should adopt the strongest of these, which outlaw gun sales and limit possession to homes and workplaces. Cities within the eight states that allow for local gun-control regulation can more easily implement regulations.

Chicago's municipal code includes language that, with exceptions, bans handguns outside of a person's home; bans long guns outside of a person's home or place of business; requires gun registration and permits; mandates trigger locks or locked boxes to keep guns out of the hands of children; outlaws laser sights, silencers,

high-capacity magazines, and metal-piercing bullets; and prohibits the sale of firearms and ammunition within the city limits.[203]

Washington, D.C.'s municipal code lays out a range of gun-control laws, including "gun-free zones" prohibiting firearm possession on D.C.-controlled property; banning certain classes of people—criminals, drug addicts, and people with restraining orders—from possessing firearms; strongly regulating the carrying of concealed weapons; prohibiting the sale of guns to anyone not of sound mind; requiring a 10-day waiting period before purchase; requiring weapons dealer licenses; and banning certain weapons, such as machine guns, sawed-off shotguns, or guns with silencers.[204]

Finally, former Seattle Mayor Greg Nickels issued an executive order in 2008 prohibiting firearms on city property.[205]

Controlling illegal guns

Hundreds of thousands of guns are stolen and then used in crimes. Most states do not require gun owners to report stolen or lost guns, which puts law enforcement at a disadvantage in tracking down illegally obtained guns and preventing their use in crimes. Guns are stolen from stores, dealers, and individual homes alike.

Federal law requires federally licensed dealers, but not individual owners, to report lost or stolen guns. In absence of federal action, states and cities are implementing policies to require reporting. Washington, D.C., includes this requirement in their comprehensive policy (see above). Chicago requires immediate reporting of lost, stolen, or destroyed guns, and revokes the firearm registration of violators.[206]

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Cities should also take steps to remove illegal guns from the streets. One tactic law enforcement uses to identify illegal guns is tip lines, which allow anonymous reporting of suspected illegal guns and may offer rewards if a tip leads to an arrest. Boston; Jacksonville, Florida; and Baltimore all have these programs.

Another option is to host a gun buyback, where government buys unwanted guns, no questions asked. Cities should consider offering gift cards for basic needs to a supermarket rather than cash in exchange for the guns. They should also partner with local churches, nonprofits, and businesses to host the buybacks and/or fund them.[207]

Gun-control technology

Yet another area that cities with strong regulatory authority are starting to explore is technological solutions to gun violence.

One example is the use of "microstamping" to laser-etch microscopic codes on multiple surfaces within a gun.[208] Microstamping works by using the part of a gun that strikes the bullet when it is fired to imprint the gun's unique numeric code onto segments of the bullet.[209] This can be of immense help to law enforcement, by allowing them to quickly track down the original owner of the gun used. Cities should require that all firearms sold be equipped with microstamping or a similar technology to allow for quick tracking.

Washington, D.C.'s municipal code requires all semiautomatic pistols manufactured starting in 2013 to be "microstamp-ready," which is defined as "manufactured to produce a unique alpha-numeric or geometric code on at least 2 locations on each expended cartridge case that identifies the make, model, and serial number of the pistol."[210]

While other "smart-gun" technologies may not be ready for market, technological strides are bringing us closer to the day when gun use can be limited to gun owners. One startup company, TriggerSmart,[211] uses radio-frequency identification, or RFID, readers embedded in the handle of a gun to make sure the weapon can only be used by a person with a matching RFID tag embedded in a ring or bracelet.[212] A more nascent idea, floated by a Boston city councilor, is to require gun manufacturers to install global positioning system, or GPS, tracking technology in their firearms to more quickly recover lost or stolen guns.[213]

Cities hamstrung by state preemption will need to rely on smarter use of data, policing strategies, and innovative nonlegislative options; below we describe some of these initiatives.

Targeted policing strategies

Spontaneous outbursts of gun violence often involve individuals illegally carrying guns. Special police units can target the times and places where most shootings occur. A promising tool used by the Boston Police Department is an acoustical monitoring technology called ShotSpotter,[214] which automatically notifies the

police after shots are fired.[215] This is used to target high-crime areas of the city. The potential to integrate this technology with surveillance cameras is worth exploring with privacy advocates.

Targeting strategies that also include an outreach and communications component, often including face-to-face meetings with gang members, were successful in Boston (see Operation Ceasefire), Chicago, and Indianapolis.[216] Referred to as a "pulling levers" deterrence strategy or "problem-oriented" policing, this strategy includes more comprehensive techniques to reduce gun violence among gangs, including consistent and responsive policing following any gun-related violence, communication to gang members about the consequences of violent actions, and integration of efforts with community-service agencies that provide services from drug treatment to job training.[217]

Gun-trafficking database

The Tiahrt Amendment,[218] named for the Kansas congressman who championed the law to prohibit public access to federal firearms-tracing information, removed a wealth of data from both public scrutiny and academic researchers.[219] With this in mind, cities should develop their own databases to trace gun trafficking.

The Johns Hopkins Center for Gun Policy and Research recommends that cities develop a database that:

- Builds off the federal data collected by the Bureau of Alcohol, Tobacco, Firearms and Explosives, or ATF
- Integrates data from multiple jurisdictions
- Includes information from follow-up investigations
- Is linked with other databases where possible[220]

With this data, local enforcement agencies should develop gun-trafficking indicators, such as linking a gun dealer to many out-of-state crime guns. Boston's Operation Ceasefire[221] was effective in working with the ATF to use crime-gun trace data and trafficking indicators to lead to a significant reduction in gun trafficking to criminals.[222]

Wherever possible, cities should "connect the dots" between the transfer of firearms from one seller to the next. According to Las Vegas's municipal code:

Any resident of the City receiving title to a pistol, whether by purchase, gift or other transfer, and whether from a dealer or any other person, shall, within seventy-two hours of such receipt, personally appear, together with such pistol, and register the same with the Sheriff of the Metropolitan Police Department or his designee. It shall be unlawful to possess a pistol which is not so registered.[223]

Gun-trafficking stings

Federal law prohibits certain classes of people, such as felons, the mentally ill, and drug abusers, from owning guns. But due to the ruling in *Printz v. United States*[224] and loopholes for private gun sales in the Brady Handgun Violence Prevention Act,[225] state and local enforcement of these restrictions are neither strong nor comprehensive.

While the federal government requires background checks to be conducted by federally licensed dealers, for example, unlicensed private sellers do almost 40 percent of U.S. gun sales.[226] Cities need to help enforce some of these laws, especially when it comes to private sellers. One idea is to work with police departments to establish a strategy for undercover sting operations on unlicensed private sellers or licensed sellers who do not abide by gun laws. Chicago law enforcement has adopted such practices, resulting in a 46 percent reduction in guns being diverted to criminals.[227]

An emerging area of concern is online private-party gun sales at websites such as GunsAmerica.com and GunBroker.com.[228] Here, police should use online sting tactics—similar to those employed to catch sexual predators and identity thieves—to arrest illegal online gun traffickers.

City procurement powers

One innovative idea recently proposed is using big cities' procurement power to incent gun manufacturers to voluntarily reform production practices. They can reward gun manufacturers who adopt best practices for production and sales.

Former New York Gov. Eliot Spitzer promoted this idea in a recent article, in which he called for both President Barack Obama and New York Mayor Michael Bloomberg to announce that "semiautomatic handguns with high-capacity maga-

zines … can no longer be sold to private citizens by any company that wants to do business with the federal government and the city of New York."[229]

While using city procurement powers to remove categories of firearms from the market may be overly ambitious—especially because it is relatively easy for gun manufacturers to create standalone companies—the power of city procurements could be used to incent voluntary deployment of microstamping and the development of "smart guns."

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Conclusion

While they often don't get the respect they deserve in our national and state politics, cities and the metropolitan region they anchor are most of America. Already, and even more so in the future, well-governed "high-road" cities are the safe operating place for most of humanity.

American cities are widely innovating in policies that redeem their enormous promise. Using the powers they have, they are enacting policies and practices to rebuild a thriving and inclusive middle class, assure the opportunity for a healthy and productive life to all, and begin our needed transition to a more environmentally sustainable set of housing, land-use, transportation, and energy policies. What "Cities at Work" has attempted to do is give you some flavor of this very promising innovation.

We are sure that this guide will be, for good reasons, out of date by the time it is published. That's how fast and how widely cities are doing new good things. We invite the reader to consider this a living document, continuously revised and updated to register that advance. And we ask your help in keeping track of it all. If you know of some new promising urban law or policy that you haven't seen here, or that's not up at ALICE (alicelaw.org), please write to us at citiesatwork@cows.org.

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