

**Department of Housing and Urban Development [Docket No. FR-5396-N-01]**

**Sustainable Communities Planning Grant Program Advance Notice and Request for Comment**

**Agency:** Office of Sustainable Housing and Communities, Office of the Deputy Secretary, HUD

**Action:** Advance Notice and Request for Comments.

The Community Builders, Inc., offers the following comments in response to the above-indicated Advance Notice relative to the Sustainable Communities Planning Grant Program. Our comments include both broad suggestions for the structure of the program and more targeted responses to a number of the questions posed in the Request for Comment.

**Suggestions for Program Structure**

***Suggestions for Eligible Activities***

While each of the three proposed categories of regions and levels of planning and execution seem to appropriately foster the six Livability Principles, it will be important for HUD in the final Sustainable Communities Planning Grant (SCPG) NOFA to particularly encourage an emphasis on integrating established urban places and existing housing assets into the fabric of regional plans. Although Livability Principles 2—“Promote equitable, affordable housing”—and 4—“Support existing communities”—each touch on this point, our recommendation is to position urban places and housing assets as centers of gravity, connection and innovation in the broader scope of sustainable regional development.

Over the last 50 years, much of our nation’s urban policy was focused on countering in central cities the negative effects of misguided urban plans and suburban development and sprawl. Whether it was unfortunate urban renewal practices, FHA policies that led to red-lining, the siting and extension of state and federal highways from cities to suburbs or exclusionary zoning, urban areas were left to contend with effects of racial and class segregation, disinvestment and concentrated poverty. At the same time, responses to these realities left behind a substantial supply of public, assisted and unassisted affordable housing; dense and often efficient development patterns offering access to transit and other public amenities; and a web of entrepreneurial practitioners—CDCs and city-wide developers, credit unions and community banks, food coops, health centers, community colleges, artists, small businesses, community centers—that have helped ameliorate the spatial, racial and market inequities of the urban core. Despite remaining pockets of concentrated poverty in most cities, these forces have generated opportunities, social networks and community capital supportive of low- and moderate income people.

The current effort to energize comprehensive, sustainable regional planning represents a significant and laudable advance in correcting historical patterns of inequitable development. Its focus on addressing housing, transportation, energy and environmental concerns in an integrated fashion corrects many of the negative consequences of “silo” development. Yet the inter-jurisdictional reach and strong encouragement to engage a breadth of regional actors risks overlooking the opportunity to capitalize on the assets fostered in the urban core over the last 30-40 years.

To mitigate this risk, we recommend the SCPG NOFA more directly integrate the best practices in repositioning and building urban assets in the regional planning and development activities that SCPG's seek to foster. HUD's HOPE VI redevelopment program and the revitalization of many urban neighborhoods mobilized by educational and medical institutions offer instructive practices in how this could be done.

First, each of the three categories of regional planning/implementation strategies could be required to demonstrate how low- and moderate income families will directly benefit from a plan's implementation. That is, regional plans should detail strategies and expected outcomes for connecting and building upon recently-repositioned housing, transportation, institutional and other community assets in the urban core that foster essential human capital development in urban areas.

Second, regional plans should address how the established network and capacities of urban practitioners can be effectively engaged in connecting and capitalizing on such assets in support of the desired broader outcomes of the regional plan—related to housing, transportation, economic and employment development and energy efficiency. Put otherwise, how can the set of entrepreneurial actors and capacities that have successfully redeveloped urban places become a center of gravity and creative energy in fostering regional development?

In response, SCPGs should support the integration of transformative neighborhood initiatives into broader regional plans. For example, a fully built-out HOPE VI development in an outlying neighborhood with productive connections to local schools and community services could be effectively linked to center-city “eds/meds” or regional employers in need of low- and medium skilled workers via more coherent regional transportation strategies. Or capable urban-based developers, planners and architects with significant experience in master planning and building-out dense center-city sites could apply their experience to developing needed housing and community facilities along commuter transit lines or suburban employment centers in need of mixed-income housing.

### ***Suggestions for Entities Eligible for Funding***

In addition to considering the breadth of entities and the number of inter-jurisdictional partners participating in regional *planning*, the NOFA for SCPGs should also encourage regional partnerships to enlist participants with proven capabilities in *executing* complex development plans. Critical execution competencies to encourage in a regional partnership might include the experience of a participant in managing and producing large-scale projects within prescribed budgets and timelines; the ability to manage to multiple, comprehensive outcomes; and evidence of an efficient decision-making process and management structure necessary for fast-paced activity.

Moreover, in light of the current economic disruption and recovery, the NOFA should elicit the ability of regional partnerships to assemble diverse forms of financial capital and subsidies in the current constrained environment necessary to quickly execute development projects in the essential sequence. Many large-scale development projects are stalled by too great of a reliance on the conventional

federal-state-city-project “relay” funding system. Innovative approaches to assembling and delivering needed sources of capital and subsidies must be brought forward to support a continuous pipeline of development activity rather than incrementally funding discrete projects.

### ***Suggestions for Selection Criteria***

Beyond development capital and subsidies, the SCPG NOFA should also encourage regional partnerships to plan and assemble a range of federal and state resources in implementing the six Livability Principles. As an example, the 3rd Livability Principle calls for enhancing the economic competitiveness and supporting the needs of workers, but the scope of the Advance Notice does not sufficiently acknowledge disparities in the workforce that work against equitable realization of opportunities. Without integrated supports for low- and moderate-income families on a work-income-assets pathways, it is unlikely that the structurally unemployed or under-employed will be able to reap the economic benefits that will flow from the Sustainable Communities program.

The problem is not the lack of resources. Rather it owes more to the need to aggregate available resources in service of specific strategies. Currently there are large number of existing federal and state resources , including child care programs, sectoral training initiatives, focused case-management efforts, and work-encouraging incentives such as income disregards and asset-building plans. Yet too often the aggregation of such resources is an after-thought in large-scale physical development activities. In anticipation of this tendency, the SCPG NOFA should encourage respondents to demonstrate how they will access the needed range of existing resources, including resources administered by federal agencies other than HUD, DOT and EPA, to focus resources most effectively on human development challenges.

Additionally, the SCPG NOFA should assess a respondent’s ability to not solely rely on future allocations of Sustainable Communities Challenge Grant funds. Rather, it should elicit an applicant partnership’s , demonstrated intent and ability to assemble and leverage a wide variety of resources, such as the ability of its government partners successfully float bonds for major infrastructure projects , the capacity of its housing developer partners to access equity through the market for LIHTCs, and the range and stability of funding by its philanthropic partners. Applicants should also be expected to suggest how the execution of its regional plan will support other long-term objectives of HUD, DOT, and EPA, such as the implementation of HUD’s new Choice Neighborhoods and/or Transformation of Rental Assistance initiative.

### **Targeted Responses**

*Section A, Category 1: Should Regional Plans for Sustainable Development be expected to harmonize and be consistent with HUD, DOT, and EPA required plans and, if so, how?*

In addition to addressing this question, the SCPG NOFA should also encourage participants to address current limitations of such required plans, ask for recommendations to address those limitations, and consider how HUD, DOT, and EPA can alter their formula plans to support Sustainable Communities.

*Section A, Category2: Should the amount of local and contributed resources to support, expand, and enhance the development of implementation strategies be rewarded in application scoring or are there other means to leverage other funds and resources? AND Section A, Category3: How much leveraging should be considered appropriate for demonstrating that the proposed investment will serve as the region's commitment a sustainable future?*

Perhaps more critical than the amount of leverage that can be promised is the capacity to deliver required ancillary resources in the amount and the sequence that is needed to support continuous development activity. This suggests rewarding an applicant partnership's ability to assemble working capital, predevelopment funding and resources for human development as much or more than it does overall fund leverage.

*Section A, Category3: Would pre-certification be an added value, and, if so, what programs should this approach apply to?*

Pre-certification for as many HUD, EPA, DoT or other federal programs (DoL, DoE, Treasury) as possible would be critical to both rewarding and implementing high-quality regional plans.

*Section A, Category3: What criteria should be used to judge that an applicant successfully demonstrates that it has an adopted regional vision and that the project for funding under this category is truly catalytic? Specifically, what criteria should be considered for a project to be catalytic?*

While catalytic projects are often associated with broad and large-scale impacts, it is equally if not more important to consider the lynchpin dimension of projects, i.e., how and when the project is integral to the sequenced execution of the overall plan. Too often large-scale comprehensive development programs are stalled because an essential component project cannot be executed in the needed time sequence essential to advancing related component projects.