

**OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
INTEGRATED PLANNING AND INVESTMENT STRATEGIES
2015 Summary Statement and Initiatives
(Dollars in Thousands)**

INTEGRATED PLANNING AND INVESTMENT STRATEGIES	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2013 Appropriation .....	...	...	...	...	...	...
2014 Appropriation/Request .....	...	...	...	...	...	...
2015 Request	[\$75,000] ^a	...	...	...	[ \$75,000]	...
Program Improvements/Offsets	+75,000	...	...	...	+75,000	...

a/ \$75 million is requested within the Opportunity, Growth, and Security Initiative.

1. What is this request?

The Opportunity, Growth, and Security Initiative (OGSI) is a separate \$56 billion above the base budget that the Administration proposes to be split evenly between defense and non-defense funding and will be fully paid for through a balanced package of spending cuts and tax loophole closures. The Administration believes that these additional pro-growth investments are easily affordable without increasing the deficit if Congress will enact common-sense spending and tax reforms. As an example of an investment in the OGSI, the Administration would invest \$75 million for the Integrated Planning and Investment (IPI) Grant Program.

The \$75 million requested for these grants will spur economic progress and promote opportunity by supporting communities and regions throughout the country with developing long-term, strategic investment plans that serve as a formalized blueprint for revitalizing communities through economic development strategies, enhancing the integration between housing and transportation to reduce cost burdens on individuals and households, address long-standing problems associated with outdated housing and building codes among other issues, and improve community and regional resource management to decrease inefficiency and waste associated with fragmented infrastructure systems.

Economic resilience is defined by a community or region’s ability to maintain a strong economy despite economic downturns and disruptions. The IPI grant program is designed to strengthen the economic resilience of communities and regions throughout the country through the kind of comprehensive, data-driven integrated planning that is rarely supported with federal funds yet is

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necessary for ensuring the greatest return on investments at a time of shrinking budgets. The Office of Economic Resilience (OER) will draw from HUD's previous experience with integrated planning grants and the latest research on economic resilience to target the following four objectives which establish a framework for economically resilient communities and regions to:

- (1) develop long-term, interdisciplinary, strategic investment plans focused on a variety of locally driven housing, economic, transportation, energy and development issues;
- (2) strengthen civic governance structures;
- (3) implement regional multi-sector strategies to advance cooperation and coordination between public, private and non-profit entities; and
- (4) engage populations traditionally marginalized from public planning processes.

By funding grants to support these four objectives, Congress will support a program model that will improve communities, save money in the long term, and spur the creation of 22,000 new jobs that HUD anticipates will be generated as grantees implement their plans. The type of planning activities that these grants fund can be complex undertakings by communities, but they are desperately needed to create a coherent plan from which economic growth can occur. Communities know that they need to undertake these types of activities. During two previous rounds of funding for these grants, HUD received a remarkable total of 1,500 applications from every state in the nation and more than 400 Congressional letters of support. However, the previous rounds of funding were not enough. HUD was only able to fund 11 percent of these applications.

IPI grants will incorporate many of the same features of the previously funded Regional Integrated Planning grant program, but, using lessons learned from that program, will place a greater focus on setting goals and measuring performance, reducing redundancy in federally funded planning activities, identifying implementation investments that are most likely to rebuild economies and identifying how federal formula funds will be used smartly and efficiently. Key outcomes of the IPI Grant Program include:

1. a reduction in housing, transportation and energy cost burdens for households;
2. strengthened local economies due to increased economic diversification, amenities, and improved quality of life;
3. increased access to jobs, economic opportunity, and other community assets for all segments of the population; and
4. cost savings resulting from more integrated and efficient uses of public resources.

Ultimately, the program will serve both as a catalyst for economic growth, as well as a critical buffer that will strengthen the ability of communities and regions to quickly recover when there are economic downturns.

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Salaries and Expenses (S&E) and Full-Time Equivalent (FTE) Request

A total of 18 FTE are requested for the Integrated Planning and Investment Grants Program, which is the same level as fiscal year 2014 enacted. For fiscal year 2015, the total S&E funding is \$2.745 million, which includes \$2.661 million for personnel services and \$84 thousand for non-personnel services.

If IPI grant funding is not available in fiscal year 2015, OER will still require the same level of S&E funds to cover the entire range of activities that the office will continue to perform, such as manage and execute HUD's energy efficiency initiatives, implement aspects of the Climate Action Plan, and promote the integration between HUD's planning and implementation efforts.

More details on the S&E request are provided in the S&E justification for the Office of Community Planning and Development.

2. What is this program?

Between 20 and 30 IPI grants will be awarded to metropolitan and rural communities seeking to strengthen their economic resilience through the creation of comprehensive strategic investment plans. HUD proposes to set aside 30 percent, or \$22.5 million, from the \$75 million requested for rural communities with populations less than 200,000. To ensure these plans represent all parts of the community, grant recipients will establish consortia of local leaders representing a range of public, private and/or non-profit organizations who will oversee the development and implementation of the projects. Among the eligible activities that IPI grants will fund are:

1. structured community outreach and engagement events designed to solicit and incorporate community input into the final investment plan developed through the grant;
2. reports, studies and stand-alone plans to modernize outdated zoning and building codes; align housing, water, transportation and energy infrastructure; and promote the implementation of energy efficiencies along mainstreet and commercial corridors;
3. plans and activities to coordinate and link formula funding (including HUD's Community Development Block Grants and those from other federal agencies such as DOT) with the locally developed, long-term investment plan; and
4. regional economic development business plans that identify assets and strengths tied to market opportunities, local talent and workforce, and unique geographic features.

Each community is unique, so the IPI grants are designed to be flexible to meet each community's distinct needs. Below are just 4 examples of how previously funded grantees used their relatively small planning grant to reap tremendous, long-term benefits:

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- In Indianapolis, Mayor Greg Ballard has devoted a portion of his annual CDBG funds and economic development budget to rehabbing neighborhood schools, building bike lanes, and creating attractive affordable housing as part of his comprehensive strategy to attract knowledge-sector businesses to the community. He has not only been successful in attracting a new advanced manufacturing facility that provides over 2,000, but has gone on to adopt a new plan for Downtown Indianapolis, that will accommodate a mix of cultural facilities, housing and businesses estimated to bring over \$500 million annually to the local economy. HUD's investment was \$1.2 million for the downtown plan.
- In Austin, Texas, with a \$3.7 million grant from HUD as the catalyst, the Capital Area Council of Governments created a long term transportation plan to prepare for future economic and population growth in the city. By creating a transportation plan with robust public input and adopted by local governments, the council of governments was able to save the money that would have been spent on highly unpopular projects and redirect it to more valuable and agreeable investments, such as adding express lanes to certain highways. The transportation plan is already serving as the guiding document for development, reducing congestion in a region which is expected to have over 7,000 new jobs in the next 10 years.
- Both the New York City Regional Plan Association and the State of New Jersey received HUD regional planning grants in 2010 and 2011, respectively, and created consortia to make collaborative decisions and manage the funds. When Superstorm Sandy struck the northeast in 2012, communities throughout the region scrambled to assemble response teams and request federal funding. With a year or more of experience in regional coordination and federal funding, the consortia of New York City and New Jersey were able to efficiently secure and implement a significant portion of the \$16 billion in HUD CDBG Disaster Recovery funds in a way that would have been impossible without previous regional planning collaboration.
- Current Native American communities often struggle with communitywide issues such as housing shortages, lack of education, poverty, and environmental destruction. Highly specialized formula funding does not always provide the robust communitywide solutions needed by tribal communities. The flexibility of HUD regional planning grants has encouraged eight tribal communities to establish regional councils and create long-term regional plans that wisely lay out strong community centers that put housing near schools and jobs, and prevent exploitation of undeveloped land. Grant recipient Thunder Valley Oglala Sioux Tribe previously struggled to identify and prioritize the needs of their community, making it difficult to request and receive federal and local funding. With their elected development council and adopted regional plan in place, the Thunder Valley Sioux are now able to clearly communicate their region's needs, wisely direct funding to the right areas, and be better equipped to turn future funding opportunities into meaningful growth for their communities.
- On average, OER grantees have leveraged federal investments by 1:1, which demonstrates significant local commitment to the plans being developed. As grantees transition from planning to implementing their proposed plans, they are better prepared to seek and attract further public and private investment. For example, since 1973, Memphis, Tennessee airport

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has served as the primary distribution hub for FedEx cargo airline which has been one of the largest economic drivers of the region. Between a lack of adequate logistics training and transportation, many citizens were unable to hold jobs at the massive distribution center. Bolstered by a \$1.2 million HUD Community Challenge Grant, the City of Memphis, FedEx and the Memphis Chamber of Commerce has assembled a coalition of corporate and philanthropic partners, post-secondary education and trade institutions, to plan for the development of a logistics job training center. This project is currently in the planning and coalition building phase, but will aim to offer programs related to aeronautics, logistics, manufacturing, bio-logistics, bio-life sciences, and employment readiness training. Additionally, using a \$2.6 million HUD Regional Integrated Planning grant, Shelby County, Tennessee is coordinating with the tri-state region surrounding Memphis to develop a plan that will better connect people with employment centers by strengthening the region's transportation network. As a result, they will establish priorities for new bus routes, greenways, bike routes and other alternatives to make jobs more accessible to area residents, including those who do not have access to a car. Additionally, as a result of the robust groundwork laid with these two planning grants, Memphis was selected to receive \$15 million in DOT TIGER IV funds for a riverfront bridge and boardwalk redevelopment that is halfway completed.

OER works with a wide range of federal partners to align federal investments in communities, ensuring they do not work at cross-purposes while minimizing red-tape for grantees and facilitating the use of formula funds to support the strategic investment plans built through the grant projects. Working through interagency agreements, HUD and DOT, for example, collaborated to explore the link between housing, transportation costs and location. HUD and EPA have also collaborated to combine funding to deliver capacity building technical assistance to targeted HUD and EPA grantees in an integrated fashion. OER is also actively engaged with the Departments of Energy and Agriculture to align housing programs and streamline energy and building standards.

OER's partnerships, which integrate cross-agency efforts in order to better serve the public, have become a powerful model that has proliferated to local jurisdictions seeking more efficient ways of coordinating their investments. For example, in the State of Michigan, Governor Rick Snyder wrote a directive calling on the Michigan Departments of Housing, Transportation, Natural Resources, and Agriculture—analogue to HUD, DOT, EPA, and USDA in the federal Partnership for Sustainable Communities—to join together in prioritizing economic development and placemaking activities. His vision has led the Michigan departments to better align their regional and programmatic boundaries to accept and implement funding opportunities.

3. Why is this program necessary and what will we get for the funds?

- a. What is the problem we're trying to solve? How does the program help solve that problem?

Too many communities and regions throughout the country have inherited a legacy of fragmented publicly funded interventions that are oftentimes poorly coordinated and/or misaligned with local demographic, geographic, economic, and historical patterns. Such

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fragmentation and misalignment is a waste of public funds at a time of shrinking budgets. The IPI grant program will address these kinds of issues. One example of how a planning grant effected a profound change is in south Florida where seven neighboring local jurisdictions historically each ran their own traffic planning models without coordinating with one another. This lack of coordination lead to a fragmented transportation system that resulted in unnecessary administrative costs, unnecessary traffic congestion and disjointed public transit systems that often required individuals to take three buses to arrive at their desired destinations. Their planning grant from HUD was used to coordinate traffic models among the seven jurisdictions for the first time in the region's history.

HUD recognizes that the federal government alone does not have all of the solutions and therefore, through the IPI grant program, will allow local governments, businesses, community groups, and non-profits to develop plans specific to their needs. HUD's experience with integrated planning grants demonstrates that communities and regions are strengthened when local and federal leaders work together to drive down the costs of housing, transportation and energy through the development and implementation of long-term regional strategic investment plans. These integrated investment plans serve to guide communities and regions to make wise investments to maximize the return on investment from sparsely available resources. Below are a few examples of how previously funded grantees are getting in position for a stronger economic future through integrated planning:

- In Seattle, Washington, home prices nearly doubled between 2000 and 2008, forcing families to move farther from job centers in search of cheaper housing. To address this challenge, a consortium of cities, counties, and public and non-profit partners, led by the Puget Sound Regional council, is using a HUD Regional Planning grant to implement the Growing Transit Communities project. This initiative will invest in key transit corridors and ensure equitable, meaningful participation in decision-making. Working with the Runstad Center at the University of Washington, Growing Transit Communities is using innovative technology that allows local residents to visualize development scenarios in real-time, demonstrating how the planning process directly and meaningfully integrates community input and ultimately produces a better plan that is more likely to be embraced and implemented in partnership with the affected communities.
- In Columbus, Ohio, the Mid-Ohio Regional Planning Commission is using a HUD integrated planning grant to remedy the lack of access to fresh food in Weinland Park by integrating a local food system into the community. The grantee is developing and implementing plans to integrate a number of projects, including: new community gardens on foreclosed, vacant, and abandoned properties; a neighborhood food campus for food distribution and classes in food production and entrepreneurship; and transportation planning.
- Grand Traverse County, Michigan is using its HUD integrated planning grant to ensure more housing options for its residents. A 2008 study revealed that just 37 of 231 homes listed on the local market cost less than \$125,000. Responding to the

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growing need for affordable housing, local collaborators are focusing on developing affordable housing corridors within Traverse City that will provide access to employment and recreation opportunities.

Previous rounds of funding for these grants have shown a remarkable return on a relatively small investment. For example, governors and mayors from among the four current cohorts of Community Challenge and Regional Integrated Planning Grant programs have leveraged millions of private dollars to revitalize long-suffering business districts through stronger and more efficient linkages between housing, transportation and energy systems. Such systems are proven to attract more businesses and drive down the cost of living while creating thousands of new jobs over the course of the next 5 – 10 years. This demonstrates profound returns on investment both for the American taxpayer and communities and regions who receive these grant funds and ultimately implement their plans. Local adoption of the plan also demonstrates that the approach is locally driven as communities and regions are more likely to adopt plans that represent and incorporate the needs of people in the region.

b. Without this level of funding

Without the requested \$75 million for IPI grants, communities and regions will have no federally funded option to perform locally driven, comprehensive, strategic investment planning as this initiative represents the only program of its kind. Federal investments must have multiple benefits and greater alignment and connectivity across funding streams. The risk of duplicative efforts and wastefulness increases if the federal government does not offer an outcome-oriented program like the IPI grant program. A small investment in planning through the IPI grants also helps to ensure that other federal grants can be more effective, even further increasing the federal government's return on investment. The combination of OER's technical expertise in managing this initiative with the grant funding has proven to be an effective catalyst for regions to become equipped to withstand and recover from future economic shocks.

During just two previous rounds of funding for these grants, HUD received a remarkable total of 1,500 applications from every state in the nation. The applications included more than 400 Congressional letters of support. HUD was only able to fund 11 percent of these applications which demonstrates the tremendous gap between the needs of communities and the resources we can make available to them. Failure to provide funding would eliminate the only option that some communities and regions will have to position themselves for a better economic future at a time when budgets continue to shrink and the economic survival of a region will be contingent on its ability to make wise investments.

4. How do we know this program works?

a. Evaluations and Research

In fiscal year 2010, Congress appropriated funding for a comprehensive evaluation of the Regional Integrated and Community Challenge Planning grant programs which serve as the basis for the IPI grants proposed in this request. The evaluation has produced baseline data and interim findings that demonstrate the effectiveness of this model.

- (1) Strengthened Governance Structures through Strategic Partnerships: Economies, job markets, housing markets and transportation networks all operate at the scale of the region. Individual local governments are extremely limited in their ability to affect outcomes at the regional scale. Communities/regions with governance structures that do not meaningfully engage and incorporate participation from a wide array of partners (public, private, non-profit, etc.) are less economically resilient than those that do.¹ OER's interim evaluation findings demonstrate that integrated planning grants have strengthened this aspect of regional governance structures by funding and supporting the establishment of formalized consortia comprised of multi-sector organizational/community representatives charged with overseeing the creation of regional long term strategic investment plans. Prior to the implementation of the Regional Integrated Planning grants, none of the 87 grantees had formalized partnerships in place to support their governance structures. Through OER's strategic and technical leadership and the funding made available through the grants, all 87 grantees now have formalized consortia that will outlast the period of performance on the grants. These locally binding agreements include the participation of more than 680 formal partners comprised of cities, municipalities, government agencies, academic institutions, non-profit organizations, and private organizations that have voluntarily pledged to continue working toward a more efficient coordination of resources and wiser future investments.
- (2) Local Commitments and Financial Sustainability: Communities and regions that leverage and coordinate local resources for long-term strategic investments tend to be more economically resilient than those that are not.² One indicator for determining the extent to which developed plans will be sustained and supported beyond the grant period of performance is the level and composition of leveraged financial commitments from private and local partners that are engaged in the integrated planning and investment process. Interim evaluation findings show that current grantees leveraged an additional \$207 million in private investments and commitments from local partners worth 86 percent of the original \$240 million awarded in grants. OER's grant requirements incentivize the leveraging of additional dollars in

¹ "Building Resilient Regions," University of California Berkeley: Resilience Capacity Index, developed by Kathryn A. Foster, University of Buffalo Regional Institute. <http://brr.berkeley.edu/rci/>

² *Ibid.*

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order to promote plan implementation and long-term cost savings. Many of these commitments will long outlast the period of performance on the grant awards demonstrating the effectiveness that this model will have on promoting long term economic resilience.

- (3) Income Equality and Public Outreach/Engagement: Regions with less income inequality tend to be more economically resilient than those with more income inequality.³ Public outreach and engagement of populations historically marginalized from planning processes is a proven approach to chip away at the income inequality that has, in some cases, plagued U.S. regions for generations. Interim findings from OER's evaluation of the Regional Integrated and Community Challenge grant programs demonstrate that public outreach and engagement has been performed in meaningful and widespread ways. By ensuring that long-term strategic investment plans include the input from historically marginalized populations, regions affected by OER's grant programs will ensure that future investments do not contribute toward income inequality but rather seek to minimize it in an effort to strengthen economic resilience.

HUD's interim findings related to the effectiveness of the program approach are echoed by findings of the researchers at the Brookings Institution. Most of the nation's metropolitan jobs are located near public transit options. According to the Brookings Institution, more than 75 percent of all jobs in the largest 100 metropolitan regions of the U.S. are located in areas served by transit. However, those transit options are not particularly good for most workers. Only 27 percent of all workers can access these jobs on transit within 90 minutes. Few of the other 73 percent are willing to spend more than an hour and a half on the bus rides and transfers required to get to work every day. Places like Denver and Salt Lake City (recipients of previous rounds of HUD integrated planning grants) that link populations and jobs tend to benefit from regional strategies and metropolitanwide transportation planning efforts. Adie Tomer, a senior research associate at Brookings and author asserts that these efforts play a big role in making jobs more accessible to people. "Lack of communication and collaboration really is one of the biggest problems we're seeing across the country."⁴ This investment in the OIGSI would directly respond to these identified challenges.

Overall and as established in the above request, the IPI grant program is directly aligned with the Administration's' objectives for the Opportunity, Growth, and Security Initiative. The IPI program will spur economic progress and promote opportunity, as demonstrated through previous rounds of integrated planning grants, through the development and implementation of long-term, comprehensive, investment plans that can transform and revitalize long-suffering communities and regions positioning them to be successful.

³ *Ibid.*

⁴ Berg, Nate. "Too Many Metro Areas are Still Failing to Connect Workers and Jobs, *The Atlantic Cities*. July 11, 2012. Available at: <http://www.theatlanticcities.com/jobs-and-economy/2012/07/too-many-metro-areas-are-still-failing-connect-workers-and-jobs/2539/>

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**OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT
OFFICE OF ECONOMIC RESILIENCE
INTEGRATED PLANNING AND INVESTMENT STRATEGIES
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Integrated Planning and Investment Grants	[\$75,000]
Total	[75,000]

NOTE: \$75 million is requested for Integrated Planning and Investment Grants within the Opportunity, Growth, and Security Initiative.