

REMARKS OF SECRETARY SHAUN DONOVAN
LISC CONFERENCE DINNER
BUILDING SUSTAINABLE COMMUNITIES: MOVING TO SCALE AND IMPACT
HYATT GRAND HOTEL, MANHATTAN
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Thank you, Michael – for that introduction and for your friendship.

It's good to be with so many of LISC's local directors. It's particularly great to be with so many board chairs, development partners and others from cities and rural communities across the country – men and women who understand that change comes from the community level and through partnership.

That's what your motto—"helping neighbors build communities"—is all about.

And for thirty years, that's precisely what LISC has done. And at this moment—whether it's Section 4 funding you're using to help transform New Orleans public housing or LISC's work to help communities convert foreclosed and abandoned properties into new affordable housing through the Neighborhood Stabilization Program—our work together never been more important.

It's particularly special to join you in my hometown of New York, where one of the most important models for community revitalization began.

As some of you may know, I was sitting in Yankee Stadium during Game Two of the 1977 World Series when Howard Cosell broadcast his famous words to millions of viewers across the nation:

“Ladies and gentleman, the Bronx is burning.”

Even as an 11 year-old, I remember the sense of chaos that bubbled close to the surface as near-bankruptcy slashed police and other services. The civic bonds that hold communities together frayed to the point of breaking.

Arson consumed thousands of buildings, and neighborhoods lost 75 percent of their populations in just 10 years. Within weeks of the World Series, President Carter visited nearby Charlotte Street and compared the wreckage to Dresden after World War II.

Across the country, people speculated that we were witnessing the death throes of American cities.

But a funny thing happened on the way to the funeral for the American City.

It didn't happen.

Tonight, as the Yankees stand on the cusp of a 27th title, I want to talk about why it didn't happen – about the lessons we can draw from the revitalization of not only the South Bronx but communities across the country.

I want to talk about what we're doing at the federal level to strengthen the linkages between housing and other areas of policymaking just as LISC is nurturing at the local level – so that we see not just bricks and mortar but a platform to anchor services, where different policies can be blended and overlaid.

And above all, I want to talk about how we can collectively move from a crisis to “scale and impact” – how by making the Federal government a full partner in efforts to lift up neighborhoods across the country, we can ensure community voices aren't silenced by federal policymaking, but amplified.

A New Era of Partnership

To be sure, it was in the South Bronx where we saw the extent to which the private sector became a major driver of the production and preservation of affordable housing in America – how tools like the Low-Income Housing Tax Credit not only brought new capital to the housing industry but perhaps more importantly, a new sense of discipline that extends from the way affordable housing is financed to how properties are managed.

It was here in New York, with Mayor Koch's Ten Year Housing Plan, that we saw the difference local leadership could make – how the strategic deployment of public resources could increase property values and tax revenues.

But perhaps most important of all, it was in developments like Charlotte Gardens that we saw a new era of partnership emerge – a “third sector” of non-profits and community development corporations that could not only help solve problems at the local level, but actually become key civic institutions in neighborhoods across the country.

That it happened with the help of LISC wasn't an accident. The South Bronx was one of LISC's first local “areas of concentration” – its local CDC among the first of nearly 3,000 LISC would support in the subsequent decades.

Today, we've seen that model used in neighborhoods across the country – as communities increasingly embrace a more place-based, holistic approach to neighborhood revitalization that links affordable housing to health and child care, to education, and to workforce and economic development.

In Chicago, LISC's New Communities Program in partnership with the MacArthur Foundation is showing how planning, organizing and human development can equip communities to harness larger market forces.

Given the nature of the current economic crisis, the pace of recovery and the status of the Tax Credit, we look forward to seeing this model unfold in Chicago and around the country.

Indeed, it's precisely this interdisciplinary approach that forms the basis of the four models this conference examines this week.

Along University Avenue in the Twin Cities, we see the connection between housing and transportation – in particular, how a major light rail investment can open up opportunity at the same time it challenges housing affordability and threatens the cultural heritage of

neighborhoods it serves. But we also see the role community voices and engaging local financial institutions with a feel for the needs of a community can play in addressing those challenges.

In Providence's Olneyville neighborhood, we see the nexus between the development of affordable housing and public safety – how housing transformation can catalyze broader neighborhood transformation and engagement, helping partners forge new relationships within the community, with law enforcement and others, to transition old industrial neighborhoods into thriving community assets.

In Richmond, California, we see the relationship between housing, education and health – how transforming the built environment in combination with intensive school reforms that increase parent involvement can produce a variety of positive outcomes, from improvements in student test scores to reductions in childhood obesity.

Or on the East Side of Indianapolis, we see how bundling comprehensive financial literacy and workforce development services—from job training to increasing access to public benefits like the Earned Income Tax Credit—with affordable rental housing opportunities can lead to a more sustainable kind of homeownership –where achieving the American Dream is not a threat to a family's economic security but rather the foundation for opportunity and ticket to the Middle Class it has been throughout our country's history.

A 21st Century Housing Policy Focused on Place

Each of these efforts is about the same thing:

Understanding the importance of place.

LISC understands that if you want to make a difference at the local level, whether it's housing, schools or anything else, you have to look at the broader community and the other needs in that community.

It's time the Federal government understood that as well.

Just as the private and third sectors have unlocked a remarkable era of local innovation, I believe the time has come to restore federal leadership that nurtures and encourages those innovations – and takes them to scale.

Indeed, as neighborhoods, communities and metropolitan regions alike struggle to manage forces beyond their control—from the global flows of capital and people and the traffic and pollution that result, to the loss of major industry—it's become increasingly clear that only the Federal government has the scale and mechanisms to deal effectively with these forces.

But as clear as the need for this new federal role is, just as clear is that it can't be about returning to the old way of doing business – the one-size-fits-all approach we saw in the development of public housing or urban renewal. Rather, we must use new tools that help us partner with local governments in ways that recognize the variations of communities – and neighborhoods within those communities.

To help realize this new vision, President Obama has just ordered the first place-based review of all federal policies since the Carter Administration – asking each agency to determine

whether our policies enable and encourage locally-driven, integrated, and place-conscious solutions...or obstruct them.

Even before this place-based review is completed, we've begun laying out a series of proposals to begin helping communities deal with these challenges.

First and foremost, the Federal government can be a key partner in helping communities foster the kinds of synergies between housing, education, public safety, and health you've helped nurture at the neighborhood level.

As you saw in Providence, HUD has learned from our Moving to Opportunity experiment that one of the biggest impacts of moving public housing residents to low-poverty neighborhoods is improvements in mental health – because of the sense of safety and optimism they find in their new surroundings.

The HOPE VI program's focus on transforming troubled public housing necessarily meant that our work was carried out with public housing authorities. While the non-profits and private sector that have emerged in recent decades have participated in HOPE VI, too often the Federal government has placed barriers in their way.

With our \$250 million Choice Neighborhoods proposal, they will be full partners in this transformation, bringing to bear private capital and mixed-use, mixed income tools.

Indeed, by expanding the range of activities currently eligible for funding in HOPE VI beyond public housing to include all housing in a neighborhood, Choice Neighborhoods would capitalize on the full range of stakeholders we know are needed and want to be involved and help to build truly inclusive, sustainable communities.

Choice Neighborhoods would also link housing interventions more closely with intensive school reform and early childhood innovations. Critically, the Department of Education is standing shoulder-to-shoulder with us in this effort with their new Promise Neighborhoods initiative.

Together, we want to replicate the enormous success of the Harlem Children Zone on a national scale. Example after example in communities across the country has shown us that the correlation between successful housing and good schools is not just theory – it's practice. And it's time to bring that practice to scale in neighborhoods across the country.

But to have the greatest possible impact at the neighborhood level, we need to ensure the communities in which those neighborhoods are located are capable of meeting the biggest challenges they face.

And few challenges are bigger than the cost of transportation and housing – which together consume nearly 60 percent of the average low-income working family's budget, not leaving much room for expenses like school supplies, groceries or a visit to the doctor's.

Because that's a challenge that often goes beyond the city limits, some metropolitan regions are taking matters into their own hands. The Denver Metro area is moving forward with a plan to build more than 100 miles of new light rail, commuter rail, and bus rapid transit lanes

linking the 32 communities surrounding Denver proper. With a newly capitalized transit-oriented development fund, the region is working to preserve the affordability of neighborhoods served by the transportation expansion.

Our \$150 million Sustainable Communities Initiative will nurture these kinds of efforts and bring some of the best ideas developed at the local level to the national stage, helping localities and metro areas link their transportation and housing investments.

\$100 million will support integrated planning at the metropolitan level and \$40 million of this initiative would fund a challenge grant program to help localities undertake a new wave of zoning, building code, and land use reform. Finally, \$10 million would provide for a joint HUD-DOT research effort to better understand the relationship and the linkages between housing and transportation.

Building Capacity

Whether it is housing, the environment, education, or transportation, it's time the Federal government spoke with one voice.

I've already mentioned our work with the Department of Education on Choice Neighborhoods. In addition, HUD has formed a partnership with the Department of Transportation and EPA to begin targeting our investments in a coordinated way.

We've proposed an Office of Sustainable Housing and Communities that can serve as the center point of all of HUD's sustainability initiatives – providing technical and policy support for energy, green building, and integrated housing and transportation programs at HUD and around the nation.

But it isn't just the Federal government where we need to build institutional capacity. At a time when 90 cents of every dollar is generated by metropolitan America, we need to reform Metropolitan Planning Organizations – and spur the creation of metropolitan-level housing organizations which can facilitate greater mobility of residents with vouchers and other tools.

And it's not just about government either.

I mentioned LISC/Chicago's New Communities Program earlier.

At HUD we see organizations like LISC as key partners and efforts like these as essential to knitting federal programs together at the local level, at different scales, in different communities and at different times if need be.

But just as HUD must be about more than housing—putting the “UD” back in HUD, so to speak—so, too must our CDC's become full-fledged community building organizations linked to a broad variety of neighborhood institutions – not just housing.

Only with this expanded mission will our CDC's be fully capable of amplifying the community voices we so clearly need to pursue a vision of true sustainability, resiliency and revitalization.

Only then will investments at the federal level make the biggest difference at the local level.

And only then can we ensure that our investments will be focused not on programs and policies but squarely on the people and places that rely on them.

That is place-based policymaking – and that is how we move to scale and impact.

Moving to Scale and Impact

It all comes down to a fundamental belief that I know we all share:

That when you choose a home, you don't just choose a home.

You also choose transportation to work – schools for your children, public safety.

You choose a community – and the choices available *in* that community.

A belief that our futures should never be determined—or our choices limited—by our zip code.

I know change is never easy – that revitalizing our nation's communities won't happen overnight. Nor will it happen because of any one policy, any one agency and any one sector.

But working together, in common purpose—in partnership—we can tackle our toughest challenges.

We can push back on this housing and economic crisis.

We can build upon the remarkable change and sense of possibility LISC is catalyzing in communities across this country.

And most important of all, we can create a geography of opportunity for every American.

Ensuring we do is our goal today. Let us rise to meet it. Thank you.