Attn: Brooke Bohnet Special Assistant, Office of the Secretary  
U.S. Department of Housing and Urban Development  
Re: Public Comments on 2nd Round Promise Zone Selections  
Submitted by: The Local Initiatives Support Corporation (LISC)

June 16, 2014

Valerie Piper  
Deputy Assistant Secretary for Economic Development  
U.S. Department of Housing and Urban Development  
451 Seventh Street, SW  
Room 7136  
Washington, DC 20410

Deputy Assistant Secretary Piper:

Thank you for the opportunity to offer comments on the proposed second round selection process and application guide for the Promise Zones Initiative (PZ). The Local Initiatives Support Corporation (LISC) views this opportunity to provide practical feedback as a means to strengthen and focus the collaborative efforts of the local constituencies and the public and private sectors in order to improve outcomes for communities with persistent economic and social challenges.

If you have any questions about our public comments on the proposed application guide and selection criteria for second round Promise Zones, please contact Nicole Barcliff, Senior Policy Officer at (202) 739-9296 or nbarcliff@lisc.org. We hope that you find our suggestions and observations useful.

ABOUT LISC
Established in 1979, the Local Initiatives Support Corporation (LISC) is a national nonprofit with Community Development Financial Institution (CDFI) designation, dedicated to helping community residents transform distressed neighborhoods into healthy places of choice and opportunity – good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with loans, grants and equity investments; local, statewide and national policy support; and technical and management assistance.

LISC has local offices in 30 cities and partners with more than 50 organizations serving rural communities throughout the country. We focus our activities across five strategic community revitalization goals:

- Expanding Investment in Housing and Other Real Estate
- Increasing Family Income and Wealth
- Stimulating Economic Development
- Improving Access to Quality Education, and
- Supporting Healthy Environments and Lifestyles.
For more than three decades, LISC has developed programs and raised investment capital to help local groups revive their neighborhoods.

RECOMMENDATIONS
The following feedback and recommendations are rooted in our organization’s experience with collaborating with community groups to identify the priorities and challenges of their neighborhoods and deliver the most appropriate support to meet local needs.

1. **Application Section: Qualifying Criteria**
   The poverty and population size requirements within a designated zone should be tiered and each applicant should be required to identify one or more sub-markets where resources will be channeled within the declared PZ boundary. Applications with the most potential for success will focus on a highly distressed area with a small population and geography or a moderately distressed area with a larger population and geography. We believe that the proposed urban qualifying criteria of at least 100,000 but no more than 200,000 residents and the proposed rural qualifying criteria of no more than 200,000 residents may be too large of a focal area to recognize significant outcomes related to the designation goals of increasing economic security, expanding educational opportunities, and increasing access to quality, affordable housing, and improving public safety. One of the great successes of the existing federal place-based programs (such as Promise Neighborhoods, Choice Neighborhoods, and the Byrne Criminal Justice Innovation Program) is their ability to focus intensive resources in very specific subsets of neighborhoods. In order for the resources in the zones to be effective, they too must be channeled and coordinated in discrete locations.

   As written, the proposed population criteria will require applicants to select the most challenged communities with the least amount of resources and develop a comprehensive strategy aimed at residents living in neighborhoods with distinct needs and challenges. For example, as written the guidance would require an applicant in Washington, DC to focus on nearly one third of its total population – making it extremely difficult to significantly change social and economic conditions for people living in neighborhoods with varied needs. Similarly, many rural applicants will be stretched across a wide surface area and have great difficulty making a significant progress toward improving community outcomes in a specific town or county. An area such as the Mississippi Delta with counties averaging populations around 15,000 would need to cover several counties across the region – an unwieldy distance to be effective. It makes more sense to have tiered boundaries with applicant sub-market focal points so that any new dedicated resources – like a PZ tax incentive – are easily applied to/included in an existing strategy.

2. **Application Sections: Qualifying Criteria & Need**
   Allow applicants without existing dedicated federal place-based funding the flexibility to focus on areas with Overall Poverty or Extremely Low Income Rates that are at or above 20%.

   Even in a very small geography, having nearly one-third of residents that meet poverty and / or extremely low-income categorizations is challenging. Meaningfully addressing issues associated with extreme levels of poverty is difficult, but especially for communities that lack access to economic revitalization resources. First round PZ designees that fit these criteria had the benefit of being recipients of federal funding specifically focused on spurring economic investments or improving public safety, access to education or high quality affordable housing. Without an infusion of dedicated federal funds, second round designated zones that meet these criteria will have a very difficult time moving the needle on any meaningful poverty-related indicators. Allowing applicants without federal major funding commitments some flexibility in their overall poverty or extremely low income rate will make visible progress toward achieving their articulated outcomes more likely.
3. Application Section: Strategy

Underscore the importance of resident engagement by:

1. Including the applicants’ “approach to resident engagement” in the Strategy section, and

2. Weighting the specific resident engagement section of the capacity and local commitment section (Part 5) more heavily.

We applaud the proposed requirements for second round PZ designee coordinating structures. It is apparent that a lot of thought was put into identifying the factors that make cross sector institutional collaboration work, particularly at the scale required for catalytic community revitalization. However, strong institutional vision and action should be guided by input and involvement of the people who live and work in challenged communities. In short, the PZ revitalization should not happen to the people who live in a zone, but be led by and with the people who live in that zone. Currently, applicants are not explicitly asked to articulate how they will approach resident engagement in the Strategy section. Given the importance of this element, we recommend that they be asked to do so to give reviewers more information with which to evaluate this aspect of their PZ vision.

In the resident engagement portion of the “Capacity and Local Commitment” section, the proposed number of points / scoring weight is relatively low given the importance of this element. The weight of the Resident Engagement section should be increased.

4. Application Section: Strategy

Building the capacity of neighborhood residents and organizations should be a component of the strategy section in the proposed selection criteria and federal funding should be allocated to designees to support capacity building.

There is an inherent link between resident engagement, building the capacity of community organizations, and creating neighborhoods of choice and opportunity. Empowering people and organizations to improve their schools, make their neighborhoods safer, or to have a say in the types of businesses they would like to see in their commercial corridors creates and sustains a thriving social and economic environment. Lead applicants should be required to articulate whether resident capacity is an existing asset or a need in their areas of concentration. If the capacity of neighborhood resources is weak, applicants should be encouraged to identify how they intend to address and rectify that weakness. In the event that a lead applicant lacks the ability to provide this type of support, they should explain how their supporting and implementing partners are able to organize this effort. The role that residents will play in setting and sustaining the PZ goals should be clearly demonstrated.

5. Application Section: Strategy, Part 2

Additional points should be given to applications that seek to broaden, employ, or coordinate existing community revitalization plans that outline clear and realistic goals, establish lead and partner organizations, articulate financing strategies and clearly identify sources of capital.

In some communities, PZ designation will be a mechanism which facilitates the implementation of existing planning efforts that are stalled due to lack of resources. Applicants with “shovel-ready” plans are more likely to hit the ground running and take advantage of the resources that PZ has to offer. High quality prior planning efforts should be rewarded in the application process.

6. Application Section: Strategy, Parts 1, 2, & 3

Additional guidance about what PZ applicants should prioritize in the narrative sections should be provided, and applicants should be allowed to provide supplemental plan details in a Strategy Appendix.

On face, the points assigned to sections in the proposed selection criteria indicate which segments of the application will be weighted more heavily in the review process. The points do not, however, indicate how the dearth of information required within a subsection will be weighted. Additional guidance about what should be prioritized within the narrative sections
will clarify where applicants should spend the majority of their efforts. If possible, the criteria should explicitly outline types of strategies that are discouraged.

Additionally, the suggested page limitations of the narrative sections will not allow applicants to adequately describe the intricacies of a good revitalization plan. Part 1 of this portion of the proposed application makes a notation that additional documents may be attached to provide supplemental information about the applicant’s needs and assets assessment, but no such allowance is made for Parts 2 and 3. Those vying for second round PZ designation should be allowed (and encouraged) to include supplemental documentation outlining the specifics of their strategic plan in an appendix. If multiple plans are in place and are being coordinated within a potential zone, it is imperative that reviewers have a sense of what those plans entail in order to appropriately score the sections. Allowing additional documentation via appendices will help reviewers reach a better conclusion about the proposed plan’s prospects of success.

7. Application Section: Strategy, Part 2 (d)
Applicants should be invited to articulate a proposed role for the federal liaison in their plan in Part 2 (d) of the Strategy section.
Given that greater coordination of federal support is a major objective and priority for PZ sites, applicants should have a vision for how that coordination can help them reach their goals. We recommend that applicants be invited to explain which “systems barriers” they foresee a federal liaison helping them to tackle, such as conflicting policies between sources of federal support that hinder leveraging or impede innovation. Applicants should also articulate how they will organize local agencies, political leaders and other stakeholders to work with the federal liaison to maximize the results from the support s/he can provide. Additional points should be awarded to applicants who are able to both articulate the need to remove particular barriers and be prescriptive about how the federal government can facilitate implementation of their strategic revitalization plan.

8. Bonus points should be awarded to applications that coordinate and employ existing federal programs – such as the Social Innovation Fund, AmeriCorps, the Healthy Foods Financing Initiative, Promise Neighborhoods, Choice Neighborhoods, and the Byrne Criminal Justice Innovation Program – as a part of their strategic plan.
Applications that target geographies with planning or implementation funding and assistance from federal programs that promote the use of data and evidence, and build the capacity of local communities will be more likely to hit the ground running when implementing a strategic revitalization plan. Bonus points should be awarded to applicants that have received an award from such a federal program.

Thank you for the opportunity to submit public comments. We look forward to continuing to serve as a resource on this and other issues.

Sincerely,

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