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A Renewed Promise

How Promise Zones Can Help Reshape the Federal Place-Based Agenda

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Introduction and summary

"A child's course in life should be determined not by the zip code she's born in, but by the strength of her work ethic and the scope of her dreams."[1]

– President Barack Obama
January 9, 2014

In January 2014, a year after vowing in his 2013 State of the Union address to focus the nation's attention on high-poverty communities, President Barack Obama made good on that pledge with the unveiling of his signature place-based effort to fight poverty: the Promise Zones initiative**.**

The Promise Zones initiative is designed to revitalize high-poverty communities through comprehensive, evidence-based strategies and help local leaders navigate federal funding. Promise Zones designees—five in the first round announced in January—receive priority access to federal resources to support job creation, increase economic security, expand educational opportunities, increase access to quality, affordable housing, and improve public safety. Equally important, the initiative pulls together lessons from the administration's previous efforts to improve struggling communities and is serving as an opportunity to rethink how the federal government can be a more effective partner to communities facing barriers to upward mobility.

From urban centers to rural and tribal communities, decades of disinvestment and policies that isolated the poor have contributed to areas of concentrated poverty across the country. These practices included redlining, beginning in the 1930s—when the federal government allowed the Home Owner's Loan Corporation and banks to exclude African American communities from receiving home loans.[2] Following World War II, in many metropolitan regions, highways were rammed through many low-income, mostly African American communities, displacing thousands of residents and small businesses and ripping apart the fabric of these long established neighborhoods.[3] For rural America, agriculture policy has historically driven development programs, rather than the specific needs or economic

realities of these communities.[4] Further, these programs have been slashed across the board, particularly during the 1980s.[5] And although the federal government has a unique legal responsibility to provide a variety of basic services for tribal governments and their communities,[6] tribes have faced severe and chronic underfunding for generations across education, health, public safety, and other critical programs.

Today, concentrated poverty persists, with many communities facing inferior housing, poor health outcomes, failing schools, inadequate public infrastructure, and few employment opportunities.[7] A growing body of research shows that being raised in such high-poverty communities undermines the long-term life chances of children. For example, poverty has been shown to genetically age children,[8] and living in communities exposed to violence impairs cognitive ability.[9] This increases the likelihood that children will have poor health and educational outcomes and few employment opportunities in the future.[10] In fact, even when income is held constant, families living in areas of concentrated poverty are more likely to struggle to meet basic needs, including food and housing, than their counterparts living in more affluent areas, where families face fewer stressors, such as less exposure to crime and improved air quality.[11] It is evident that the federal government has a role to play in undoing the effects of past policies that contributed to these outcomes.

Despite some of the failed policies of the past, the federal government has also been an important partner in place-based initiatives for more than 50 years. From the late Sen. Robert Kennedy (D-MA) laying the groundwork for community development corporations, or CDCs, in the 1960s, to President Obama's latest announcement for Promise Zones, federal leaders have crafted policy and provided resources to transform neighborhoods across the country. By providing funding, expanding capacity, and spreading best practices, the federal government has been an important catalyst for advancing work occurring at the local level. Further, as research shows that income inequality and social mobility place a downward drag on national prosperity, the federal government has a vested interest in ensuring that all communities connect people with the opportunities critical to helping them succeed.[12] Over the past several years, the Obama administration has incorporated many of the lessons from past place-based initiatives by moving away from a top-down relationship with local leaders that dictates how community and economic development must be done, to a bottom-up strategy that supports local innovation.

However, the challenges communities face have changed considerably over the past 50 years. Jobs have moved beyond city limits to the suburbs and abroad; affordable housing in cities is increasingly scarce; and poverty plagues rural, suburban, tribal, and urban communities alike. Increasingly, regional dynamics affect neighborhood outcomes. Place-based strategies are competing against an economy that is not meeting most Americans' basic needs. Furthermore, while the administration has greatly improved how the federal government works at the local level, local leaders are on the forefront of addressing some of our most complex social problems with limited resources and capacity.

In order for the federal government to be a more effective partner in place-based work, administration officials must recognize how communities have changed and continue refining its role as a partner and leader. As the administration continues to shape the Promise Zones initiative, this presents an opportunity for the federal government to clearly define its role in place-based work going forward. In just the first few months of operation, the first five Promise Zone designees are providing some useful insights into how to strengthen the federal government's role in partnering with local communities.

Initial observations reveal that the federal government is an accelerator of local efforts, the initiative is helping streamline relationships with federal officials, and Promise Zone designees are in need of technical assistance to leverage private sector investments. Through our research and interviews on the initial rollout of the Promise Zone initiative, we offer a number of recommendations to strengthen the effort going forward:

- **Federal officials should utilize social mobility research to guide initiative goals.** As economists continue to study the key characteristics of communities that limit social mobility—such as family structure, segregation, and social capital—federal officials should encourage zones to focus on these issues, as well as incorporating them into the application assessment.

- **Congress should support Promise Zone tax incentives.** One of the tools the Obama administration hopes to offer each of the Promise Zones are tax incentives. Congress should enact legislation creating these tax credits in order to advance the important goals of this initiative.

- **Award planning grants.** Rather than a preference, new Promise Zones could be awarded funding from existing discretionary or competitive sources to help build capacity around the new effort.

- **Place greater emphasis on connections to regional opportunities.** Neighborhoods operate within a broader political and economic context that is regional in nature. The Promise Zones initiative should place a greater emphasis on the strength of these relationships through the goals of the initiative itself, as well as the weight given to the partnerships when assessing the applications.

- **Federal officials should identify ongoing ways to strengthen the nation-to-nation relationship with tribal government designees.** As federal officials work with future tribal designees, it is important that they consult with tribes to support the assessment of these unique needs and identify appropriate solutions to ensure their future success as designees in the program.

- **Place greater emphasis on leveraging private investment.** Federal officials should encourage Promise Zones facing challenges engaging private-sector actors to seek out technical assistance to better understand their local markets, assess the strengths and weaknesses of different private-sector partners, and build capacity to guide investment toward greater social outcomes.

- **Enhance the role of anchor institution partners.** Anchor institutions spend billions of dollars every year on goods and services, employ millions of people, and own land across the country. As a result, U.S. Department of Housing and Urban Development, or HUD, and the U.S. Department of Education should identify existing resources to facilitate deeper partnerships between colleges and universities and their communities.

- **Promote the principles of collective impact more explicitly.** While individual programs are important for driving people-level outcomes, collective impact takes on the task of transforming an entire system. This requires explicitly asking Promise Zone applicants to indicate community-wide outcomes for success and that cross-sector partnerships demonstrate involvement from institutional leaders, as well as their staff.

- **Foster leadership potential of AmeriCorps VISTA members.** One value of national service is that people often enter into fields that they might not have joined. This makes the need for mentorship and support of VISTA corps members even more important.

- **Federal officials should partner with community-based affiliate organizations at the national and local level to support Promise Zone designees.** Organizations such as United Way and Big Brothers/Big Sisters play a critical role as community conveners. As federal officials work with new designees, they should identify opportunities where such organizations can align goals and resources with Promise Zone efforts.

- **Establish a "community of practice" for local partners.** In order to facilitate the exchange of ideas between local leaders, HUD should establish a community of practice for Promise Zones.

- **Guidance on how to leverage safety net program.** Often times, place-based initiatives and federal poverty programs operate on separate tracks. However, programs such as Temporary Assistance to Needy Families, or TANF, and other income supports can enhance the work of Promise Zones, as all of these efforts share the goal of lifting people out of poverty.

This report provides an overview of the core federal place-based initiatives; how the federal government has been most effective in this work; an overview of the nation's first five Promise Zones and their emerging insights; and detailed recommendations for how the federal government can improve the initiative and its role as a partner in place-based work.

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