



## **Policy Academy on Coordinating Housing and Economic Development Best Practices and Lessons Learned**

### **Executive Summary**

The National Governors Association Center for Best Practices (NGA Center), with support from the Fannie Mae Foundation (the Foundation), recently concluded a Policy Academy on **Strategies for Coordinating Housing and Economic Development** to assist governors and their policy advisors in creating stronger, more competitive communities through the closer coordination of housing and economic development strategies.<sup>1</sup> Through the Policy Academy, the NGA Center in collaboration with the Foundation and other experts provided more than a year's worth of intensive technical assistance to state teams from **Delaware, Hawaii, Iowa, Louisiana, Minnesota and Pennsylvania**. The technical assistance was designed to help each state develop and implement policies tailored to its own housing and development needs, including policies to coordinate state resources and activities; to provide for more effective engagement of local policy makers, and to enhance public awareness of state development efforts.<sup>2</sup> The six states were selected through a competitive process.

The technical assistance focused on a number of issues including:

1. Coordinating the resources and activities of state agencies;
2. Improving the models for engagement of state and local officials around development issues;
3. Promoting residential development near jobs; and
4. Developing innovative policies to increase the supply of affordable housing.

The Policy Academy process provided each governor-appointed interagency state team the opportunity to convene, share knowledge and ideas with their peers, and collaborate to develop action plans to address the major housing and economic policy challenges facing their state. States also received ongoing consultation and technical support as needed from experts as well as from NGA Center and Foundation staff.

Through the Policy Academy process, there emerged a number of common elements of success for advancing ongoing housing and economic development initiatives. These elements included:

- Leadership from the governor;
- Development of a common vision among relevant agencies and other key stakeholders;
- Defined priorities that focus on a few targeted, actionable items; and

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<sup>1</sup> *This paper was developed using the related project and research work of Matt Lambert, with editorial assistance provided by Larry Ottinger. Development of this paper was supported by the Fannie Mae Foundation.*

<sup>2</sup> *A series of related regional multi-state state forums, called "peer-to-peer" sessions, were hosted by the NGA Center, with support from the Fannie Mae Foundation. These forums, which focused on issues of common interest, have been held in the Northeastern and Western state regions of the U.S. and involved Arizona, Hawaii, Massachusetts, New Mexico, New Jersey, Pennsylvania and Washington State.*

- A structure for effective coordination and communication among team members, including identification of an internal and/or external team coordinator.

The six state teams continue to draw upon these elements as they pursue the initiatives developed through the Policy Academy process. Their work has led or contributed to substantial progress, including the following examples of policies and projects currently being implemented:

#### *Delaware*

- Pilot project for mixed-income housing in Lewes, including support from multiple state agencies.
- Public awareness efforts to promote the supply of housing affordable to working families.

#### *Hawaii*

- Pilot project leveraging state infrastructure projects to support development of market-driven affordable housing near job centers.
- Reform of regulatory process to encourage the development of affordable housing.

#### *Iowa*

- “Great Places” pilot project combining state resources to encourage sustainable development in three initial locations.
- Simplification of housing funding application and coordination of resources among agencies.

#### *Louisiana*

- Hurricane recovery and rebuilding efforts, including many through the new state entity, the Louisiana Recovery Authority.
- Implementation of the “Road Home” housing recovery program.

#### *Minnesota*

- Design of a pilot project for state-local engagement that coordinates resources from various agencies and creates incentives for local and regional development that aligns with multiple state goals.
- Public awareness efforts on the jobs, housing, and transportation imbalance.

#### *Pennsylvania*

- Creation and implementation of Community Action Teams and further development of a “bottom-up” state-local engagement model.
- Comprehensive mapping of state investments to support housing and community development.
- Institutionalization of an interagency coordination process around development.

### **Background: Why Governors are Engaged in Housing**

Governors recognize that the long-term prosperity of a state depends on its success in attracting and retaining an educated workforce, creating an environment that supports economic growth while maintaining natural amenities, and creating healthy and vibrant communities in which residents can afford to live. The housing challenges facing states and communities are inextricably connected to a variety of other policy issues like transportation, education, and economic development. Efforts to respond to challenges such as these are often a patchwork of separate programs each with different goals, bureaucracies, funding mechanisms and processes. The lack of coordination can thwart even the best intentions. State policy that recognizes the

connections between housing, community development, economic development, transportation, education, environmental, and other policies promises to be more effective and less costly.

The NGA Center's Policy Academy on Strategies for Coordinating Housing and Economic Development was designed to provide governors and their staff with innovative policy options and tools to coordinate policies and ensure housing is integrated with - and a central component of - economic development and other related state priorities.

### **Policy Academy Structure and Process**

A Policy Academy is a highly interactive and iterative team-based process for crafting policy strategies and solutions to complex policy challenges. This Academy included two plenary meetings, structured to provide opportunities for cross-state exchange of ideas and strategies, time for individual state team working sessions and opportunities for state teams to consult with academy faculty. Each state team also participated in conference calls, web chats and held additional in-state team meetings. Each state selected for participation developed a self-assessment, a statement of goals, and ultimately an *action plan*.

States interested in participating in the Policy Academy were asked to submit an application, including a letter of interest and commitment from the governor and a statement addressing how the state meets various selection criteria. These applications were reviewed by a panel of national experts, including representatives from the funding partners with knowledge of federal, state, and local community and economic development policy and practice,.

Ultimately, the six states selected for participation- **Delaware, Hawaii, Iowa, Iowa, Louisiana, Minnesota and Pennsylvania** - assembled cross-agency teams of six to ten members including executive level policy advisors from the governor's office and state agencies from such disciplines as housing, economic development, community development, transportation, workforce development, land use planning, and the environment. Several of the states also included representatives from the state legislature, local government and the private sector on their teams.

### **State Team Action Plans**

Each state team developed a distinct action plan designed to help achieve its goals of creating stronger, more competitive communities through the closer coordination of housing and economic development strategies. Individual state teams worked to assess problems, identify the underlying causes of these problems and prioritize them according to timely opportunities within their states. During the Policy Academy, state teams developed comprehensive actions plans around the following goals:

- **Creating coordinated development policies.** States can strengthen communities by coordinating the efforts of multiple agencies such as housing, economic development, transportation, planning, environment, and health and human services. Such initiatives can save state expenditures on infrastructure, increase business retention, expand housing choices, and strengthen communities.
- **Developing models for state-local engagement.** States can redefine relationships among state agencies and local communities. They can address investment criteria and standards, and create new incentives for targeted development. A major goal is to

- develop policies that reflect common state priorities, have greater impact, and use state resources efficiently.
- **Promoting residential development near jobs.** States can work to promote the development of housing near areas of job creation. For example, a state could adopt laws or practices that promote transit-oriented development or reform outdated zoning practices that act as barriers to the construction of affordable housing.
  - **Implementing innovative policies to increase the supply of affordable housing.** States can combine programs and resources to support the development of new housing for low- and moderate-income families.

Each action plan was guided by a vision developed by the team and included concrete goals, measurable outcomes and deadlines for specific project milestones. Action plans often sought specific executive, legislative, or regulatory action.

### **Elements of Success for Action Plan Implementation**

Efforts to create stronger, more competitive communities through the closer coordination of state housing and economic development strategies can be a long and difficult process. Action plans, developed through careful collaboration in the Policy Academy process, serve only as first steps towards eventual implementation and realization of team goals. The process of implementation can be complex and often involves multiple stakeholders from the public, private and nonprofit sectors.

Even relatively small issues, such as the workload of understaffed offices with other day-to-day responsibilities can pose barriers to teams achieving policy goals. Turf issues and competition among relevant stakeholders, which is often exacerbated by the lack of a formal coordinating structure, also can block progress towards goals. There are often few incentives for agencies to work together, resulting in a mindset that it is easier to maintain a “business as usual” approach. Officials may not see interagency efforts as “part of their jobs” and successful implementation of these efforts may not be built into their performance goals or evaluations. Additionally, implementation may depend on specific, political timing and may require political support from multiple sources including the governor, state legislature, and local officials.

Overcoming challenges such as these is key to realizing policy success. From the Policy Academy process there emerged a number of key insights into the components that are necessary for the successful implementation of state policy goals. These components include:

- Leadership and support from the governor;
- Development of a common vision among relevant agencies and other key stakeholders;
- Defined priorities that focus on a few targeted, actionable items; and
- A structure for effective coordination and communication among team members, including identification of an internal and/or external team coordinator.

**Leadership and support from the governor** is critical to successful implementation of action plans. Support from the governor helps to ensure policy goals are raised to a level of greater prominence and visibility than might otherwise occur. The governor’s greater backing can also garner wider public support that can help facilitate implementation of new policies with the legislature, constituents, and other stakeholders. This Policy Academy required a signed letter by the governor of each participating state to ensure that his or her support was present from the start of the process.

The chances of success are also greatly increased if a **common vision** among relevant agencies and other key stakeholders is developed. This will help to reduce and prevent competitiveness that can arise when various agencies with diverse agendas - and sometimes competing core missions - work jointly on an issue. Successful implementation of policy goals requires a supported common vision and outcome. Developing mutually beneficial policies during the action planning process can help to overcome naturally occurring competition and to increase support. Governors can impact change by supporting interagency initiatives as a core function of their staff's daily jobs and by building cooperation into the performance measures of team members.

Moreover, **defining priorities** that focus on achieving specific key goals and a few initial victories can boost momentum and drive future successes. This requires forming a clear agenda with priorities and specifically identified actions for each individual agency or stakeholder.

Also integral to success is creating a **structure for effective coordination and communication**. This is necessary to ensure that team participants are fully engaged and develop a sense of common interests. Such a structure is helpful in forging ongoing relationships among participants, thus reducing competition and encouraging coordination to overcome entrenched bureaucracy. This is essential for keeping key participants, often high-level state leaders busy with a range of responsibilities and priorities, engaged over time. Hiring a staff coordinator with strong leadership and communication skills for the duration of the project - either an employee or a consultant - can help to keep teams organized and engaged.

### **Highlights of Policy Academy Projects**

Each state team in the Policy Academy achieved a number of measurable goals that can help the state ensure that housing is integrated with, and a central component of, economic development and other state priorities. Collectively, the state teams accomplished each of the following:

- Developed and implemented large-scale initiatives to coordinate resources and efforts among agencies;
- Developed better models for state-local engagement; and
- Enhanced public awareness of state development efforts.

Changing existing policies or introducing new ones can take time and often depends on a number of variables. As a consequence, the state efforts growing out of the Policy Academy are in different stages of implementation. All are ongoing and must be sustainable – especially across administrations - to withstand the test of time.

The following summaries outline the background, progress made, and the next steps in projects being implemented by the Policy Academy states.

## Delaware

### *Background/Purpose*

The Delaware team's major goal was to integrate state support for housing programs with well-established initiatives on growth and development. Finding new ways for the state to support a balance between the creation of new jobs and housing was a key objective. With rising housing costs in many areas of the state, the team was also keen to ensure that workers and families could continue to afford to live in Delaware. To gain support for its efforts, the team sought new methods of informing the public about the challenges and opportunities around coordinated housing and economic development.

Delaware's Policy Academy team included a wide range of diverse interests from within and outside of state government. The team included representatives from the Governor's Office, the Department of Economic Development, the Office of State Planning Coordination, the State Transit Authority, the State Housing Authority, the State Chapters of the Home Builders and Realtors Associations, a local Mayor, and representatives from a not-for-profit housing organization.

The Delaware Team entered into the Policy Academy process to:

- Develop state incentives or policies encouraging affordable housing development;
- Encourage coordination between state's economic development and housing goals;
- Harness employer interest in workforce housing; and
- Tackle sprawling development patterns threatening open space and historic farmland.

### *Progress and Next Steps*

The Delaware team is implementing a range of projects developed during the Policy Academy action planning process. These initiatives include the following:

- **Creating a pilot project for mixed-income housing in the town of Lewes.** The team is utilizing this multi-unit development, located near various employment centers, to serve as a model for future state and private efforts to build mixed-income housing. Factors like smart growth principles, state incentives for development assistance, and methods of gaining public acceptance of housing affordable to working families were carefully considered during development of the project plan.

*Link to the Delaware Valley Smart Growth Alliance description of the Lewes mixed-income project: <http://www.delawarevalleysmartgrowth.org/projects.htm>*

- **Ensuring public and agency awareness of efforts to promote the supply of housing affordable to working families.** The team is currently promoting cross-agency awareness of the importance of coordination between the state's economic development and affordable housing strategies. The team also developed methods of informing the public of the numerous benefits of affordable housing development. Holding public forums and town hall meetings is one method by which they are doing this.

### *Additional Web Resources*

- *Livable Delaware* <http://www.state.de.us/planning/livedel/default.shtml>

- Delaware Housing Authority <http://www.destatehousing.com/>

***Project Contact***

- Lee Ann Walling, Office of the Governor, [Leeann.walling@state.de.us](mailto:Leeann.walling@state.de.us)

**Hawaii**

***Background/ Purpose***

Hawaii’s primary goal for the Policy Academy was to develop and implement coordinated state-level housing and economic development policies and strategies that promote healthy, economically competitive, and sustainable communities. With a strong economy and rapidly rising house prices, Hawaii worried that workers-and their employers-would not find affordable housing and would be discouraged from investing in the state. The governor’s team wanted to use the Policy Academy process to identify ways that the state could ensure continued economic momentum by increasing housing supply for Hawaii’s workers.

The Policy Academy team decided to focus its efforts on developing recommended solutions for submission to the Economic Momentum Committee’s housing subcommittee. The Economic Momentum Committee, created by the governor and legislature, was charged with developing an action plan to sustain Hawaii’s current economic drive, to avoid the traditional peaks and valleys of economic growth cycles, and to enhance Hawaii’s natural and cultural resources.

Hawaii’s Policy Academy team included representation from the Governor’s Office; the Department of Business, Economic Development and Tourism; the Housing and Community Development Corporation of Hawaii; the Department of Transportation; the Department of Hawaiian Homelands; the State Legislature; the City and County of Honolulu; the Chamber of Commerce; and local private housing developers.

The Hawaii Team entered into the Policy Academy process hoping to address the following challenges and opportunities:

- Increasing housing supply for workers, developed through private markets with government support;
- Ensuring cross-agency coordination on growth and development efforts;
- Improving infrastructure planning processes; and
- Building coordination between housing and economic development policies;

***Progress/ Next Steps***

Hawaii’s Team is currently implementing a range of projects developed during the Policy Academy action planning process. These initiatives include:

- **Creation of a pilot project to enhance state infrastructure to support development of market-driven affordable housing near job centers.** The Team developed a project for three mixed-use developments in which the state would provide infrastructure (i.e. water and sewer) and changes to zoning to help private developers build affordable housing, market-rate housing, and small businesses within distance of transit. These developments will serve as models for public sector engagement that stimulate the private sector to build housing affordable for Hawaii’s working families. State agencies are now working together to

provide the infrastructure assistance necessary to enable the private sector to build this type of development.

- **Reform of the regulatory process to support the development of affordable housing.** Team goals included finding ways to streamline land use processing to allow developers to build affordable housing in a timely manner and in areas previously not zoned for such development. Much of this work requires cooperation among state agencies and the City/County of Hawaii.

*Governor Lingle's 2006 State of the State Address (with reference to housing regulatory reform):* <http://www.hawaii.gov/gov/leg/2006/2006-SOS/>

- **Completion of the Affordable Housing Task Force Effort.** The governor convened the Task Force in 2004 to find solutions to the affordable housing crisis in the state. Under the coordination of the Housing and Community Development Corporation of Hawaii (HCDCH), the Task Force brought together representatives from state, county and federal agencies, private developers, financial institutions, the real estate industry, housing advocates, and social service providers. A report prepared by the task force outlining specific recommendations for short- and long-term solutions to Hawaii's affordable housing shortage was presented to the legislature.

*Link to the Affordable Housing Task Force report to Hawaii Legislature:*  
[http://www.hawaii.gov/news/releases/2005/News\\_Item.2006-01-19.4305](http://www.hawaii.gov/news/releases/2005/News_Item.2006-01-19.4305)

#### ***Additional Web Resources***

- *Office of the Governor:* <http://www.hawaii.gov/gov>
- *Hawaii Office of Business, Economic Development and Tourism*  
<http://www.hawaii.gov/dbedt>
- *Housing and Community Development Corporation of Hawaii*  
<http://www.hcdch.hawaii.gov/>

#### ***Project Contacts***

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## **Iowa**

### ***Background/ Purpose***

The primary purpose of Iowa's team efforts was to further develop and implement many of the recommendations of the Governor's Year 2000 Bipartisan Housing Task Force. The Policy Academy offered a method of working through barriers and challenges to help achieve those goals.

The original recommendations included creating a permanent source of funding for the state housing trust fund, which had been receiving support through various one-time appropriations. Another Task Force recommendation-and team goal-was to organize various state housing resources scattered across multiple state agencies. The latter recommendation included developing a singular vision of housing needs and goals, a streamlined application process for those seeking state housing funding, and consistent project administration.

The Policy Academy team also sought to integrate housing into the mission of Iowa's newly formed "Great Places" initiative. "Great Places" is designed to bring together the resources of state government to build capacity for communities, regions, neighborhoods or districts. The goal is to cultivate the unique and authentic qualities that make these places special. It offers a combination of state resources from various agencies to improve a select group of Iowa cities and towns for community and economic development projects.

Iowa's Policy Academy team included representatives from the Governor's Office, Housing Finance Authority, Iowa Department of Cultural Affairs, Iowa Department of Economic Development, State Legislature and local not-for-profit community development organizations.

The Iowa Team commenced the Policy Academy process with hopes of addressing the following challenges and opportunities:

- Improve customer awareness of, and access to, state funding sources for housing;
- Enhance collaboration among all funding sources for housing, including application for resources;
- Establish a dedicated financial source for Iowa Housing Trust Fund;
- Establish a statewide housing policy for Iowa (including both the government and private sector); and
- Ensure that the "Great Places" pilot project includes housing as a major component of the initiative to encourage sustainable development in three initial locations.

### ***Progress and Next Steps***

Iowa's team is currently implementing a range of projects developed during the Policy Academy action planning process. These projects include:

- **Permanent funding stream for Iowa Housing Trust Fund.** The team continues to seek fulfillment of an eight-year goal of the Governor's Affordable Housing Task Force: to create a permanent source of revenue for the Iowa Housing Trust Fund. Thanks to an effort by the governor and the support of the legislature, funding has been secured through FY2010. Approximately \$2.3 million will be available through the trust fund this year. Funding is slated to increase to \$5 million in FY2010. The Trust Fund commits 60% of its monies to local housing trust funds and the remaining 40% to individual projects.

*Link to Housing Trust Fund News web page:* [http://www.cccaction.org/cccaction/notice-description.tcl?newsletter\\_id=3751296](http://www.cccaction.org/cccaction/notice-description.tcl?newsletter_id=3751296)

- **"Great Places" pilot project that combines resources to encourage sustainable development in three initial locations.** An inventory of state housing resources has been created and included as part of "Great Places" toolbox. This toolbox is available to local communities and the public.

*Link to Iowa "Great Places" web page:* <http://www.culturalaffairs.org/greatplaces/>

- **Simplification of housing funding application and coordination of resources among agencies.** The team created a draft cross-agency housing coordination process designed to streamline and improve the delivery of housing resources from state agencies.

*Report to the Governor from the Governor's Housing Task Force:*  
[http://www.ifahome.com/housing\\_study\\_2000.asp](http://www.ifahome.com/housing_study_2000.asp)

The Iowa team remains interested in achieving additional Policy Academy goals. The team is updating an eight year-old report on Iowa's affordable housing needs; developing a final cross-agency coordinating process and reviving a "state housing roundtable," created as part of the Governor's Affordable Housing Task Force.

***Additional Web resources***

- Office of the Governor: <http://www.governor.state.ia.us/>
- Iowa Housing Finance Authority: <http://www.ifahome.com/>

***Project Contact***

- Steve Falck, Office of the Governor, [steve.falck@iowa.gov](mailto:steve.falck@iowa.gov)

**Louisiana**

***Background/ Purpose***

The overall purpose of Louisiana's original efforts was to redefine the State's role in local community development by linking housing, economic development and transportation policies. The Louisiana team sought improvement in the efficiency and impact of state resource delivery. They also wished to promote Smart Growth and the redevelopment of older neighborhoods.

Louisiana's team included representatives from the Governor's Office, the State Housing Finance Agency, Department of Community Development, Office of Rural Development, Department of Transportation, Department of Economic Development, and a not-for-profit community development organization.

The Louisiana team entered into the Policy Academy process aiming to address the following challenges and opportunities:

- Coordination of economic and community development, housing, and transportation agencies around new development;
- Development of a state-local engagement model aligned with common state development principles; and
- Institutionalization of relevant state demographic and trend data through a partnership with a local university. The team sought creation of a permanent "home" for state data to help drive policy investments.

***The 2005 Gulf Coast Hurricanes drastically changed the policy situation in Louisiana. The team's focus turned to the immediate needs of crisis management and recovery. The National Governors Association Center for Best Practices and the Fannie Mae Foundation continued to work with the team, albeit with an altered agenda.***

***Progress and Future Challenges***

After a period of crisis management, Louisiana's hurricane relief has focused on providing permanent housing and enabling former residents to return to their pre-storm neighborhoods. Louisiana's team is currently supporting state efforts on a range of recovery efforts, including:

- **Creation of the Louisiana Recovery Authority (LRA).** The LRA is a planning and coordinating body that was created by Governor Kathleen Babineaux Blanco to plan for the recovery and rebuilding of Louisiana. The authority is working to prepare for Louisiana's future, coordinate across jurisdictions, support community recovery and resurgence, and ensure integrity and effectiveness. Working in collaboration with local, state and federal agencies, the authority is also addressing short-term recovery needs while simultaneously guiding the long-term planning process. Under the LRA, a long-term community planning initiative entitled, "Louisiana Speaks," was created to ensure an inclusive planning process.

*Louisiana Recovery Authority web page:* <http://www.lra.louisiana.gov/>  
*Louisiana Speaks:* <http://www.louisianaspeaks.org/>

- **Implementation of the "Road Home" housing recovery program.** The Road Home is a major state housing plan to rebuild areas of Louisiana devastated by last year's hurricanes. This plan is aimed at helping both homeowners and renters return to the region and rebuild. Targeting families that own damaged or destroyed homes, the "Road Home" housing plan provides a flexible package of four recovery options for families who want to return to damaged areas of Louisiana. With projected \$7.5 billion in resources, the plan assists homeowners to 1) repair; 2) rebuild; 3) relocate through a buyout; or 4) sell.

*The Road Home" Housing Recovery Project:*  
<http://www.doa.louisiana.gov/cdbg/DRHousing.htm>

#### ***Additional Web Resources***

- *Office of the Governor:* <http://gov.louisiana.gov/>
- *The Brookings Institution Metropolitan Program Katrina Recovery Index:* [http://www.brook.edu/metro/pubs/200512\\_katrinaindex.htm](http://www.brook.edu/metro/pubs/200512_katrinaindex.htm)
- *The Center on Budget and Policy Priorities:* <http://www.cbpp.org/>

#### ***Project Contact***

- *James Gilmore, Louisiana Housing Finance Agency, [gilmorej@state.la.us](mailto:gilmorej@state.la.us)*

## **Minnesota**

### ***Background and Purpose***

Minnesota's team entered into the Policy Academy process with a primary goal of addressing the geographic mismatch of job creation and housing production in the state and increasing Minnesota's economic competitiveness and quality of life. The team sought to integrate continued job growth, housing affordable to the workforce, and efficiently deployed public infrastructure.

The Policy Academy team stressed the importance of two overarching principles governing how the state would address these issues. First, any initiatives launched as result of the process should support the use of market forces, choice, incentives, and persuasion based on common interest as opposed to mandates. Second, initiatives should support fiscal responsibility by making public

investments that are efficiently and effectively deployed to achieve economies of scale and that otherwise provide “a return on investment.”

The Policy Academy team believed these principles should be utilized so that:

- Developed and developing communities have an ample supply of land planned and zoned for a variety of housing types and densities. This will provide workers low and moderate incomes housing choices with a range of densities and costs in or near the communities in which they work.
- Development/redevelopment will more likely occur near existing sewer, transportation/transit, parks, schools and other public infrastructure to maximize use of existing capacity and minimize the costs associated with new development.
- Public funds provided for infrastructure, housing, and economic development are more effectively coordinated and deployed so these investments sustain local economies and maximize economic growth and housing opportunities.

The Governor’s Office assembled a team to participate in the NGA process which included representation from three cabinet level departments: the Department of Employment and Economic Development (DEED); the Metropolitan Council; the Minnesota Housing Finance Agency; as well as the Legislature; local government; and the local philanthropic community.

### *Progress and Next Steps*

Minnesota’s team is currently developing and implementing a range of projects conceived during the Policy Academy action planning process. These initiatives include:

- **Creation of a pilot project on state-local engagement.** This pilot project will provide various resource incentives for communities to actively pursue growth that aligns job, transportation and housing development. Depending on resource availability, up to four communities with varied typographies will be selected on a competitive basis and receive coordinated resources from various state agencies.
- **Establishment of a Development and Growth Sub-cabinet with broad stakeholder participation to implement the pilot.** With the Departments of Economic Development, Housing, and the Metropolitan Council as lead agencies, and the Departments of Natural Resources and Transportation as participating agencies, a Development and Growth sub-cabinet will be established to determine the specifics of the pilot, manage its implementation and, most importantly, develop broader policy recommendations based on the experiences of the pilot. The sub-cabinet would work with a broad-based advisory committee of stakeholders, including business community and local government representation. A high profile business leader would be recruited to chair the advisory committee.

The team has been able to draft and review a model pilot project plan. They will seek funding during next year’s legislative cycle.

### *Additional Web Resources*

- Office of the Governor: <http://www.governor.state.mn.us/>
- Minnesota Housing Finance Agency: <http://www.mhfa.state.mn.us/>
- Minnesota Metropolitan Council: <http://www.metrocouncil.org/>
- Minnesota Smart Growth Network: [http://www.1000fom.org/smart\\_growth.htm](http://www.1000fom.org/smart_growth.htm)

- *Minnesota Housing Partnership: <http://www.mhponline.org/>*

***Project Contact***

- *Tim Marx, Minnesota Housing Finance Agency, [tim.marx@state.mn.us](mailto:tim.marx@state.mn.us)*

**Pennsylvania**

***Background and Purpose***

The Pennsylvania Team utilized the Policy Academy process to sharpen policy and investment efforts aimed at integrating housing, community, and economic development in project-focused development plans, particularly for reinvestment in Pennsylvania’s “core communities.”<sup>3</sup> According to the team, the overall economic health of Pennsylvania is largely contingent upon reversing the decline in many of these areas and making them attractive places to live, work, and visit. Leveraging the power of state government investment, the team sought new methods of comprehensively reviving these “core communities.”

Throughout the Policy Academy, the team looked to adopt strategies to implement the newly formed Community Action Team (CAT). The CAT is a development-oriented, interagency team that “packages” funding for high-impact housing and redevelopment projects using resources from multiple state agencies. CAT represents a radical shift in the delivery system of state resources from a passive, application driven process to a model based on meaningful state government “engagement” in project development with core communities and their key municipal, business, and community leadership. Participating agencies include the Pennsylvania Housing Finance Agency; Department of Community and Economic Development; and Transportation and Conservation and Natural Resources.

As part of the implementation of CAT, Pennsylvania sought to retool its approach to provide state resources to county and local governments. The new “engagement model” looked to develop a new type of partnership relationship between state agencies and the communities that they serve. This engagement model would now insist state agencies be considered an up-front partner rather than a back-end funder and that agency leadership and key state agency staff become involved early on in the discussion and design phases of project planning.

The team also looked to develop implementation strategies for the Transportation Revitalization Investment District Act (TRID Act). This legislation created a TRID program to target state, municipal and private investment dollars to defined development districts around public transit depots. The TRID program was designed to foster mixed-use, relatively dense transit-oriented development around transit stations to help redevelop urban areas, reduce the use of vehicles and air pollution, and increase transit ridership.

Pennsylvania’s team consisted of representatives from the following departments and agencies: The Governor’s Office, including the Office of Housing and Community Revitalization and the

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<sup>3</sup> DCED defines core communities as the population centers and the social, economic, commercial and cultural hubs of an area or a region. They include the 56 cities and 962 boroughs in the Commonwealth. They also include the small communities or village centers located in townships, rural areas and older suburbs. They are the centers of fundamental services and amenities, including government, cultural, entertainment, and sports venues, banking, legal, health, and social services, and transportation connections.

Office of Policy, the Department of Community and Economic Development, the Pennsylvania Housing Finance Agency, the Department of Transportation, and the Department of Education.

### ***Progress and Next Steps***

Pennsylvania's team is implementing the action goals developed during the Policy Academy planning process. These include:

- **Implementation of Community Action Teams**
  - CAT agencies currently identify “ready-to-go” impact redevelopment projects. CAT team members have taken these initial projects from planning, development and funding to project implementation. As these first generation CAT projects are progressing, new projects are forming in communities large and small. A state response for the next generation of projects begins with a CAT assessment of the project's feasibility, and may end up financing for project implementation.
  - An interagency Cabinet, comprised of high-ranking state officials was formed to help steer the CAT process. The Cabinet's function is to encourage interagency cooperation on the funding of individual CAT projects, but also to promote interagency collaboration and strategic planning for future impact projects.
  - The CAT program was recognized as a finalist for the 2006 Innovations in American Government Award Program at the Ash Institute for Government at Harvard University.

*Web page link to more information on Pennsylvania's Community Action Team model: <http://www.newpa.com/default.aspx?id=19>*

- **Implementation of “bottom-up” state-local engagement model.** Pennsylvania continues to refine its model for state engagement with localities by enhancing the state-local partnership. To accomplish this, the state provides localities with project consultation during the planning stages, technical assistance in the preparation of financing plans, “packaging” of multiple funding sources, and building support to advance projects.
- **Comprehensive mapping of state investments.** The Governor's Policy Office is taking the lead in mapping the investments of multiple agencies. Data gathered through this effort will be utilized to improve the efficiency and impact of future state investments. Agencies included in this new effort include those representing economic development, housing, environment, and transportation.
- **Transportation Reinvestment District Act Implementation.** The TRID program enables a municipal governing body to delineate a TRID development district based on a local development plan. Approval of a TRID district enables the locality to receive comprehensive state assistance for specified development projects. The state is currently funding seven such local development plans. Creation of a development district requires a locality to identify municipal, transit, and development partners; create maps showing district boundaries, environmental conditions, existing and proposed land uses, potential fiscal impacts on municipality, market analyses, scope and scale of transit and community facilities, needed capital improvements, proposed financing, and financial and capital improvement plans.

*Web page link to 10,000 Friends of Pennsylvania summary on TRID: <http://www.10000friends.org/downloads/TRIDAct.ppt>*

### ***Additional Web Resources***

- Office of the Governor: <http://www.governor.state.pa.us/>
- Pennsylvania Housing Finance Agency: <http://www.phfa.org/>
- Pennsylvania Department of Community and Economic Development: <http://www.newpa.com/default.aspx?id=15>
- Governor's Office for Housing and Community Revitalization: <http://www.oha.state.pa.us/oac/cwp/view.asp?A=351&O=176858>

### ***Project Contacts***

- Joanne Denworth, Governor's Policy Office, [jdenworth@state.pa.us](mailto:jdenworth@state.pa.us)
- Lisa Yaffe, Governor's Office of Housing and Community Revitalization, [lyaffe@phfa.org](mailto:lyaffe@phfa.org)

### **Related State Efforts**

Related state efforts have been supported by the NGA Center, with support from the Fannie Mae Foundation, through multi-state "peer-to-peer" meetings. Arizona participated in a western regional meeting and provides an example of work from this group of states. Governor Janet Napolitano is Chair of the National Governors Association.

### **Arizona**

#### ***Background and Purpose***

Arizona has formed a governor's policy team to help develop a strategic plan coordinating economic development and housing across state agencies and with other stakeholders. This team will use the emerging governor's "Growth and Infrastructure Initiative" as a nexus point to integrate the range of current initiatives and efforts in order to coordinate growth that sustains Arizona's economy and quality of life. The overarching goal of this effort is to lead to the development of consensus around a comprehensive initiative led by the governor.

Arizona's policy team includes the Governor's Office, Department of Housing, Department of Commerce, Department of State Lands, Department of Transportation, Department of Natural Resources, county and local officials, and academics from state universities.

#### ***Examples of Current Initiatives***

- **Moving Arizona Forward.** The project is a ten-year vision and plan for prosperity involving multiple state agencies, citizen-led commissions, business organizations, community activists, educators and residents. Under leadership from the governor and coordination by the Commerce and Economic Development Commission, the legislatively-mandated strategy builds on the Arizona Strategic Plan for Economic Development to determine methods of improving competitiveness, providing higher incomes, and maintaining a high quality of life. To achieve the vision, Arizona will pursue comprehensive policy strategies that focus on sustainable economies, quality workforce, and bold innovation.

*Link to Arizona's Ten Year Economic Strategy:*

<http://www.azcommerce.com/prop/cedc/economicplan.asp>

- **Governor’s Incentives for Affordable Housing Task Force.** In response to the housing affordability challenge in Arizona, the governor directed the Arizona Department of Housing and the Arizona Housing Commission to bring together a broad group of stakeholders to identify innovative solutions for creating housing opportunities which could be implemented within the context of local housing market conditions. After an extensive series of meetings and deliberations, the Task Force adopted recommendations to encourage new partnerships and resources, leadership, and opportunities to cut red tape.

*Link to Arizona Incentives for Affordable Housing Task Force Report*

[http://www.housingaz.com/UPLOAD/Arizona\\_Incentives\\_Affordable\\_Housing\\_Task\\_Force.pdf](http://www.housingaz.com/UPLOAD/Arizona_Incentives_Affordable_Housing_Task_Force.pdf)

*Link to National Housing Conference overview of the Task Force:*

<http://www.nhc.org/index/policy-action-hot-issues>

- **Growing Smarter Guiding Principles.** In 2004, Governor Napolitano requested the Growing Smarter Oversight Council develop and recommend to her a set of Growing Smarter Guiding Principles to provide a vision for managing Arizona’s rapid growth and long term planning. These principles will assist the state, regions, and local communities by establishing a framework to:
  - Coordinate the activities of state agencies to enhance quality growth throughout the state in collaboration with the efforts of local communities;
  - Integrate statewide plans such as Moving Arizona Forward;
  - Guide future updates of general and comprehensive land use plans;
  - Highlight best management practices from around the state; and
  - Develop performance criteria for state and local decision-makers to assess whether state and local land use planning goals are being accomplished.

After extensive public outreach and deliberation, the Council has approved the Growing Smarter Guiding Principles and is working on state and local implementation.

*Link to Guiding Principles overview*

<http://www.azcommerce.com/CommAsst/GrowSmart/Guiding+Principles.htm>

#### *Next Steps*

In May, 2006, Governor Napolitano launched an initiative on growth and infrastructure to focus the efforts of multiple current agency initiatives and to enhance the state’s ability to guide growth more effectively in partnership with local governments. A Growth Cabinet has been convened consisting of agency leads from the Departments of Transportation, State Lands, Water Resources, Environmental Quality, Game & Fish, Commerce, Housing, Economic Security, and the School Facilities Board to develop statewide solutions that make a real difference in enabling quality growth. The team will utilize the *Decision Theatre* process at Arizona State University to further develop its plan.

#### *Additional Web resources*

- Arizona Governors Office: <http://www.governor.state.az.us/>
- Arizona Department of Commerce <http://www.azcommerce.com/>
- Arizona Department of Housing <http://www.housingaz.com/>

### **Contact**

- Gail Lewis, Office of the Governor
- Kristen Keener Busby, Arizona Department of Commerce
- Sheila Harris, Arizona Department of Housing

### **Additional Relevant Publications**

2004 Fannie Mae Foundation Annual Housing Conference (co-hosted by the National Governors Association Center for Best Practices)

*States of Change: Innovative Policy and Investments for Stronger Communities*  
<http://www.knowledgeplex.org/showdoc.html?id=106926>

*Coordinating Resources to Grow More Efficiently- The Massachusetts Approach*  
<http://www.nga.org/Files/pdf/0502COORDINATINGRESOURCES.pdf>

*Fixing it First: Targeting Infrastructure Investments to Invigorate Existing Communities*  
<http://www.nga.org/Files/pdf/0408FIXINGFIRST.pdf>

Housing Facts and Findings Vol 7, No 1 (2005)  
*Housing America State by State: How Governors are Leading the Way*  
<http://www.knowledgeplex.org/showdoc.html?id=76817>

Housing Facts and Findings Vol 7, No 2 (2005)  
*Promoting Economic Security for Working Families: State Asset Building Initiatives*  
<http://www.knowledgeplex.org/showdoc.html?id=105165>

Housing Facts and Findings Vol 7, No 3 (2005)  
*Inspiring Ideas: Innovations in American Government Awards*  
<http://www.fanniemaefoundation.org/programs/hff/v7i3-inspiring.shtml>

*Integrating Affordable Housing with State Development Policy*  
<http://www.nga.org/Files/pdf/0411AFFORDABLEHOUSING.pdf>

### **Additional Web Resources**

- The Ash Institute for Government, Harvard University  
<http://www.ashinstitute.harvard.edu/Ash/>
- DataPlace™ <http://www.dataplace.org>
- The Government Innovators Network, Harvard University  
<http://www.innovations.harvard.edu/>
- The Fannie Mae Foundation <http://www.fanniemaefoundation.org>
- Knowledgeplex® <http://www.knowledgeplex.org>
- The National Governors Association <http://www.nga.org>
- National Association of State Housing Agencies  
<http://www.ncsha.org/section.cfm/4/39/187>
- The William Penn Foundation <http://www.williampenfoundation.org>