



**Testimony of Kristin Siglin
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For the Committee on Financial Services
U. S. House of Representatives**

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Chairman Frank, Ranking Member Bachus, Chairwoman Waters, Ranking Member Capito and members of the Committee, thank you for this opportunity to testify about the Administration's Choice Neighborhoods Initiative.

Enterprise is a national nonprofit organization. We create opportunity for low- and moderate-income people through fit, affordable housing in diverse, thriving communities. Enterprise provides financing and expertise to community-based organizations for affordable housing development and other community revitalization activities throughout the U.S. For more than 25 years, Enterprise has invested over \$10 billion to create more than 270,000 affordable homes and strengthen hundreds of communities across the country.

We commend you for holding this hearing on the Choice Neighborhoods Initiative and we encourage you to pass legislation to authorize the Administration's proposal. Enterprise applauds Secretary Donovan's leadership and vision on Choice Neighborhoods, and in support of his efforts will suggest some improvements and refinements we'd like to see in the draft legislation.

The feature of Choice Neighborhoods that is most critical for us is the explicit linkage between revitalized affordable housing and improvements to the schools that the children who live in the housing will attend. While affordable housing is the core of Enterprise's mission, Enterprise has long recognized that for families, schools are also a vital part of healthy communities.

Observation and common sense tells us there is a strong connection between school quality and neighborhood quality. Good schools can attract families to a neighborhood and boost property



values, while poorly performing schools can exacerbate the cycle of disinvestment and population loss.

Background on Enterprise's work in Sandtown-Winchester:

Enterprise has had fifteen years of experience working in a holistic way in a very low-income neighborhood in West Baltimore called Sandtown-Winchester. Our work in Sandtown gives us some useful experience to comment on the proposed Choice Neighborhoods, which envisions a similar linking of affordable housing development to school improvement and a broader program of neighborhood revitalization. Like many things at Enterprise, the story of Enterprise's school-centered community revitalization work starts with our founder, visionary real estate developer Jim Rouse.

Jim Rouse believed that the affordable housing that Enterprise financed was a platform to help lift families up and out of poverty, but that families also needed health care, job training, education and public safety to improve their lives. Jim Rouse thought that all of these interventions would be more effective if they were done simultaneously so they would reinforce each other. In 1991, Enterprise, collaborating with then Baltimore Mayor Kurt Schmoke, began working in a very low-income 72 square block area in West Baltimore to improve affordable housing, job training, public safety and health care. At a series of planning sessions with neighborhood residents, over and over again, the parents in the neighborhood asked for better schools for their children to attend.

Enterprise's Baltimore Education Initiative, which began in 1995 and continues today, was Enterprise's response to the Sandtown residents. It aims to address the needs of children in the neighborhood from infancy through middle school. Enterprise worked out an agreement with the Baltimore City Public Schools to work with and support two elementary schools (later converted to PK-8th grade.) Enterprise worked with education experts and brought in a research-tested teacher training method and new curricula, as well as a well-regarded early childhood program called HIPPIY, Home Instruction for Parents of Preschool Youngsters. Enterprise worked with a local construction firm, Struever Brothers Eccles and Rouse, which donated labor and materials to



renovate the physical space at the schools. Enterprise brought in after-school programs, mentors, and social services for the students. Enterprise also renovated or built over 1000 units of homeownership or rental housing in the neighborhood as well.

We are still working with the schools in Sandtown. Last year, 100% of the fifth graders at Pinderhughes, one of the two schools, were advanced or proficient in reading and 94.7% of the fifth graders were advanced or proficient in math. Those are not typical test scores for inner city Baltimore schools. The HIPPY program is still employing neighborhood residents to teach parents how to stimulate and nurture their infants and toddlers. We're still working with the principal of the schools to train the teachers in the curricula.

None of this work has been easy and Enterprise has suffered reverses and setbacks along the way. The neighborhood is still low-income and economic development has been an enormous challenge. The amount of private sector disinvestment and job loss that occurred in Baltimore at the same time as our holistic community revitalization was a huge challenge for the Sandtown project. Nonetheless, when we look at the lessons learned, we believe that this project in one of the toughest neighborhoods in Baltimore taught us that linking affordable housing development with improved schools for the residents' children has lasting benefits for the neighborhood. The affordable housing we developed in the 1990s still looks well-kept twenty years later. And the children who grow up in the housing we financed have better life opportunities because they attend well-functioning schools.

Enterprise's research on school-centered community revitalization:

Enterprise followed up our work in Sandtown by asking ourselves, "Has anyone else done this work? What were the results? What have we learned?" We hired the distinguished research firm of Abt Associates to study the common sense relationship between housing and schools and write three reports for us. I am pleased to see that you invited my colleague from Abt, Dr. Jill Khadduri to talk about this research.



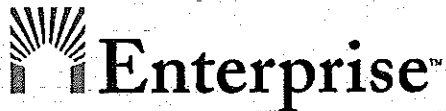
The purpose of the project was to develop practical guidance and policies to encourage community developers to incorporate improved schools into their neighborhood revitalization strategies, often through partnerships with educators. We discovered that there were other community developers who had done what Enterprise had done and had combined the improvement of at least one elementary school in the neighborhood with housing, health, and economic development strategies that help children succeed in school. We called this model “school-centered community revitalization.” This is a simple concept that takes skill and capacity to put into practice: what we recommend is that the best practices in neighborhood improvement should be coordinated with best practices in individual school improvement in order to be most effective.

The research Abt Associates performed for Enterprise identified the key elements of school improvement:

- Principal and teacher quality;
- Curriculum; and
- Early childhood education.

These “best practices” in school improvement can be reinforced and bolstered by a simultaneous strategy to revitalize the neighborhood with affordable housing and community improvements.

Linking the best practices in school improvement with the best practices in community development works. Community foundations, anchor institutions like universities, for-profit developers, and community-based organizations have broken down the traditional divisions between school reform and community development to coordinate their efforts to revitalize neighborhoods. We looked at school-centered community revitalization projects in St. Louis, Atlanta, St. Paul, Philadelphia, Baltimore and Chicago. I encourage you to review these reports, which are available for the Committee or on the web at http://www.enterprisecommunity.org/resources/schools_and_communities/.



Enterprise's comments on HUD's Choice Neighborhoods Initiative

In general, Enterprise supports the Choice Neighborhoods Initiative as a means of fostering more comprehensive community revitalization projects in distressed communities across the nation. It gives strong local government leaders another tool to carry out holistic strategies to turn neighborhoods of concentrated poverty into diverse, thriving, mixed-income communities. Choice Neighborhoods builds on the lessons of the HOPE VI program, but differs from HOPE VI in the broader universe of projects eligible for renovation. It also differs from HOPE VI in the explicit link to local school improvement strategies. Finally, Choice Neighborhoods is more ambitious than HOPE VI in its program objectives, which are not just to revitalize distressed housing but also to “transform neighborhoods of extreme poverty into mixed-income neighborhoods of long-term viability.” Enterprise has long supported federal funding and incentives to end the isolation and despair of neighborhoods of concentrated poverty. We want to see Choice Neighborhoods succeed, thus we encourage you to authorize the program with the following improvements:

I. Holistic principles:

A challenging issue to consider with Choice Neighborhoods is how to use HUD funding for a specific real estate transaction – the renovation of a distressed public or assisted housing project – to drive a much broader program of neighborhood change. The legislation proposed by HUD deals with this challenge by using HUD funding for housing redevelopment and a modest amount of community improvement as an incentive for localities to bring other funding such as transportation, job training or school construction as part of the Choice Neighborhoods application process. Federal funding for housing is used as a “carrot” to give localities an incentive to use other federal funding in the neighborhood so that the redeveloped housing is part of a diverse, sustainable, mixed-income community. This makes sense to encourage local officials to think comprehensively and is an appropriate selection criterion to use to select Choice Neighborhoods.

This question of the amount of federal support available for comprehensive strategies has an impact on whether this program can work in extremely distressed and isolated neighborhoods. The reason that the HUD proposal calls for these funds to be used in neighborhoods with



"potential for long term viability" is that Choice Neighborhoods is trying to use an investment in housing to drive a broader program of neighborhood change. If you want Choice Neighborhoods to be the investment vehicle for truly distressed neighborhoods, you should work with your colleagues on other committees to craft a more comprehensive federal response that includes funding for social service supports, workforce development, transportation, education, etc. to complement housing development funding. The problems of isolated communities with economic challenges cannot be solved with affordable housing alone.

Federal officials must think holistically too. If Choice Neighborhoods requires a comprehensive, holistic approach at the local level, federal agencies, too, should work across program silos to make resources available so distressed communities can address their problems in a thoughtful and comprehensive way. Often federal funding flows in "silos" that prevent local leaders from addressing the range of needs in a particular place. This problem has been recognized for years. Job training funding flows through a different delivery system than education funding, housing funding, transportation, or social service funding. Each type of funding has its own program requirements and monitoring and reporting requirements. There are reasons for all of the program requirements so this is not something that can be solved quickly or easily.

The Administration has recognized this issue and is working on more effective place-based policies. The 2011 Budget proposals reflect this new emphasis. For example, under Secretary Donovan's leadership, HUD has been working with the Department of Transportation on coordinating housing and transportation policy. Choice Neighborhoods should also be reinforced with interagency efforts at the federal level. Choice Neighborhoods asks localities to think about the needs of distressed communities in a comprehensive and thoughtful way and to meet a range of needs that go beyond housing. One way to help localities think holistically is to make federal funding streams easier to use together.

The logic of Choice Neighborhoods especially calls for HUD to work with the Department of Education. As I noted earlier, Enterprise's work in Baltimore and the research we commissioned suggests that housing redevelopment and school improvement are mutually reinforcing. Better



schools lure families to neighborhoods; stable, affordable housing complements education reform. There are two specific ways that HUD and the Department of Education should work together on Choice Neighborhoods. The first is that the local education improvement plans required by the bill should be reviewed by the Department of Education as part of the Choice Neighborhoods competition. Department of Education review should help weed out Choice Neighborhoods applications that do not have a meaningful school improvement component.

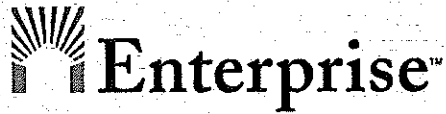
The second way that HUD and the Department of Education should work together is to make education funding for school improvement available in tandem with Choice Neighborhoods funding in a combined Notice of Funding Availability. The legislation forbids Choice Neighborhoods funding from going for school construction or renovation because that is not an appropriate use of HUD funding. HUD could work with the Department Education to issue a Notice of Funding Availability -- a Super NoFA -- that includes funding for school improvement as well as the Choice Neighborhoods funding available for housing redevelopment. There are, of course, many other federal departments whose funds would complement Choice Neighborhoods funding as well:

- Department of Health and Human Services (HHS) for support services
- Department of Labor (DOL) for workforce development
- Department of Transportation (DOT) to ensure that residents of Choice Neighborhoods have access to a variety of transit options.

It may be overly ambitious for HUD to try to work with all of those departments at the same time to coordinate their funding with Choice Neighborhoods. The Department of Education funds are most important in creating “neighborhoods of choice” and HUD should begin there.

II. Local leadership and support:

The selection criteria should be strengthened to reward long standing local partnerships to improve communities. It is not enough to have a few meetings with the school system. The selection criteria need to favor durable partnerships that have a track record of success. Comprehensive



neighborhood revitalization takes time and commitment. HUD needs to select projects with local leadership with both capacity and a lasting commitment to the neighborhood. The selection criteria also need to favor projects that have strong local support from the mayor, the city council, the school system, and an extensive process of community engagement. Another way to evaluate the amount of local “buy-in” is to look at funding from foundations, local governments, and other sources ensures that demonstrate civic commitment to the transformed neighborhood. The selection criteria should favor applications that are able to leverage the Choice Neighborhoods with other funding. All of these ideas are implicit in the HUD proposed legislation, but they should be made clearer and more explicit.

III. Green building standard:

All Choice Neighborhoods developments should meet a national green building standard, such as the Enterprise Green Communities Criteria. The draft legislation requires only that the buildings be energy efficient. The Enterprise Green Communities Criteria is the only green building standard developed especially for affordable housing. Enterprise Green Communities research has found significant cost and health benefits for residents of green housing. On average, it costs \$4500 per unit up front to meet the basic Green Communities Criteria for new construction, and the energy and water savings over ten years total \$4800. Low-income youth living in healthier affordable homes designed to reduce childhood asthma experienced nearly twice as many symptom-free days; annual emergency room and urgent care visits fell by two-thirds.

IV. Program evaluation:

The draft legislation allows some of the funds to be set aside for evaluation but does not require an evaluation. Research and evaluation are critical components to measuring success and impact. The legislation should specify that HUD hire a respected outside evaluation firm or academic institution to conduct a rigorous program-wide evaluation that looks at impacts on the residents and impacts on the community.



Conclusion:

As Congress debates funding and authorizing Choice Neighborhoods, please think about the real examples in our reports of housing authorities, nonprofits, for-profit developers, and anchor institutions that worked with school systems so that housing revitalization strategies were reinforced by improvements in local schools. This is not merely a theoretical construct. There are several successful examples of school-centered community revitalization already working in communities across the nation and I urge you to spread school-centered community revitalization model.

Thank you for your time.