

**Keeping the American Dream Alive:  
Expanding Economic Mobility and  
Opportunity in America's Cities**



**NLC**

NATIONAL  
LEAGUE  
OF CITIES

CITIES STRONG TOGETHER



CITIES STRONG TOGETHER

## Acknowledgments

The National League of Cities gratefully acknowledges the 22 local elected officials, led by Atlanta Mayor Kasim Reed, and their dedicated staff who generously contributed their time and energies to the development of the recommendations presented in this report. Their collective wisdom and insights made this effort possible.

Heidi Goldberg, Denise Belser, Courtney Coffin and Clifford Johnson on the staff of NLC's Institute for Youth, Education, and Families drafted and edited various chapters of the report. Bailey McConnell, a summer intern at the YEF Institute, provided valuable research support. Fred Hviid, an independent designer, was responsible for graphic design and layout. Gideon Berger, Jim Brooks, Carlos Delgado, Elisha Harig-Blaine, Christy McFarland and Jess Zimbabwe from NLC's Center for City Solutions participated in Task Force working group calls and reviewed sections of the report.

The research and writing of **Keeping the American Dream Alive** were made possible in part by the Annie E. Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of NLC and the Task Force alone, and do not necessarily reflect the opinions of the Foundation.

## About the National League of Cities

The National League of Cities (NLC) is dedicated to helping city leaders build better communities. Working in partnership with the 49 state municipal leagues, NLC serves as a resource to and an advocate for the more than 19,000 cities, villages and towns it represents. NLC's Institute for Youth, Education, and Families, Center for City Solutions and Rose Center for Public Leadership provide guidance and support to municipal leaders in each of the areas covered in this report.

## About the NLC Institute for Youth, Education, and Families

The Institute for Youth, Education, and Families (YEF Institute) is a special entity within NLC that helps municipal leaders take action on behalf of the children, youth and families in their communities. The YEF Institute provided staffing support for the Task Force throughout its year-long work.

Photo credits: All photos Getty Images 2017.

# Keeping the American Dream Alive: Expanding Economic Mobility and Opportunity in America's Cities

## Table of Contents

- 1** Chapter 1: Introduction
- 7** Chapter 2: Expanding access to high-wage jobs and opportunities
- 19** Chapter 3: Cities of Opportunity – Reviving high-need communities through equitable economic development
- 27** Chapter 4: Neighborhood stability and investment – Striking the balance on housing and affordability
- 37** Chapter 5: Building a Financially Inclusive City
- 48** Resources

## Letter from Task Force Chair

**A**s a mayor committed to ensuring social and economic equity for Atlanta families, I was honored last year when Cleveland Councilmember and National League of Cities President Matt Zone asked me to chair NLC's Task Force on Economic Mobility and Opportunity. Like Councilmember Zone and the distinguished local leaders who made up the task force, I strongly believe cities have to play a crucial role in expanding economic mobility and opportunity for their residents.

While the national economy is strong and many cities are prospering nearly ten years after the Great Recession, we know that many communities, especially communities of color, are still struggling, cut off from the economic mobility and opportunities that are the cornerstones of the American Dream. As city leaders we see these diverging realities play out on our streets every day, where some residents and neighborhoods thrive while others steadily lose ground, lacking the tools and resources needed to keep pace in the 21st Century economy.

Starting with the premise that it is the obligation of city leaders to act on behalf of their residents and create opportunities for all to share in the nation's growth and prosperity, the Task Force developed the recommendations presented in this report with the hope of answering the question, "What can we do as city leaders to increase economic mobility and opportunity for our residents in order to enrich and strengthen our communities?"

It turns out there is a lot we can do. Based on our years of experience working in local governments of all sizes across the nation, the Task Force focused on four key areas: jobs, wages and workforce development; equitable economic development; housing affordability; and financial inclusion. We believe that the policy approaches we have highlighted - from ensuring that residents can compete for family-supporting jobs and struggling neighborhoods benefit from equitable economic development to increasing affordable housing stock and implementing a college savings program for your city's children - will help leaders from cities large and small move the needle on economic mobility and improve the lives of their residents.

I have long said that cities are where hope meets the streets, but without economic mobility and opportunity the hopes of many become wishful thinking and the streets turn into dead ends. As elected leaders it is our responsibility to build and maintain the bustling thoroughfares that all our residents can travel to turn their hopes into reality. It is my hope that the hard work of my fellow task force members in developing these recommendations will help you open those pathways.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kasim Reed".

Mayor Kasim Reed  
Atlanta, Georgia  
Task Force Chair



“

**Restoring the American  
Dream at a time of  
rapid economic and  
demographic change is  
an enormous challenge -  
for cities and towns,  
as well as the nation.  
It is the defining  
challenge of our time.**





# 1 Introduction

**T**he promise of economic mobility and opportunity lies at the heart of America's culture and democratic society. At its core, this promise hinges on two basic concepts: first, that everyone has a chance to improve their economic status and wellbeing through personal initiative and hard work; and second, that the benefits of economic growth reach all population groups. The American Dream, as it is so often called, has never been fully realized in every era and for every segment of society but it has been kept alive by dramatic economic gains across multiple generations. Children have grown up and attained a standard of living that was higher than what their parents enjoyed, and the hope of a better life for each successive generation has endured.

Now, it seems that something fundamental has changed. Even as our nation overall has emerged from the depths of the Great Recession, many groups of Americans find themselves unable to participate in this economic recovery. Some are being left behind despite a willingness to work hard because they live in regions, cities or towns that are still not experiencing economic growth. Others have been unable to keep up with the rapid changes wrought by technological advances and global competition, lacking the education and skills necessary to compete for jobs that pay family-supporting wages. As a result, in cities and towns across America, economic disparities by region, race and ethnicity are growing to the point that they threaten to divide our nation.

Nowhere are these changes more evident and felt more strongly than in America's cities. As engines of regional growth and national prosperity, cities frequently have opportunities to lead the way in economic development, innovation and inclusion. At the same time, many city leaders are grappling with how to prepare for and respond to the demands of the new economy while ensuring that all residents benefit from future growth. Mayors, city councilmembers and other municipal officials understand that the social fabric of their communities depends upon their ability to bridge today's expanding economic gaps.

In November 2016, National League of Cities (NLC) President and Cleveland Councilmember Matt Zone launched NLC's Task Force on Economic Mobility and Opportunity to develop recommendations that will guide city leaders as they address these critical challenges. The Task Force, a group of 22 local elected leaders led by Atlanta Mayor Kasim Reed, spent the past year examining promising city strategies in four key areas: jobs, wages and workforce development; equitable economic development; housing affordability; and financial inclusion. This report summarizes the Task Force's major recommendations and offers examples from their cities that illustrate how municipal leaders can take action to increase economic mobility and opportunity.

### CHALLENGES FOR CITY LEADERS

The first challenge facing city leaders is reflected in mounting evidence that economic mobility – the ability to improve one's economic circumstances – is on the decline. Raj Chetty, professor of economics at Stanford University, has examined the story of economic mobility in the U.S. over time by looking at Americans' ability to earn more than their parents did. He found that rates of upward income mobility have fallen dramatically since the 1940's, when almost all children (92 percent) were able to grow up to earn more than their parents. For children born in 1984, who are now in the labor market, this fraction has fallen to 50 percent.

Chetty's research also analyzed the extent to which children born into a low-income family (i.e., in the bottom fifth of the income distribution) are able to move during the course of their lives into prosperity (reaching the top fifth of the income distribution). He found that mobility varies greatly by region due to environmental factors that impede economic mobility, such as racial segregation, income inequality, poor school quality, lack of social capital and family instability. Overall, Chetty concluded that the opportunity for advancement promised in the American Dream is actually less common in the U.S. than it is in other developed countries, including Canada and the United Kingdom.

A second, interrelated challenge is posed by inadequate economic opportunities for less-educated workers and communities of color even during periods of economic growth. Although overall unemployment and poverty rates have decreased across the country in recent years, these gains are concentrated among more advantaged groups. The Economic Policy Institute, for example, found that incomes of families in the top fifth of

the income distribution are returning to pre-recession levels, but the remaining 80 percent of American families have experienced slower growth and are still struggling to regain the ground they lost during the last recession. These trends leave many households, particularly those headed by individuals with limited education and skills, teetering on the edge of a financial precipice. According to the Federal Reserve Board's survey of household well-being, 46 percent of Americans in 2015 reported that they could not meet a \$400 emergency expense without borrowing money or selling something they owned.

This growing economic divide poses special risks for families and communities of color. Discrimination based on race and ethnicity has long kept large numbers of minorities and new immigrants from pursuing the American Dream. The resulting racial and ethnic disparities in employment and income are dramatic and threaten to become more severe over time. In September 2017, the black unemployment rate of seven percent nationally was almost twice the 3.7 percent rate of whites. The poverty rate of blacks (22 percent) and Hispanics (20 percent) in 2016 was more than double that of whites (nine percent). These gaps are particularly significant in light of U.S. Census Bureau projections that, by 2030, the majority of the U.S. labor force will be people of color. If these communities are left even farther behind, the strength and vitality of our nation as a whole will surely be undermined.

The Task Force recognizes the far-reaching nature of the challenges that city leaders now face. The structure of the economy and labor market is changing dramatically, which means that municipal officials have to redouble their efforts on education and training while also finding new ways to boost the incomes

of low-wage workers. Local economic development efforts, if not designed to ensure that benefits are broadly shared, may widen rather than narrow current disparities. Patterns of gentrification and uneven growth can also exacerbate the growing housing affordability crisis that has engulfed so many communities, creating additional obstacles for residents as they seek financial stability and pathways to better jobs. Finally, too many residents lack access to mainstream financial services, and the knowledge or tools they need to build a strong foundation for economic advancement in the absence of effective city strategies for financial inclusion.



## **OPPORTUNITIES FOR CITY LEADERSHIP**

The good news is that, in each of these four priority areas highlighted by the Task Force, city leaders can take a broad array of practical steps to expand economic mobility and opportunity in their communities.

Mayors and city councilmembers can help residents prepare for the jobs of the future and influence the scope and direction of local economic development so that it yields benefits for the entire community. They can also adopt policies that preserve or create affordable housing and enable residents to protect and save more of their income. Throughout the process, city leaders can promote economic mobility by using their bully pulpits to stress the importance of opportunities for all, and publicize services and supports that can help residents build a brighter future for themselves and their families.

The following chapters of this report lay out more than 30 specific recommendations to guide city leaders as they work to expand economic mobility and opportunity in their

communities. While federal and state funding may be available to support some local efforts, cities will often need to rely upon their own resources to drive local progress. In pursuing these action steps, three guiding principles can boost the effectiveness of city-led efforts:

### **Understand your city's needs and assets.**

A crucial first step for city leaders seeking to improve economic opportunity and mobility is to gain an understanding of the barriers that residents face and the supports that are already available to help them. Effective initiatives draw upon demographic and economic data from national sources such as the U.S. Census, as well as information collected by local organizations, and then reach out to hear from residents directly through surveys and focus groups. Some city leaders have established a local task force or advisory group to undertake this assessment and develop recommendations for action. In Charlotte, North Carolina, for example, Mayor Jennifer Roberts responded to research findings that ranked the city last among the 50 largest U.S. cities on economic mobility

by launching a 20-member Opportunity Task Force in 2015. The Task Force proposed strategies for responding to the community's social and economic divide in three key areas: early care and education; college and career readiness; and child and family stability. It also reviewed how historical segregation and lack of access to social capital drove racial disparities in all three areas.

### **Build robust, multi-sector partnerships.**

Identifying potential partners early enables city leaders to develop strategies with broad community input and leverage important local strengths, assets and resources. No municipality can accomplish the ambitious goal of increasing economic mobility and opportunity by acting alone. City leaders can engage neighborhood associations, community-based organizations, business and philanthropic leaders, colleges and universities, hospitals, faith-based organizations and others to develop comprehensive strategies in each of the four major areas highlighted in this report. A diverse group of partners can also ensure that city initiatives when implemented reach residents from diverse neighborhoods and communities. Pittsburgh Mayor William Peduto partnered with a national organization, PolicyLink, and local community organizations to obtain feedback from residents and develop a strategic equitable development roadmap. The partners developed a five-point plan that focused on ensuring that all residents, and particularly low-income residents and people of color, can have a voice and a role in the city's economic transformation and get on track to reach their full potential. Aligning local efforts with state or federal initiatives, when feasible, will also extend their reach and amplify their impact.

### **Sustain an explicit focus on racial equity.**

The Task Force recommendations reflect its shared understanding that longstanding patterns of racial injustice in America's cities and towns – including housing and employment discrimination; residential segregation; and unequal protection by and trust in law enforcement – have left many communities of color with little investment and few economic opportunities. Even policies intended to expand opportunities can generate unintended consequences, as seen in the gentrification of poor neighborhoods and the displacement of residents who have lived and worked there for many years. For these reasons, it is essential that city leaders apply a racial equity lens in the development and implementation of their local plans. A growing number of cities, including Atlanta, have hired a “chief equity officer” to lead this process within city government. This officer can assess proposed policies and programs to ensure they are equitable; seek input from residents of color affected by these policies; and recommend changes or new directions when necessary to reduce racial and ethnic disparities.

Restoring the American Dream at a time of rapid economic and demographic change is an enormous challenge - for cities and towns, as well as the nation. It is the defining challenge of our time. While city leaders will not solve this problem alone, their leadership, insights and contributions will be an essential part of any effective and lasting solution for our nation. The recommendations of the Task Force offer a road map for mayors, councilmembers and other municipal officials who are ready to step forward and be part of this critical effort at a time when the stakes could not be higher.

## Members of NLC's Task Force on Economic Mobility and Opportunity

**Mayor Kasim Reed** of Atlanta (Chair)

**Mayor Megan Barry** of Nashville, Tennessee

**Mayor William V. Bell** of Durham,  
North Carolina

**Councilmember Rick Callahan** of Dallas

**Treasurer José Cisneros** of San Francisco

**Councilmember Phyllis Cleveland**  
of Cleveland

**Mayor Pro Tem Tameika Isaac Devine** of  
Columbia, South Carolina

**Mayor Johnny L. DuPree** of  
Hattiesburg, Mississippi

**Mayor Jorge Elorza** of Providence, Rhode  
Island

**Councilmember Deana Holiday Ingraham**  
of East Point, Georgia

**Councilmember Karl Nurse** of  
St. Petersburg, Florida

**Councilmember Mitch O'Farrell**  
of Los Angeles

**Mayor William Peduto** of Pittsburgh

**Mayor Jennifer Roberts** of Charlotte,  
North Carolina

**Mayor Libby Schaaf** of Oakland, California

**Councilmember Matt Schellenberg**  
of Jacksonville, Florida

**Mayor Paul Soglin** of Madison, Wisconsin

**Councilmember Kristin Szakos** of  
Charlottesville, Virginia

**Mayor T. Oscar Trevino** of  
North Richland Hills, Texas

**Mayor Martin J. Walsh** of Boston

**Mayor Lovely Warren** of Rochester, New York

**Councilmember P.C. Wu** of Pensacola, Florida





“

**When they fail to step in and play a role in increasing job and training opportunities for residents, city leaders miss an important opportunity to improve the economic mobility of residents and the overall economic health of their cities.**

////////////////////

## 2 Expanding Access to High-Wage Jobs and Opportunities

**W**hile unemployment remains low nationally, persistent joblessness and wage gaps continue to have a devastating impact on economically distressed residents and neighborhoods in many cities. Residents struggling with long-term unemployment often lack essential job skills; opportunities to connect with employers; and access to information about job openings. A number of historical trends in many cities, such as disinvestment in public schools; the disappearance of industry from urban centers; and gaps in transportation to areas with more jobs have created a scenario in which barriers to employment may be particularly prevalent in cities.

The last few years have seen gains in employment and wage growth across the country, however those gains have not been consistent across racial, ethnic or geographic lines. Nationally, the unemployment rate for blacks is almost twice that of whites. Drilling down further reveals extremely high rates of joblessness in certain communities in some cities. In 2014, for example, the Great Cities Institute found that in Chicago 47 percent of black men aged 20-24 were out of school and work compared with 20 percent of Hispanic men and only 10 percent of white men.

As jobs in the increasingly technological economy require more sophisticated knowledge and skills, the need for blue-collar workers or those with fewer skills diminish. According to the Georgetown University Center on Education and the Workforce, America has experienced a

divided recovery since the last recession, leaving very few opportunities for those without postsecondary education. During that period, those with a high school diploma or less gained only 80,000 jobs while associate degree holders gained three million, and bachelor or graduate degree holders have gained over eight million jobs.

Income inequality also has expanded during a time when the country has experienced overall wage growth. According to the Economic Policy Institute, the gap between black and white wages is greater now than it was in 1979. As of 2015, relative to the average hourly wages of white men with the same education, experience, metro status and region of residence, black men earn 22 percent less, and black women earn 34 percent less.

**“Workforce development serves a dual function; enabling individuals to acquire knowledge, skills and attitudes for gainful employment or improved work performance; and providing employers with an effective means to communicate and meet their demand for skills.”**

//WORLD BANK

In addition to finding jobs, many low-wage workers experience barriers to retaining jobs and maintaining work-family balance due to a lack of paid sick days, paid family and medical leave, stable work schedules and other protections. Many also lack access to health insurance and affordable, high quality child care that make it possible to attend work. Unpredictable or inconsistent work hours, particularly in the retail industry in which many low-skilled workers find themselves, can make it impossible for parents to find consistent care for their children or be able to take them to and from school.

Municipalities are engines of opportunity. They are often one of the largest employers in a region and can model impactful wage and training policies for other local employers. City leaders can also establish connections between employers and job seekers, and support efforts to ensure job seekers are trained and ready to enter the most promising industries in the community. Finally, cities can enact local legislation that ensures wage and workplace fairness. When they fail to step in and play a role in increasing job and training opportunities for residents, city leaders miss an important opportunity to improve the economic mobility of residents and the overall economic health of their cities.

### RECOMMENDATIONS

The Task Force identified four categories of recommendations that can guide city leaders who are seeking to expand access to jobs and opportunities for residents:

- Strengthening the connections between Local Employers and Job Seekers
- Expanding Services to Support Workers and Job Seekers

- Positioning City Government as a Model Employer
- Enacting Local Legislation to Promote Fairness and Access to Opportunities

### Strengthening the Connections between Local Employers and Job Seekers

**1** Align the “supply” functions (economic development) in municipal government with the “demand” functions (workforce development and education).

**2** Identify and focus on high-opportunity employment sectors, promoting coordination of education and training opportunities, and seek to expand workforce development opportunities in these high-demand sectors.

City governments, in some cases alongside their county counterparts, are uniquely positioned to have touchpoints with all components of a workforce system: employers located within their jurisdictions; job seekers; and community organizations set up to help job seekers obtain employment. However, city departments too often operate in siloes, resulting in missed opportunities for strong pathways to be created between job seekers and employers with a need for workers.

City leaders can identify industries that are growing in their communities and offer potential opportunities for employment. City economic development departments know far in advance about new construction projects coming into the city that will require skilled workers or companies that may be relocating within their borders. City



workforce agencies track education and training opportunities and job fairs.

Once promising sectors or industries have been identified, cities can bring together the key players necessary to create accessible career pathways for residents to enter those fields – public schools, colleges, one-stop job centers, training programs, employers, local chamber of commerce, organizations offering supports to workers, etc. Beginning with children, cities can work with public schools to ensure that students are learning the foundational skills needed to enter more advanced training and education in jobs that are in demand. Many cities operate youth employment programs that offer an opportunity to train young people

and steer them toward jobs in promising industry sectors. Cities can also partner with local universities and community colleges to align degree programs with growing employment sectors. Apprenticeship programs through local labor unions and subsidized or transitional jobs programs also offer important opportunities for on-the-job training that is so crucial for high-wage skilled jobs.

By connecting these supply and demand functions within city government in a systematic way, cities can ensure that job training providers are prepared for opportunities presented by new and emerging industries.

## CHARLOTTE, NORTH CAROLINA

Under the leadership of Mayor Jennifer Roberts, the City of Charlotte's Economic Development Department operates the Partnership for Inclusive Employment and Career Excellence, or P.I.E.C.E. program. P.I.E.C.E. is a workforce development initiative that provides skills, training, and supportive services to help Charlotte's residents find and keep jobs. The project has identified industries in which there are labor market shortages and plans to increase employment opportunities in those areas. The program started with a goal of training 180 participants in three areas of work over the course of 36 months: Fiber Optics/Broadband and Premise Cabling; Residential and Commercial Construction; and Highway Construction and Trades.



## NASHVILLE, TENNESSEE

With a vision that all Nashville residents should be able to benefit from the city's economic development growth, Mayor Megan Barry launched the Nashville Construction Readiness Partnership (NCRP). The program, operated by the Nashville Career Advancement Center, coincided with new regulations for developers to hire city residents and is designed to provide opportunities for residents seeking to enter the construction industry for the first time. The initial six-week training program includes basic skills and prepares participants for entry level work in construction. Additional strategies include job matching, community outreach and recruitment.



## Expanding Services to Support Workers and Job Seekers

- 3** Think creatively about how to reach residents who are considered “hardest to employ” by supporting workforce services that are delivered in partnership with nonprofit and community-based organizations that interact with those residents regularly.
- 4** Develop an “employment navigators” program that provides new or returning workers with a mentor who can help them navigate through employment challenges and barriers and address other life and family issues that may disrupt their work.
- 5** Ensure that workers have access to work supports and benefits through one-stop centers, including health, housing, child care, financial counseling and other public benefits.

There are many varied reasons why individuals may not be able to maintain consistent employment. For example, a car breakdown without the funds to make the repair could derail a new employee’s first week at work. A working parent relying on a family member to provide child care can lose a job or miss a training opportunity if that family member becomes ill. Someone entering the workforce

for the first time may not have the skills necessary for jobs available in the community or the soft skills to manage daily workplace norms and requirements.

Often supports and services beyond resume assistance or job fairs are needed to ensure that a resident can find and keep a job. Supports such as child care, housing assistance and transportation assistance can be the bridge to successful employment for many workers. However, city government may not be able to easily reach residents who are considered “hardest to employ” with assistance. Partnering with organizations or other trusted leaders in communities with high unemployment can be a way to bring these work support services to those who most need them. One-stop workforce development centers in many cities provide job search assistance but these centers can also provide supports such as connection to public benefits and child care assistance; transportation vouchers for job searches; referrals to community organizations that can help with emergency assistance during a crisis; and financial counseling. Once employed, an employment navigator or mentor provided by a city’s employment program can help a new or returning worker handle unexpected challenges that arise with a new job or family issues that pose barriers to consistent workplace attendance. Cities can also work with local employers to develop mentoring programs improve employee retention.

## CHARLOTTESVILLE, VIRGINIA

Concerned about growing unemployment in the City of Charlottesville, the City Council requested that a team of city staff further examine workforce development opportunities and gaps. The Strategic Action Team on Workforce Development (SAT) was created in 2012 which developed a plan and recommendations, one of which was the Growing Opportunity Training Programs (GO). The GO programs target chronically unemployed residents and offers pre-employment training aimed at a specific



industry, including workplace readiness training, supportive services and mentoring, all with the promise of a job at the end of the training. The goal is to help participants find and retain jobs by addressing challenges beyond specific job skills. Several of the programs have focused on training city bus drivers, certified nursing assistants and office administrators, as well as an apprenticeship program for electricians. As of 2017, there have been 93 graduates of the program, 87 of whom have obtained jobs as a result.

## PROVIDENCE, RHODE ISLAND

In 2017, Mayor Jorge Elorza created a new Office of Economic Opportunity charged with transforming the city's workforce development system to better meet the needs of low-skilled, low-income residents, including ex-offenders and others with barriers to employment. With a focus on racial equity, the office is working to develop a comprehensive approach to delivering employment services, skills training and other forms of support in economically distressed neighborhoods. During its first year, the new office received a grant from the Federal Reserve Bank of Boston to address disparities in service among low-income populations of color in two high-poverty neighborhoods. The city is also working with the local Workforce Development Board and other local and state partners to develop a comprehensive supportive services resource guide that details the many programs and services available in the community to help job seekers address their employment and retention barriers.



## Positioning City Government as a Model Employer

- 6** Institute a living wage policy for city employees, setting wage rates at levels that take into account the cost of living in the region and increase over time.
- 7** Assess the city's overall benefit and compensation package to ensure city employees are receiving competitive benefits beyond their wages, including retirement contributions, health benefits, paid leave and flexible work schedules.
- 8** Ensure city recruitment and hiring procedures reflect a commitment to a diverse city workforce, including by removing questions about criminal history from city job applications.
- 9** Provide pathways for growth and professional development that give city employees opportunities to advance in their careers.

City governments are often the largest employer in a city, if not a region. Essential city functions are carried out by city employees who staff hospitals, work as public safety officers, sanitation technicians, teachers and construction workers. Cities with a mission to improve job opportunities, wages and benefits for their residents can and should lead by example. Applying these practices to their own employees can offer an opportunity for cities to pilot new policies as it increases economic mobility for a larger number of households within a city.

In some lower-wage jobs within city government, employees may struggle

to make ends meet for their families or rely on public benefits. Beyond wages, a good overall compensation package can have a big impact on workers lives. City leaders should ensure that benefits are competitive, including health coverage, retirement, options for paid leave, and when appropriate, flexible work schedules or child care options to help families with young children. Moreover, cities can promote professional growth and advancement by offering training and promotional opportunities to employees. Advancing employees can then open up more entry level positions for other residents in targeted neighborhoods.

A city's workforce should also be reflective of that city's commitment to inclusion and diversity. Cities can target communities with high unemployment or those with larger populations of people of color for hiring through city job fairs or by partnering with organizations in those communities to create pathways to employment within city government.

A major barrier to employment for some residents is a history of criminal convictions. To address this barrier, some cities have instituted policies to "ban the box," removing questions on city job applications about criminal convictions and deferring consideration of these issues until after hiring officials have examined the qualifications of the applicant. While a handful of cities have mandated that private-sector employers also take this step, a number of states have preempted cities from enacting such legislation. All cities can institute this change on their own applications for municipal jobs and encourage local businesses to voluntarily follow suit.

By serving as a model employer in a city or region, cities will lead by example and become

a competitive place to work. City leaders should also encourage other employers in the community to adopt similar practices,

including competitive compensation, benefits, pathways for people with barriers to employment and advancement opportunities.

### EAST POINT, GEORGIA

In 2017, the City of East Point voted to raise minimum wage for all city employees to \$13.50 per hour, which took effect July 1 of that year. Councilwoman Deana Holiday Ingraham championed the measure in response to the increased cost of living despite a federal minimum wage that has not increased since 2009. Eventually, the city plans to incrementally increase employee salaries to \$15 per hour. Not only will this improve the quality of life for city employees, but also provide competitive salaries compared with other cities in the Atlanta metropolitan area. The city is conducting a salary rate study to obtain concrete data that will be used to develop a competitive salary rate plan for all employees. The city is also exploring extending the livable wage requirement to all city vendors and contractors.



### ROCHESTER, NEW YORK

In an effort to help more city residents find employment, Mayor Lovely Warren and the Rochester City Council enacted a “Ban the Box” ordinance in 2014. The ordinance prohibits employers from inquiring about or requiring applicants to disclose any criminal conviction information until after the initial interview. The ordinance applies to all public and private employers and employment agencies within the City of Rochester, as well as businesses that contract with the city. Certain exemptions apply for police, firefighters and professions in which felony convictions specifically bar a person from employment.



## Enacting Local Legislation to Promote Fairness and Access to Opportunities

**10** In states where preemption does not prevent city action, increase local wages and job security citywide by raising the minimum wage.

**11** Require employers citywide to allow employees to accrue paid leave for illness, the care of a family member in need and other crises or family emergencies.

Some city leaders have opted to address residents' earning challenges directly through local legislation. Even with full-time work, many Americans in low-wage jobs are still living below the poverty line, often unable to make ends meet for their families. Approximately 40 localities (cities and

counties) have passed legislation that requires employers to provide a higher minimum wage than the federal minimum of \$7.25 per hour, which has not increased since 2009. Cities often index the wage to the consumer price index so that it can grow each year based on economic conditions.

Some city leaders have concerns that raising the minimum wage can have a negative impact on local businesses, thus decreasing employment opportunities. Economists have had different views and studies have shown varied results regarding minimum wage increases. The White House Council of Economic Advisors released a study in 2016 of all U.S. state minimum wage increases since the Great Recession and found that these delivered significant raises to workers with little negative effect on overall employment or hours worked. Many cities that do raise the



minimum wage do so gradually over a period of years. A key first step for a city considering a minimum wage increase is to convene a local task force to assess the potential impact on local businesses and workers.

In addition to wages, city leaders recognize the challenges families face when their jobs do not offer benefits that allow them time off when they or a family member is ill. Especially for parents of young children or workers caring for older relatives, having few or no options to care for themselves or their families can mean loss of income, or possibly loss of a job in the event of a crisis or serious illness. A handful of cities have adopted city-wide requirements that employers offer paid leave benefits for their employees – usually a certain

number of hours of sick leave or paid family leave. The Center for American Progress looked at the impacts on employment in cities that implemented a paid leave requirement and found unemployment did not increase in most of the cities one year following the policy change. In the two cities in which unemployment did rise, the change coincided with the timing of the Great Recession.

A barrier for some cities seeking to enact local legislation related to improve wages and benefits is state preemption. Many states have barred their cities from enacting local wage and benefits legislation. As of July 2017, 25 states have passed laws that require cities in those states to abide by state wage and benefit rules.

### OAKLAND, CALIFORNIA

When Mayor Libby Schaaf was an Oakland City Councilmember, she strongly supported a campaign to improve pay and benefits for her city's workers. Ballot Measure FF was passed in 2014 by more than 80 percent of Oakland voters. The law requires Oakland employers to pay a higher minimum wage and provide paid sick days for their employees. Under the law, the minimum wage was initially increased from \$9 to \$12.25 per hour, and is raised annually based on the Consumer Price Index. As of January 2017 the city's minimum wage is \$12.86. The law also requires employers to provide at least one hour of paid sick leave for every 30 hours worked, which employees can use for their own illness or to care for a family member. The city is committed to keeping residents informed about the measure and provides training for employers to help them comply with the law. The city's website offers tools, resources and updates for both employers and employees in three languages.



## LOS ANGELES, CALIFORNIA

The City of Los Angeles enacted an ordinance which took effect in July 2016 imposing an increased minimum wage and mandatory paid sick leave for all employers in the city. The ordinance increases the minimum wage to \$10.50 an hour and establishes a schedule of increases through 2021. The Los Angeles Office of Wage Standards (OWS) is responsible for implementing and enforcing the law and conducts community outreach and investigations into potential wage theft violations.





“

A strong local focus on equitable economic development starts with the recognition that America's social, racial and cultural diversity represents one of our nation's greatest assets.



## 3 Reviving High-Need Communities Through Equitable Economic Development

**A**ccess to economic opportunities is shaped over time by the ways in which cities grow and develop. New jobs and businesses are powerful engines of economic mobility. Public and private investments also have the potential to transform neighborhoods, dramatically changing where people live and work. For all these reasons, successful economic development strategies can open up new avenues for achieving financial stability and climbing the rungs of the economic ladder. At the same time, low-income residents and communities of color are likely to gain economic ground only if city leaders and their community partners work together to ensure that these benefits of growth are broadly shared. Traditional city approaches to economic development too often fail to meet this test.

A strong local focus on equitable economic development starts with the recognition that America's social, racial and cultural diversity represents one of our nation's greatest assets. While this diversity is expected to increase in future years, income inequality is also rising in communities across the country. The challenge for city leaders is to reverse this trend. Recent research from the University of Idaho, Moscow, published in the *Journal of Regional Studies* suggests that urban counties with lower levels of income inequality experience less severe economic downturns and higher growth rates. These findings offer hopeful signs that investments in low-income residents and communities of color that make local economies more

equitable may also result in higher rates of sustainable growth and economic benefits for all residents.

Local elected officials are uniquely positioned to make economic development more equitable and inclusive. Mapping city assets as part of a broader planning process is an ideal first step in determining where to begin and how to make distressed areas more vibrant. City leaders can then require or promote effective coordination

**“Equitable economic development unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low-income people and communities of color. Through accountable public action and investment, it grows quality jobs and increases entrepreneurship, ownership, and wealth. The result is a stronger, more competitive city.”**

//THE CLASS OF 2017 EQUITABLE ECONOMIC DEVELOPMENT (EED) FELLOWS, WORKING WITH THE NATIONAL LEAGUE OF CITIES, POLICYLINK, AND THE URBAN LAND INSTITUTE.

of public resources and agencies and act as an effective bridge between developers, employers and community leaders. A wide array of specific strategies is available to cities as they move forward, including industry partnerships to create pipelines to employment; job growth through employee-owned businesses; improvements in transportation options; hiring and training standards for development projects and programs to incubate small businesses. Sustained efforts to seed equitable economic development in these and other ways can open new doors to economic mobility and opportunity in cities, yielding lasting gains in particular for low-income residents and communities of color.

## RECOMMENDATIONS

The Task Force identified two major categories of recommendations to guide city leaders seeking to promote equitable economic development for residents:

- Ensuring Large-Scale Development Projects Generate Jobs, Training and Other Benefits For Residents
- Reengaging Distressed Neighborhoods to Support Small Business Growth

### Ensuring Large-Scale Development Projects Generate Jobs, Training and Other Benefits For Residents

- 1 Identify large-scale development projects coming into the city, working in partnership with residents and community stakeholders, and take steps to ensure they will provide sufficient training and employment opportunities for all residents.

- 2 Require that all large-scale development projects include Community Benefit Agreements specifying the benefits and opportunities that will be generated for residents in distressed and high-need communities.

Cities seek to attract large-scale investment opportunities because they spur economic growth, make neighborhoods more desirable places to live and work and bring new jobs into the community. Their far-reaching impact also makes it particularly important for city leaders to partner with a broad spectrum of community stakeholders (e.g., corporate and business leaders, universities, workforce investment boards, local chambers of commerce, community-based organizations and residents) in identifying or developing new projects. Through meetings with neighborhood advisory councils and residents in underserved communities, city leaders can collect feedback about proposals for new development as well as projects that are already underway. The voices of residents and other community stakeholders are an important element of successful planning efforts, as their input ensures stronger community buy-in and public support while also increasing the likelihood that projects approved by the city reduce economic and racial disparities and benefit the entire community.

A broad-based and inclusive strategy is particularly important when seeking to ensure that economic development projects generate employment and training opportunities for residents in traditionally underserved communities, especially for people of color and immigrants. Municipal officials, including city economic development staff, can serve as a critical bridge between developers or



contractors and local workforce development agencies that provide job training, resources and other supports to low-income residents who are seeking employment. City partnerships with high school vocational programs, community colleges and area universities can also help align training offerings with emerging labor market needs and create stronger pipelines to employment for unemployed residents. As in the review process for new development projects, the direct consultation and involvement of residents and community stakeholders can generate valuable insights, guiding employers and workforce agencies as they seek to address key employment barriers and design effective training strategies for diverse populations of job seekers.

In the pursuit of equitable economic development, however, many city leaders have concluded that they must also include specific

requirements or stipulations in large-scale projects to hold developers and contractors accountable for delivering promised benefits and opportunities to residents in high-need communities. Community benefit agreements (CBAs) are an important tool to achieve this goal. Typically authorized through a city ordinance or ballot measure, a CBA is a project-specific agreement between a developer and a broad community coalition that details the project's contributions to the community, and thereby expands community support for the project. Key CBA provisions frequently include binding commitments for hiring and training city residents as well as wage standards and health and safety requirements. Other negotiated benefits may include commitments to affordable housing, public transit, open space or environmental clean-up and neighborhood services such as child care centers and health clinics.

When carefully structured and effectively negotiated, CBAs can be a “win-win” for developers and the community because they ensure that large-scale projects create benefits and opportunities for local workers and communities while also generating public support for new economic development projects. However, compliance must be closely monitored (a role that some cities assign to a designated compliance manager) and include clear definitions of key terms (e.g., what constitutes a local resident for the purposes of meeting hiring goals). In order to ensure equitable hiring practices under a community benefit agreement, overseeing agencies should have sufficient funding to enforce the agreement and work proactively to counteract historical patterns

of racial bias and employment discrimination within the construction and building trades. City leaders can also use “real-time” tools to track city spending on small and minority- and women-owned business enterprises (MWBES) and ensure that developers’ commitments in CBAs are fulfilled.

Finally, additional units of affordable housing are a key potential benefit generated by large-scale development projects. City leaders can enact inclusionary development policies that establish financial requirements, such as contributions to an affordable housing fund, for all projects that exceed a specified valuation or size. Other approaches to inclusionary zoning and housing policies are described in the affordable housing chapter of this report.

### ATLANTA, GEORGIA

During the construction of the new football and soccer stadium, the Arthur M. Blank Foundation and the City of Atlanta each pledged \$15M to be used toward development projects that would align private sector and philanthropic investment in three targeted neighborhoods on the historic Westside of Atlanta. To harness these financial commitments, the Westside Future Fund (WFF) was created in 2014 to serve as a catalyst for corporate and philanthropic support to accelerate

improvements in the health, education and welfare of residents. The WFF addresses equity and social justice issues associated with new residential and commercial development and works to attract new investments and jobs. The WFF provides job training to Westside residents to prepare them for jobs that will be available as a result of the stadium development, including construction, culinary arts, education, office operation and information technology. The WFF, the City of Atlanta and their partners recognized that meaningful community participation and engagement would be critical to the success of their efforts. Therefore, over an 18-month period that ended in May 2017, the city co-developed with residents on the Westside the “Atlanta Community Engagement Playbook,” a step-by-step guide for residents, community groups and the city to address a wide range of issues, such as transportation to job training.



## CLEVELAND, OHIO

One of the primary goals of Mayor Frank Jackson's administration is to ensure that local development projects create direct benefits for residents.

His priorities have been ensuring living wages, employment, diversity and inclusion. Building off the 2004 Cleveland Resident Employment Law, the mayor has strongly supported the use of Community Benefit Agreements (CBAs) in large development projects. In 2013, Mayor Jackson and

local leaders from nine business, civic, labor and trade organizations signed a Memorandum of Understanding and pledged to set goals for hiring local and minority skilled workers for future construction projects throughout the region, as well as supporting training programs that feed the pipeline to the industry's workforce. Contractors are encouraged to aim for a workforce comprised of 20 percent Cleveland residents. Additionally, the MOU asks developers to report their hiring demographics as well as their use of minority, female and small business enterprises. While this agreement is voluntary for construction in the city, the diverse group of partners who signed the MOU ensured buy-in and sustainability for the program for years to come. In its first three years, 18 construction projects (totaling \$1.3 Billion) in Cleveland included CBAs.



### Reengaging Distressed Neighborhoods to Support Small Business Growth

- 3** Utilize asset mapping tools to assess community workforce needs, including disparities between neighborhoods with high levels of joblessness and areas of the city with high concentrations of small businesses and job centers.
- 4** Expand community-based entrepreneurship by supporting programs that identify and assist entrepreneurs in low-income neighborhoods who lack access to traditional capital and business services.
- 5** Support worker cooperatives and other forms of employee-owned businesses that generate small business growth and new jobs and allow workers to build financial assets through their equity stake in these enterprises.

An important first step in reversing years of disinvestment and economic inequality is to establish a master plan, or specific neighborhood plans tied to a citywide vision, that connects development opportunities with community needs. To decide where to invest limited city resources in support of economic development projects, mapping a city's assets helps city leaders and staff be better informed. Asset mapping, the process by which community strengths and resources are inventoried and depicted in a map to address broad citywide challenges, can highlight opportunities to engage and develop even the most distressed areas in the city. It is also a useful tool in identifying areas with high concentrations of small businesses

and job centers, an essential element of an equitable economic development agenda.

Once an asset mapping exercise is performed and shared with residents and community stakeholders alike, city leaders can more easily identify a comprehensive strategy that also supports small business development projects. Many cities are exploring innovative approaches to expanding community-based entrepreneurship through programs that offer better training opportunities for businesses of all sizes; important referral networks to grow; and more affordable and accessible sources of funding to become stable.

In addition, through local partnerships with nonprofit organizations, cities can help new entrepreneurs navigate the small business development process and get through the tactical aspects of either launching or growing their businesses. One approach is to establish a network of partners that are able to offer resources and expertise that augment existing city programs. Some cities, including Charlotte, have had tremendous success in working with local organizations, which often are best positioned to provide additional technical assistance for businesses that need a little extra support. Municipal officials can play a key role in making this information broadly accessible, reaching out in particular to residents in low-income and distressed neighborhoods. One promising approach is to invest in an online portal that is housed on the city's website and conduct outreach, especially to MWBEs, that raises awareness of available resources, tools and best practices. Such outreach efforts are especially important for entrepreneurs who are just starting out, as the process of maneuvering through the small business certification process can be especially daunting.

Cities can also invest in training programs targeted specifically to MWBE owners in

distressed communities. Cities can champion programs that promote and expand incubation and mentoring opportunities and offer low-cost training opportunities to help minority and women entrepreneurs become developers. Another strategy is to match owners of vacant and affordable retail and office space with entrepreneurs who are looking for space to rent. This approach is a “win-win” for the city because it also helps to move vacant or underused properties back into productive use.

Another key element of an equitable economic development plan is leveraging city funds to support a small business loan program that provides below-market rate capital to small businesses. Many distressed communities are likely to have a higher percentage of micro-businesses, including hair salons and barber shops, home daycare centers, and small grocery and convenience stores. Most of these small enterprises generally do not have access to traditional loans. City leaders can engage nonprofit partners to provide technical

assistance to small businesses, focusing specifically on goals of financial literacy and timely loan repayment.

Finally, worker cooperatives and other forms of employee-owned businesses offer cities an opportunity to help individuals build assets through ownership. This strategy not only generates business growth and new jobs but can also encourage private businesses to align hiring and wage policies with city requirements. According to the Democracy at Work Institute, the majority of worker cooperatives in the United States are small, ranging from five to 50 workers, but there are others in the range of 150 to 500 workers. Service-based institutions such as universities to nonprofit hospitals can be powerful anchors for this type of city strategy. State laws regarding worker cooperatives and employee-owned businesses vary widely, making it important for municipal officials to learn about their state’s policies in this area before attempting to move forward.

## ROCHESTER, NEW YORK

The City of Rochester supports two programs that provide small business owners with critical dollars to help them expand and thrive. The first is a crowdfunded microloan program called Kiva, which is targeted to early stage entrepreneurs in low-income and underserved areas to help them acquire capital to grow their business and create jobs in the city. Since its inception, Kiva provided \$203,525 in financial assistance through 39 loans to low-income entrepreneurs, with an average loan size of \$5,218. The program also assists residents with lower credit scores who may not have been able to obtain traditional bank financing. The second is a revolving loan fund program targeted to manufacturers that are seeking to hire local city workers.



## BOSTON, MASSACHUSETTS

The City of Boston launched a Worker Cooperative Initiative in 2016 to support employee-owned businesses as part of Mayor Martin Walsh's efforts to expand small business support. Through this initiative, the city offers on-site consulting, small business loans and workshops to help support and grow Boston's employee-owned businesses, or worker cooperatives. The city hired two consulting firms that specialize in supporting cooperatives as a way to support new cooperatives, such as helping improve financial projections, to make it easier to access capital. Boston also made loan applications more accessible to cooperatives, which, with targeted outreach, led to more applications and a \$100,000 loan to a local worker cooperative through a fund for low-income and minority entrepreneurs. Cooperatives in the city include businesses such as urban farming, housing, green jobs and food service. The city is building on this early success by exploring other ways to incorporate employee ownership into its economic development strategy.



## ATLANTA, GEORGIA

The City of Atlanta launched the Women's Entrepreneurship Initiative (WEI), reflecting Mayor Kasim Reed's commitment to equip local women business owners with the tools needed to support their business aspirations, while minimizing some of the challenges and roadblocks unique to them as women. In a competitive process, 15 women entrepreneurs will be selected for the 2018 class of participants in the WEI incubator, which provides a technologically advanced environment in which to develop their businesses, while promoting interaction and engagement with likeminded counterparts. WEI also offers educational resources and access to funding and mentorship over the course of 15 months.



“

**The affordability of housing shapes who lives in our cities and towns and who has access to local jobs and economic opportunities.**

////////////////////



## Striking the Balance on Housing and Affordability

**H**ousing defines a community and establishes the unique character of city neighborhoods. The affordability of housing also shapes who lives in our cities and towns and who has access to local jobs and economic opportunities. Furthermore, when affordable housing is not available, homelessness and intense pressures on family budgets can quickly derail efforts by residents to secure or retain employment and take other steps to advance in the labor market. For all of these reasons, steps to ensure the availability of stable and affordable housing are a central element of any effective strategy to promote long-term economic mobility and opportunity.

In many cities, the demand for rental housing is currently rising among families at all income levels, making it difficult for residents to find affordable housing and forcing growing numbers of renters to pay very high proportions of their earnings in order to meet their housing needs. Finding stable, affordable housing has long been a difficult challenge in higher-income suburbs with exclusionary zoning policies and in poor rural communities with inadequate and deteriorating housing stock. It is now also a major challenge for those living in urban neighborhoods that are in the midst of rapid redevelopment. The number of apartments deemed affordable for very low-income families across the United States fell by more than 60 percent between 2010 and 2016, according to a new report by the government-backed mortgage financier, Freddie Mac.

While municipal leaders cannot control the housing market, they can take steps to increase housing affordability and expand the supply of housing that responds to the diverse needs of city residents. Municipal leaders can mitigate the burden to low-income residents in particular by utilizing well-tested tools for crafting inclusive housing policies; tapping innovative financing strategies; reinforcing the importance of inclusion and strong partnerships to resolve shared concerns across a diverse group of stakeholders; and shining a light on key issues of racial equity. The result can be a robust mix of housing options for residents who may want to remain in their current homes, gain access to stable and affordable housing, or become homeowners.

**“Affordable housing is used to describe housing, rental and owner-occupied for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.”**

**//U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

### RECOMMENDATIONS

The Task Force identified three interrelated categories of recommendations to guide city leaders seeking to promote housing affordability for residents:

- Assessing Market Rate Conditions and Utilizing Available Housing Tools
- Tackling Land Acquisition and Housing Financing Options
- Preserving Affordable Housing

#### Assessing Market Rate Conditions and Utilizing Available Housing Tools

- 1** Establish a multi-sector committee or advisory group to assess housing market opportunities and policy constraints, identify best practices and then offer recommendations to guide the development of an inclusive housing policy.
- 2** Develop and utilize a diverse toolbox of solutions containing tried and trusted housing strategies and adapt these tools to the particular features of the city's local housing market.
- 3** Examine potential linkages between housing and economic development strategies, including ways to spur transit-oriented development and strengthen connections between affordable housing, transit and workforce development programs.

By all accounts, an inclusive housing policy begins with assessing housing market conditions and all the different elements of the housing spectrum – beginning with transitional housing for homeless individuals and families, subsidized rental housing (both single family

and multi-family), affordable middle-income workforce housing, and finally market-rate housing – to meet a diverse range of housing needs. The most successful housing plans are often developed through a process that includes multiple stakeholders and promotes regional collaboration. Some cities have established an “affordable housing advisory board” to lead this effort, while other cities rely on partnerships with coalitions of nonprofit developers. Both models provide a needed mechanism for analyzing the opportunities and challenges created by the city's existing housing market; conducting research on best practices; and then developing a set of recommendations for review by a planning commission or the city council.

Residents and local nonprofits also play essential roles in the creation of an inclusive housing policy. City leaders can seek out specific representation from public, low-income or subsidized housing and input from advocates, especially for the homeless who often have unique housing needs. Faculty and staff from local colleges and universities as well as landlords and landlord associations can also provide much-needed knowledge and expertise.

Cities operate under different market conditions and therefore require different solutions, but municipal officials can adapt a wide array of strategies and tools to the particular features of their local housing market and economic context. A toolbox of tried and trusted solutions, including tax credits, incentive programs and strategic use of zoning and other regulatory waivers, give municipal leaders a large number of alternatives to consider when responding to the particular features of their local housing markets. For example, in communities with high levels of growth and new real estate

investment, inclusionary zoning polices can help ensure that affordable housing units are included in new, large-scale developments. In weaker housing markets, city leaders can focus on neighborhood stabilization; rehabilitation of existing housing stock; loan programs for seniors seeking to remain in their homes; and property tax credits for owner-occupied senior housing. All communities can amend municipal zoning codes and maps to allow for more multifamily rental development.

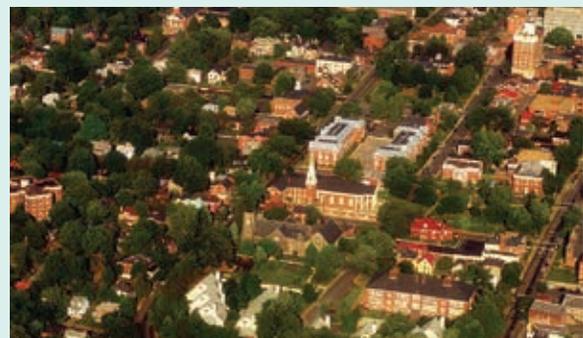
Local sourced trust funds and partnerships with philanthropies can go a long way toward helping to leverage limited resources. Identifying how your housing policy intersects with the mission of local philanthropic resources may help solve related community development challenges. Community land trusts may be particularly helpful if cities have partnerships with foundations. This can promote affordable opportunities and can help explore cooperative ownership models which can help people move up the economic ladder.



Finally, city leaders can think more broadly about how housing affordability can have an indirect impact on economic development because of their implications for providing workers with affordable housing and better access to jobs. In order to help low- and moderate-income worker find affordable rental units, municipal officials can consider certain policy tools to promote affordable housing such as density bonuses, waivers of minimum parking requirements and other incentives to encourage greater density of housing developments near transit stops. Collaborations with local workforce agencies and larger employers in the community also can be helpful in identifying promising locations for the development of additional housing options for lower-wage workers.

## CHARLOTTESVILLE, VIRGINIA

The Housing Advisory Committee in the City of Charlottesville provides the City Council with recommendations regarding housing policy and affordable housing funding priorities. Its research on affordable housing trends across the state and nation leads to recommendations for implementation at the city level. There are 21 total members consisting of four Council appointments, representatives from City Council, and representatives from various community housing organizations (e.g. Habitat for Humanity, AHIP, Albemarle County, School Board, CAAP, etc.). Members of the committee can serve up to four two-year terms.



## LOS ANGELES, CALIFORNIA

After a housing crisis that decreased home values, increased foreclosure rates, and raised unemployment, Los Angeles has made strides towards improving home affordability and ownership for residents. The city experienced overcrowding as a result of a reduction in new housing development paired with an increasing population. To combat this issue, the city established a Small Lots Subdivision Ordinance with the goal of increased availability and production



of affordable housing through innovative land use strategies. The ordinance permits small lot developments in the form of detached townhouses. The definition of “lots” was also redefined to specify that a frontage requirement would not apply to approved small lot subdivisions. Other amendments, such as parking no longer being required in the same lot and the establishment of a minimum development standard rather than a maximum, allowed for flexibility. These codes ultimately reduce the minimum lot size and side yard requirements giving way for new and creative developments. Los Angeles residents benefit from small lot developments in a number of ways, including: increased homeownership among residents at reduced cost; an increase of housing production; the lots are not subject to monthly homeowner’s association (HOA) fees; and small lot developments are easier to finance than condominium projects – especially because they do not require HOAs, so they do not face additional mandatory insurance costs, making financing easier.

### Tackling Land Acquisition and Housing Financing Options

4

Increase neighborhood stability and investment through the acquisition, rehabilitation, and sale of vacant properties for income-qualified buyers or mission-focused nonprofit housing developers.

5

Target projects and investments in areas where limited resources likely will have the greatest impact.

According to the Federal Reserve Bank of Atlanta, most of the recent decline in

housing affordability can be traced to a lack of moderately priced housing inventory. For-profit developers are increasingly opting to invest in costlier, market-rate housing projects, with only 28 percent of all newly-built homes nationally now priced below \$250,000.

Under these circumstances, it is particularly important for cities to work closely with affordable housing developers in land acquisition and the rehabilitation and sale of abandoned or vacant properties. For example, cities can acquire vacant sites from absentee landlords or via tax foreclosure and then partner with private or nonprofit developers to build affordable rental units,

---

holding the sites when necessary to give the developers time to apply for low-income housing tax credits and finalize their financing packages. City officials can also be strategic in the disposition or redevelopment of underdeveloped or underutilized sites under the city's control, including by identifying adjoining lots and abandoned land that would permit cost-effective clustering of affordable units.

City-led “community stabilization trusts” and other models for land trusts or land banks are creative and potentially powerful tools that can expedite the acquisition, rehabilitation and sale of vacant and foreclosed properties. While the volume of such properties varies across cities, municipal leaders can play key roles in land acquisition by ensuring that sites are development- ready; easing the entitlement process of securing zoning, permits and other regulatory requirements; and making targeted investments in land or infrastructure costs. When appropriate, cities can offer long-term leases or land grants to nonprofit developers to convey public land or property and then, through rezoning, require that these properties are converted to affordable housing. City policies can also allow for the rental of housing on an individual's property in a separate building, also known as accessory dwelling units or ADUs (such as a carriage house or separate basement or upper-story unit), and require that any public housing development results in a net gain in the total number of affordable units.

With diminishing federal and state resources for home ownership and stabilization of city-owned properties, cities may frequently find themselves on their own in searching for and crafting creative funding mechanisms to support affordable housing efforts. Solutions

such as locally-supported trust funds and partnerships with community or regional foundations can at times fill critical gaps. When feasible, municipal governments can also create housing trust funds and work with local housing authorities and housing finance agencies to administer state and local tax credits that can help lower the cost of financing for desirable affordable housing projects. City leaders should look for strategies and tools that have been effective in cities with similar housing markets and demographic characteristics.

Throughout the process of acquiring properties and assembling financing packages, city leaders will have to balance competing priorities. A focus on rental housing may be a more realistic approach to stabilizing neighborhoods with high concentrations of vulnerable families, while an emphasis on homeownership can offer younger families the chance to build financial assets over the longer term. In many cases, investments in affordable housing within lower-income neighborhoods will need to be paired with funding to expand access to essential services (e.g., afterschool programs, grocery stores and medical centers), while also recognizing that these investments may spark a cycle of gentrification that pushes rental costs and property values higher in future years. Finally, city efforts to increase housing affordability will succeed only if they are carefully and effectively targeted – in some cities, evidence suggests that only a fraction of city investments in affordable housing reaches the households in greatest need due to improper targeting of local housing resources. City leaders can use data on area median income, disaggregated by race and ethnicity, to ensure that their initiatives reach the population groups that most need assistance.

## DURHAM, NORTH CAROLINA

Durham's Southside Revitalization project focuses on an area that after years of economic disinvestment, contained the highest concentration of vacant properties within the city and low rates of homeownership. To increase affordable housing in this area, the city developed a strategy that will be implemented in three development phases. In Phase I, 132 multi-family rental units were developed and 80 of those units were marketed to households at 60 percent or below the Area Median Income. Phase II, which is still in progress, will add an additional 85 multi-family units to the area with 58 being marketed towards households 60 percent or below the AMI. The city also partnered with the U.S. Department of Housing and Urban Development, The North Carolina Housing Financing Agency, the Center for Community Self Help, Duke University and other lending institutions to provide financing to develop 48 single family homes in the Southside area, which have all been sold and are now occupied. This homeownership development has spurred private development activity and received awards from various housing agencies.



## ST. PETERSBURG, FLORIDA

The Great Recession severely impacted St. Petersburg's neighborhoods, resulting in numerous foreclosures and declining property values. To address these challenges, the city was able to use the U.S. Housing and Urban Development Department's (HUD) Neighborhood Stabilization Program (NSP) funding which allowed the city to acquire and rehabilitate some of these foreclosed properties. The homes acquired by the city were either renovated or fully reconstructed and equipped with features such as, energy efficient construction, Energy Star appliances, security systems, landscaping, and hurricane resistance. Once complete, the majority of the units were sold to first time homebuyers. Since 2009, NSP funding allowed the city to construct 31 new homes and renovate 14 houses. In addition, two foreclosed multi-family apartment complexes and three single-family homes were acquired and renovated by non-profit developers providing 39 rehabilitated units for very low-income households. The city continues to work with developers to build new homes on 39 of the remaining NSP vacant lots which were placed in a land bank after the deteriorated foreclosed upon houses were acquired and demolished.



## BOSTON, MASSACHUSETTS

With a strong housing market, Boston has experienced a building boom in recent years. However, this has left many units unaffordable to families with low incomes. The city responded by enacting the Inclusionary Development Policy (IDP) in 2000. Under this policy, developers of buildings with ten or more units seeking zoning relief or building on City of Boston owned land are required to set aside a percentage of their units (currently 13 percent) as affordable for moderate- to middle-income households. Units can be rentals or owner occupied. The term “inclusionary” is used because the goal is to encourage developers to include income restricted units in their buildings, substantially adding to Boston’s affordable housing resources, especially in neighborhoods where a lot of development is occurring. In addition to including the units on-site, under limited circumstances, developers can create the units off-site, or contribute to a fund that helps to create affordable units. In 2015, Mayor Martin Walsh expanded the rule to require additional off-site units or funds from developers. The expansion also creates greater transparency in the development process. Since its enactment, the policy has created almost 2,300 income restricted housing units in Boston.



### Preserving Housing Affordability

- 6** Identify and sustain the current stock of affordable housing (including affordable rental units) and dedicate financial resources to the preservation of these dwellings.
- 7** Initiate a local campaign to inform residents (and commuters, especially in smaller cities) about existing home ownership programs and the benefits they offer.

A first step in preserving housing affordability is to create an inventory of affordable dwellings and neighborhoods as part of the city’s comprehensive land use plan. City

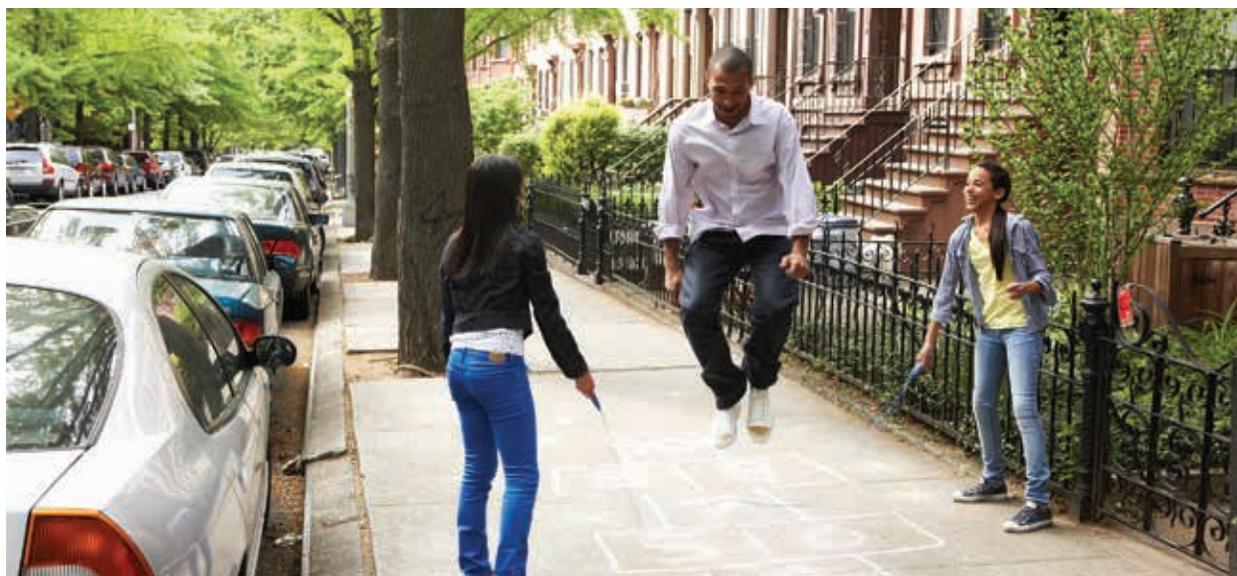
leaders can share this information about the existing stock of affordable housing with mission-oriented developers who are potential partners in efforts to save such dwellings from loss through deterioration or gentrification. In larger cities, a coordinated approach to tracking and monitoring this housing stock across city departments (e.g., code enforcement, building permits, public safety, and water and electricity metering) can enhance the effectiveness of these efforts. Municipal officials can also work with landlords and landlord associations, universities, and other partners who provide direct service to certain target groups such as seniors (e.g., Meals on Wheels) to reach residents at high risk of losing or failing to maintain their homes.

As in the case of land and property acquisition, access to a broad range of financing tools and options is essential in seeking to preserve affordable housing units. City leaders can partner with local lenders such as community organizations and community development financial institutions (CDFIs) to assemble low-cost financing for financially underserved residents who want to purchase and/or renovate houses identified in the inventory. Federal funding available through Community Development Block Grants (CDBG) and the Home Investment Partnerships Program (HOME) can provide additional support to preserve affordable housing units in target neighborhoods. Particularly for smaller cities, regional collaborations have the potential to expand the reach and impact of such initiatives.

In addition, city policies can provide direct help to families who are struggling to remain in and maintain their homes. Low-interest loans for upgrades and repairs can prevent abandonment and blight (even small programs that support investments like fixing a leaking pipe can go a long way toward avoiding the loss of a home) while also discouraging the use of predatory loan products. Tax abatements for specific

categories of homeowners are another way to preserve affordable housing. In instances where code violations or neglect have led to large numbers of vacant rental units, city leaders can identify the owners of these rental properties and arrange public or private financing for necessary repairs to bring these units back on to the market.

Finally, local education and awareness campaigns can increase residents' understanding and use of programs designed to preserve affordable housing and homeownership, helping them navigate the different types of assistance offered by the city and its partner organizations. City leaders can increase the odds of success by engaging a diverse group of local partners (such as those participating in an affordable housing committee or advisory group) in both the planning and implementation of a communications campaign. In smaller communities, such campaigns can also look beyond city borders and include commuters or others who come into the city as part of the audience, taking advantage of educational opportunities to highlight affordable housing options within the city and the programs or services that can help put homeownership within their reach.



## NORTH RICHLAND HILLS, TEXAS

The North Richland Hills Neighborhood Revitalization Program (NRP) revitalizes neighborhoods by renovating single-family, owner-occupied homes in a defined focus area. The program is designed to provide an economic incentive to current homeowners, those looking to locate in the target area, and investors who substantially reinvest in their home. It offers an opportunity for residents to purchase safe and modernized homes at a more affordable price. The program provides a 20 percent grant of up to \$10,000 for residents to complete well-designed home renovations, which increase home value by an estimated 40 percent - allowing for upward mobility. The final home values must exceed \$120,000, be above average of Tarrant Appraisal District's average market value for the immediate area, and cannot be rentals. NRP fills the gap in North Richland Hill's housing market that previously made it hard for home buyers on a limited budget to purchase a home in their desired areas (good schools, affordable tax rates, central location, etc.). The program has seen success - as of September 2016, 10 homes have been completed with a total of \$865,398 increase in property value of the targeted area. Another six homes were also currently under construction at that time.



## CHARLOTTESVILLE, VIRGINIA

The Albemarle Housing Improvement Program (AHIP) is a home repair nonprofit organization that works with the City of Charlottesville, Albemarle County, and various other community partners to help make critical repairs to residents that need help preserving and renovating their homes. AHIP offers three main programs: the Safe at Home Campaign, Block-by-Block Charlottesville, and the Orchard Acres Neighborhood Rehab Project. The Safe at Home Campaign raises funds to help seniors, children, and neighbors feel safe, warm, dry in their homes by making repairs. Block-by-Block Charlottesville aims to complete home rehabs in high-need neighborhoods to ensure the safety of those residents. The Orchard Acres Neighborhood Rehab Project aims to rehab and provide energy efficiency upgrades on 30 homes over the next two years.



“

**When residents lack financial security, cities can suffer blight, economic stagnation and jeopardized public safety.**

////////////////////



# 5 Building a Financially Inclusive City

**F**inancial security is a crucial component of any family's overall well-being. In addition, when residents lack financial security, cities can suffer blight, economic stagnation and jeopardized public safety. According to Prosperity Now, almost half of families in the U.S. do not have enough savings to support themselves for even three months in the event of a job loss or personal crisis. This situation is more dire for people of color. The median net wealth of white households is 10 times greater than that of Hispanic households and 13 times greater than that of black households.

Many city leaders have taken a leading role in implementing efforts to financially empower residents by expanding access to safe and affordable financial products and services; providing opportunities to build financial capability through counseling and education; and expanding access to public benefits and tax credits to boost income. Their goal in taking these steps is to build both stronger families and stronger cities.

## RECOMMENDATIONS

The Task Force identified four key categories of financial inclusion recommendations to guide city leaders who are seeking to promote financial stability for residents:

- Developing a Culture of Financial Inclusion
- Stretching the Dollar: Boost Income and Reduce Debt

- Creating Pathways to Financial Capability and Safe, Affordable Products
- Starting Early: Financial Inclusion for Children and Youth

## Developing a Culture of Financial Inclusion

- 1** Promote awareness about the importance and availability of services in the community that increase financial stability and inclusion for families.
- 2** Designate a city department or staff person to lead financial inclusion efforts on behalf of the city by coordinating partners and stakeholders in the community and taking action to mitigate these challenges.
- 3** Serve as a model for other employers in the city by adopting municipal policies and practices that improve the financial health of city employees.

A first step in building the financial health of a community is to create a citywide culture that values financial health and stability. Residents are often unaware of potential financial pitfalls, such as predatory payday lending or check cashing outlets, or of the resources within a community that can help them. City leaders can play an important role in promoting awareness about services and affordable financial products. In the same way that city leaders convey key messages

**“Financial inclusion programs expand access to financial services by empowering low-income residents to take advantage of available benefits and tax credits, manage money more effectively and build assets to increase their financial stability.”**

**//CITY FINANCIAL INCLUSION EFFORTS:  
A NATIONAL OVERVIEW,  
NATIONAL LEAGUE OF CITIES**

regarding public health and safety (e.g., on the importance of vaccinating your children and ensuring your home is safe from fire hazards), they can highlight important public messages on keeping your money safe, building credit and saving for unexpected emergencies. Through public awareness campaigns, elected officials can also act as champions for stronger financial health within their cities by informing residents about consumer protection laws and rights.

Having a “home” for financial inclusion within city government can ensure a strong focus and sustainable structure to support these and other financial inclusion efforts. By designating a city department or key staff

person as the leader of city financial inclusion efforts, cities can coordinate services across the community and hold providers accountable for results. Additionally, this centralized point of contact for the city can communicate and coordinate efforts across agencies and work to secure essential funding, including from city general revenues and philanthropic sources.

City leaders can also promote a culture of financial inclusion by focusing their attention on their municipal government's own policies and practices. Starting with city employees, municipalities have opportunities to boost financial stability internally by offering financial counseling and access to free tax preparation and savings opportunities.

For example, a city can provide financial empowerment services to city employees at their worksites, including financial education and coaching, credit counseling and access to free tax preparation. The city can ensure that all employees have access to a bank account through a local credit union and require direct deposit to reduce employees' use of predatory check cashing services. From a human resources perspective, a city can also designate an employee to serve as a financial wellness coordinator to help city staff navigate financial empowerment services and identify additional benefits for which they may qualify.

## HATTIESBURG, MISSISSIPPI

Former Mayor Johnny DuPree launched the Mayor's Financial Education Initiative in 2001 to promote and coordinate programs focused on financial stability and inclusion, including free income tax preparation and e-filing for low-income families. Mayor DuPree sent a message to residents about the importance of financial education and the availability of services through a range of communication mechanisms, including local radio ads and announcements at high school football games. The city's Bank On program further strengthens the initiative's education component by connecting residents seeking free tax preparation with safe and affordable accounts. By promoting access to accounts through Bank On a few months before tax season, residents can have their refunds directly deposited into a bank account. The city recently began developing a Financial Wellness Master Plan, using citywide strategic planning and interactive mapping to increase coordination and streamline financial wellness programs.



## NASHVILLE, TENNESSEE

Economic inclusion is one of Mayor Megan Barry's key priorities. In 2016, she created a new Office of Resilience, which is responsible for helping residents prepare for, withstand, and bounce back from "shocks" (both from natural disasters as well as economic crises or major setbacks). Through this office, Mayor Barry convened an Economic Inclusion Advisory Committee and charged its 17 members with developing a shared vision for a comprehensive approach to empowering low- and moderate-income residents towards financial inclusion. The committee accomplished this task through three subgroups focusing on financial literacy, financial empowerment, and financial capability. The year-long work resulted in 16 actionable strategies, including analyzing the impact of court fines, fees and taxes on residents' financial security and capability; defining a consistent financial education curriculum across the public school system; and finding new innovations that support access to small-dollar loan alternatives.



### Stretching the Dollar: Boost Income and Reduce Debt

- 4** Connect residents to income-boosting benefits and tax credits through citywide outreach campaigns and direct enrollment efforts, including for the federal Earned Income Tax Credit (EITC), health insurance, nutrition benefits, energy assistance and other local benefits.
- 5** Assess how the city is collecting payments from residents and handling debt for services and fees such as public utilities, court fees, motor vehicle fees and public hospital debt. Develop ways to connect residents in debt to financial empowerment services and consider debt restructuring options that align with residents' ability to pay.

The widening of the income gap in the U.S. over the last decade has left many families with low wages and expanding household debt. Public benefits and tax credits such as the EITC, health insurance, nutrition benefits and low-income energy assistance can significantly stretch budgets for families struggling to get by in low-wage jobs and bring federal dollars into cities. Many families are not aware that they are eligible for, or do not know how to enroll in these income-based programs. Citywide campaigns and direct enrollment efforts are proven strategies many



cities use to ensure eligible residents have access to these important benefits.

Though a city may not be able to address all consumer debt that families face, city leaders can examine their own payment collection practices for residents in debt to the city. They can take steps to ensure that collections for city services are fair and that families struggling with debt have access to financial empowerment services to help them manage their debt. Bills for services and fees such as public utilities, parking tickets, property taxes and court fees can spiral and unpaid debts can signal that a family is facing other financial challenges. City leaders can revise debt collection procedures and make available financial counseling and other services to residents in debt to the city to help them pay back the debt while gaining back lost revenue to the city when those debts are paid.

## BOSTON, MASSACHUSETTS

The City of Boston has a long history of promoting EITC and free tax preparation services for residents. These efforts began under the leadership of late Mayor Thomas Menino and have expanded with strong support from current Mayor Martin Walsh. Led by Mayor Walsh's Office of Financial Empowerment, the Boston Tax Help Coalition (BTHC) provides free tax preparation and wealth-building services to low- and moderate-income Bostonians. Over 400 volunteers are trained each year to prepare taxes for over 12,000 residents at 37 different sites in targeted neighborhoods throughout the city. BTHC also offers an Ambassador Program, which conducts outreach to immigrant communities and offers translation in seven different languages, including American Sign Language. BTHC provides free financial check-ups during the tax preparation session, which include individualized financial assessments, credit scores and credit counseling, advice about financial aid and referrals to other financial stability services. Even outside of the tax-filing season, Boston residents can access financial empowerment services at the city-led Roxbury Center for Financial Empowerment.



## ST. PETERSBURG, FLORIDA

The City of St. Petersburg was one of five cities participating in the National League of Cities' Local Interventions for Financial Empowerment Through Utility Payments, (LIFT-UP) pilot project in 2015 and 2016. Through LIFT-UP, cities identified customers with delinquent water utility payments and offered them financial counseling services and an opportunity to restructure their utility debt while learning new financial management skills and repaying past debt to the utility. An evaluation of the LIFT-UP pilot showed that the program reduced utility shut-offs, decreased fees, and increased payments from participating families. In St Petersburg, residents participating in the program were 53 percent less likely to have their water shut-off than those who did not participate and they saved an average of \$100 in avoidable fees, such as late fees and service termination fees.



### Creating Pathways to Financial Capability and Safe, Affordable Products

- 6** Coordinate and align financial coaching and credit counseling services available in the city by developing a financial capability network that brings local providers together regularly to reduce overlap and identify gaps in services or service areas.
- 7** Create pathways to safe, affordable financial products and services for residents by partnering with financial institutions and community organizations that reach residents who may be unbanked or underbanked.
- 8** Limit predatory financial practices through local ordinances that restrict high-interest payday loans and predatory lenders when allowed to do so under state law, and provide information to residents about the risks of these services and available alternatives.

City leaders have not always seen themselves as playing a role in ensuring that residents know how to manage their money and have a safe place to keep it. However, as the financial landscape becomes more complex and often predatory, growing numbers of local elected officials have taken steps to connect residents to safe and affordable financial services and financial education, and reduce the risks associated with alternative predatory financial service providers.

Cities can improve access to financial education, counseling and coaching by aligning and coordinating local financial education providers. Networks of such

providers can be a valuable asset as cities seek to streamline services for residents. Municipal leaders can work with financial education networks to develop a set of quality standards that all providers should meet and then promote the services of those providers that meet these standards. Additionally, cities can convene residents to gather feedback about their needs and any gaps in services that exist in the community.

The impact of financial education and counseling will be limited if residents do not have access to safe and affordable financial products. According to the Federal Deposit Insurance Corporation (FDIC), 27 percent of people in the U.S. in 2015 either had no bank account or were underbanked, meaning they have an account but still rely on costly alternative financial services. To address this challenge, many cities have implemented a Bank On initiative. Originating in San Francisco in 2006, Bank On is a partnership between city governments, financial institutions and community organizations to create safe and affordable accounts that local financial institutions offer to residents, along with financial education and pathways to access the accounts. Bank On coalitions are currently operating in more than 60 communities across the nation.

In addition to ensuring access to accounts, cities can play important roles in making residents aware of the risks of using high-cost predatory financial services such as those offered by payday lenders and check cashers. According to a 2016 report by the Center for Financial Services Innovation, consumers spent an estimated \$14 billion in fees and interest associated with these services. Customers are often drawn to these outlets due to convenience, mistrust of mainstream institutions and the transparency

of fees and charges. Many cities have curbed predatory lending practices through local regulations. For example, if permitted by state law and regulations, city leaders can adopt an ordinance limiting interest rates for loans originated within the city boundaries,

change zoning requirements to limit the number of predatory services in a community or restrict new lenders from entering a city altogether. Unfortunately, however, some cities have been preempted by their state governments from taking these basic steps.

## COLUMBIA, SOUTH CAROLINA

Councilmember Tameika Isaac Devine learned about the Bank On program from local leaders in San Francisco, and launched a pilot program in 2014 to help residents in public housing access safe and affordable financial services. The Bank On Columbia program works with local financial institutions and community organizations to open accounts for residents and offer financial education workshops and personal financial consultations. The program also plans to hold workshops focused on preparing youth for their financial futures and avoiding debt traps. After a successful pilot initiative, the city expanded Bank On Columbia to residents citywide in early 2016, and created a new Bank On Columbia Administrator position within the city's Community Development Department to lead the program.



## DALLAS, TEXAS

In 2011, the Dallas City Council passed two ordinances restricting payday lenders, making Dallas the first of many cities in Texas to restrict the practices of these lenders. The first, a zoning ordinance, places limitations on where new payday loan storefronts can open in the city. The ordinance also requires these stores to obtain specific use permits and register with the city as payday lenders. The second ordinance caps loan amounts at 20 percent of the borrower's gross monthly income and places limits on renewals to reduce the most abusive payday lending practices and help consumers understand and meet the terms of their loans.



## NORTH RICHLAND HILLS, TEXAS

As a means of combating predatory lending, the City of North Richland Hills has placed a special use permit requirement on alternative financing businesses, such as title loan or payday loan companies, interested in opening in the city. This permit requires these businesses to submit an application for permission from the City Council to locate their business in the city.

Since putting this additional requirement on these types of businesses, the city has received zero applications from alternative financing companies, thus stopping the spread of these predatory lenders and reducing the number of people who end up borrowing money at predatory rates.



### Starting Early: Financial Inclusion for Children and Youth

**9** Build the financial capability of young people receiving paychecks for the first time by incorporating financial education and coaching into city-funded youth employment programs and requiring direct deposit of their earnings into a safe bank account.

**10** Develop a citywide Children's Savings Account (CSA) initiative in which young children in a targeted age group (such as those entering kindergarten) receive a college savings account through the city with a seed deposit.

A financially inclusive city cannot focus only on adults. Cities recognize that financial capability and savings habits must begin at an early age for children and youth to gain a solid financial footing. Cities have an

opportunity to reach youth and help build their financial knowledge through city-run youth employment programs. For many youth, a city summer employment program is a first job and an important moment to learn about banking and saving. Without guidance, however, young people can fall into poor financial habits that continue into adulthood. By combining financial knowledge with opportunities to practice this knowledge, like opening a low-cost, safe bank account and setting savings goals, young people are better able to understand financial concepts in a timely and relevant manner. Cities can implement these practices in municipal-run programs but also set financial capability standards for other youth employment programs that receive city funding.

Financial inclusion and a mindset toward savings can begin with a city's youngest residents and their parents. Some families begin to think about saving for college when a child is just a baby. However, many low-

income families may not feel that they have enough funds to save or even imagine that their child would even be able to attend postsecondary education. Research from the University of Kansas School of Social Welfare found that, when a low- or moderate-income child has even a small savings account (e.g., less than \$500), the child is three times more likely to enroll in college and four times more likely to graduate from college. Just by having a designated account, children as young as kindergarten start thinking about the opportunity of college in a way that can transform their sense of possibility and hope for the future.

A growing number of cities are launching children's savings account (CSA) programs in which the city opens a long-term savings account for all young children of a certain age (e.g., at birth or upon entry to kindergarten). The accounts generally include seed deposits, savings matches, or other incentives to encourage parents



to save. Most programs also incorporate content about college and savings into the curriculum for children receiving accounts and encourage their parents to contribute to the account through financial education opportunities and events for both parents and children together. Some CSA initiatives include academic support and enrichment activities to enhance children's learning and reinforce parents' efforts.

## MADISON, WISCONSIN

With a focus on youth financial capability, Mayor Paul Soglin implemented a rule which will begin in 2018 in which community-based organizations that contract with the city to provide youth and adult employment and training programs must provide financial capability training to participants to ensure that their financial health is addressed and will lead to better employment outcomes. The Employment and Training Coalition, a Madison area network of funders and service providers in the employment and training field, is beginning to explore financial capability capacity building with city agency staff.



## SAN FRANCISCO, CALIFORNIA

Under the leadership of Treasurer José Cisneros, the City of San Francisco was one of the first cities to create an Office of Financial Empowerment to address the residents' financial challenges. Among many other programs that focus on adults, the city placed a strong priority on its young people. Partnering with a nonprofit organization called MyPath, the city developed the **Summer Jobs Connect**



initiative which seeks to build financial capability for participants within the mayor's youth employment program. It supplements the traditional youth employment model by integrating strategies that connect bank account access, targeted financial education and automatic saving into youth employment. In 2015, 90 percent of participants opened a bank account and almost the same number set savings goals. Participants use of check cashing establishments dropped from 50 percent before the program to just five percent after participation.

Treasurer Cisneros also recognized the value of beginning with very young children to develop a financially sound foundation and launched the first citywide, universal savings account program in the country. The **Kindergarten to College Program (K2C)** provides every kindergarten student in the city's public school system with a college savings account and a deposit of \$50. Children can earn additional deposits into their accounts if they live in low-income families or through incentives such as matched deposits and maintaining savings in an account. In the first five years of the program, the city opened over 30,000 accounts which have a total of \$5.2 million saved. Almost \$3 million of that amount was deposited by San Francisco families and almost half of those savers are families with low incomes who are participating in the free and reduced lunch program.



# Resources

## General Resources on Economic Mobility and Opportunity

### National League of Cities

[www.nlc.org](http://www.nlc.org)

### Annie E. Casey Foundation

[www.aecf.org](http://www.aecf.org)

### Annie E. Casey Foundation Race Equity and Inclusion Action Guide

<https://aecf.app.box.com/s/hg6neo49cm8zbb32yhqxlnw9vrkbf>

### Brookings Institution Metropolitan Policy Program

<https://www.brookings.edu/program/metropolitan-policy-program/>

### Equality of Opportunity Research Project

<http://www.equality-of-opportunity.org/>

### Local Initiatives Support Corporation

<http://www.lisc.org/>

### PolicyLink

[www.policylink.org](http://www.policylink.org)

## Expanding Access to High-Wage Jobs and Opportunities

### National League of Cities Building Equitable Pathways to

### Postsecondary and Workforce Success Project

<http://nlc.org/building-equitable-pathways-to-postsecondary-and-workforce-success>

### Center for Law and Social Policy

[www.clasp.org](http://www.clasp.org)

### Economic Policy Institute

[www.epi.org](http://www.epi.org)

### Georgetown Center on Education and the Workforce

<https://cew.georgetown.edu/>

### National Employment Law Project

[www.nelp.org](http://www.nelp.org)

---

## Reviving High-Need Communities through Equitable Economic Development

### [National League of Cities Equitable Economic Development Fellowship](#)

<http://www.nlc.org/article/announcing-our-2017-equitable-economic-development-fellowship-cities>

### [Democracy Collaborative](#)

<https://democracycollaborative.org/>

### [National Equity Atlas](#)

<http://nationalequityatlas.org/>

### [PolicyLink All-In-Cities Initiative](#)

<http://allincities.org/>

### [Urban Land Institute](#)

[www.uli.org](http://www.uli.org)

## Striking the Balance on Housing and Affordability

### [Enterprise](#)

[www.enterprisecommunity.org](http://www.enterprisecommunity.org)

### [Joint Center for Housing Studies at Harvard University](#)

<http://www.jchs.harvard.edu/>

### [Lincoln Institute of Land Policy](#)

[www.lincolninst.edu](http://www.lincolninst.edu)

### [Neighborworks America](#)

[www.neighborworks.org](http://www.neighborworks.org)

### [Urban Institute Metropolitan Housing and Communities Policy Center](#)

<https://www.urban.org/policy-centers/metropolitan-housing-and-communities-policy-center>

## Building a Financially Inclusive City

### National League of Cities Financial Inclusion Resources

- **City Financial Inclusion Efforts: A National Overview**  
[http://www.nlc.org/sites/default/files/2017-03/Financial%20Inclusion%20Report\\_FINAL\\_WEB%20VERSION.pdf](http://www.nlc.org/sites/default/files/2017-03/Financial%20Inclusion%20Report_FINAL_WEB%20VERSION.pdf)
- **Local Interventions for Financial Empowerment Through Utility Payments**  
[www.nlc.org/LIFTUP](http://www.nlc.org/LIFTUP)
- **Youth Employment and Financial Capability: A Municipal Action Guide**  
<http://www.nlc.org/resource/youth-employment-and-financial-capability-a-municipal-action-guide>
- **Bank On Cities: Connecting Residents to the Financial Mainstream**  
<http://www.nlc.org/sites/default/files/2016-12/bank-on-cities-kit-april-2011.pdf>
- **Maximizing the Earned Income Tax Credit in your Community: A Toolkit for Municipal Leaders**  
<http://www.nlc.org/sites/default/files/2016-12/maximizing-eitc-in-your-community-kit-2004.pdf>

### Cities for Financial Empowerment Fund

[www.cfefund.org](http://www.cfefund.org)

### Consumer Financial Protection Bureau (CFPB) Financial Empowerment Division

<https://www.consumerfinance.gov/practitioner-resources/economically-vulnerable/>

### Federal Deposit Insurance Corporation (FDIC) Economic Inclusion

<https://www.economicinclusion.gov/>

### Prosperity Now

<https://prosperitynow.org/>

### Urban Institute's Financial Health of Residents: A City-Level Dashboard

<https://apps.urban.org/features/city-financial-health/>

---

## For further information, please contact:

Denise Belser at [belser@nlc.org](mailto:belser@nlc.org).

