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Obama Administration Launches Second Promise Zone Competition to Create Economic Opportunity in High-Poverty Communities

Today, the Administration is launching the competition to designate the next round of Promise Zones, part of the President's plan to create a new pathway to the middle class by partnering with local communities and businesses to create jobs, increase economic security, improve educational opportunities, and reduce violent crime. In January of this year, President Obama announced the first five Promise Zones selected by an interagency panel led by the Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA). The work being done in these communities is already helping to move the needle in key areas. For example, graduation rates have reached almost 90 percent in the San Antonio Promise Zone; 2,000 kids in Los Angeles were able to find a summer job through a youth employment initiative; 900 unemployed people in Southeastern Kentucky have been connected to a job; and over 700 households and 50 businesses in remote southeast Oklahoma will soon have access to clean, safe drinking water for the first time.

Today's announcement of a new Promise Zone competition will help bring similar success to high-poverty communities across the country. Urban, rural, and tribal communities nationwide will be invited to put forward a plan to partner with local business and community leaders to make evidence-based investments that reward hard work and expand opportunity. In exchange, these designees will receive preferred access to certain competitive federal investments that further their strategic plans, federal staff on the ground to help them implement their goals, and five full-time AmeriCorps VISTA members to recruit and manage volunteers to strengthen the capacity of Promise Zone partners. Promise Zones focus on helping communities work together and partner with the federal government to meet their goals.

Our economy is experiencing a comeback, with businesses adding 10 million new jobs over the past 54 months-- the longest stretch of private-sector job growth in our nation's history. Home prices are showing consistent upward growth, bringing 4 million households out of negative equity in 2013 alone, and the number of seriously delinquent mortgages is at the lowest level since 2008. In addition, over the past year, we've seen the largest one-year drop in child poverty since 1966. Promise Zones are part of the President's effort to ensure that all communities continue to share in our economic growth and that all Americans have the opportunity for their hard work to lead to economic success.

Any community meeting the qualifying criteria can apply for a designation, regardless of whether it has a previous federal grant. HUD and USDA intend to name at least eight Promise Zones in this round, including urban, rural, and tribal communities. The deadline for submitting Promise Zone applications is November 21, 2014. Applications must be submitted via www.Max.gov. More information about the Promise Zone initiative and how to apply is available at: www.hud.gov/promisezones.

THE PROMISE ZONES INITIATIVE

In 2009, after a generation of sometimes counterproductive and often contradictory federal engagement that was creating obstacles to greater shared prosperity, local communities across the country demanded a more effective and responsive federal government partner to create new pathways to the middle class. To meet this demand, the Obama Administration adopted a variety of unprecedented place-based efforts to promote economic opportunity and accelerate economic growth by explicitly connecting key federal programs that support such growth, such as education, housing, economic development, and infrastructure, with locally-devised strategies for broadly shared regional growth.

This work generated significant economic benefits to communities that have previously suffered from disinvestment, chronic economic distress, and – more recently – areas that continue to struggle even as the economy recovers and unemployment falls.

The unique partnerships formed through Promise Zones build on the Obama Administration’s acclaimed neighborhood revitalization approach, which has been recognized by the Kennedy School of Government as an “Innovation in Government.” The hallmark of this approach is interagency partnership at the federal level to support locally-driven economic development goals and strategies with:

- o **Accountability for Clear Goals:** Each Promise Zone is pursuing strategies that have been shown to achieve results. Each has identified clear outcomes it will pursue to revitalize the community, with a focus on creating jobs, increasing economic security, improving educational opportunities, and reducing violent crime. All Promise Zones will continuously track those outcomes, and have committed to sharing data with community partners (private-sector, non-profits, federal, state, and local agencies, etc.) so that each partner can work towards improvement with accountability. The Administration will work with the Promise Zones and third-party experts to track progress and evaluate results.
- o **Intensive Federal Partnership:** Modeled after the Administration’s successful Strong Cities Strong Communities and Strike Force for Rural Growth and Opportunity initiatives, which have created unique partnerships between local stakeholders and the federal government, Promise Zones benefit from intensive federal support at the local level to help them implement their economic and community development goals.
- o **Help Accessing Resources:** Promise Zones will be provided preferred access to certain competitive federal programs under the rules of participating agencies and be able to access federal investments that further their strategic plans.
- o **National Service:** Each Promise Zone will be provided five full-time AmeriCorps VISTA members to support its work. These VISTAs will recruit and manage volunteers, and strengthen the capacity of Promise Zones to expand opportunity for all.

- o **Investing in What Works:** In order to be designated as Promise Zones, communities must demonstrate that they are pursuing strategies that have data proving their effectiveness or showing promising results.
- o **Cutting Taxes for Businesses:** President Obama has proposed, and called on Congress to enact, tax cuts on hiring and investment in areas designated as Promise Zones – based upon the proven model of Empowerment Zones tax credits – to attract businesses and create jobs. Senator Bob Casey and Representative Gary Peters have both introduced legislation to enact these Promise Zone tax credits.

PROGRESS IN THE FIRST FIVE PROMISE ZONES

Earlier this year, the President announced partnerships with the first five Promise Zones, which are now implementing their plans to create jobs, increase economic security, improve educational opportunities, and reduce violent crime. Signs of progress are visible in all five Zones.

San Antonio, TX (Eastside Neighborhood)

- o The San Antonio Independent School District established an Early College High School at St. Philip's College, where students can earn college credits while in high school. The District has also launched STEM education at the elementary schools, and is converting Wheatley Middle School to a Community School. Finally, IDEA Carver public schools is expanding its charter school campus to a K-12 school.
- o Building on work done through a Department of Education Promise Neighborhoods grant prior to the Promise Zone designation, the percentage of children ready for kindergarten in the San Antonio Promise Zone is up by more than 20 percent, while the graduation rate at Sam Houston High School is up from 46 percent in 2009 to 86 percent this year. Student enrollment and attendance have increased, while absenteeism is down.
- o The Promise Zone is attracting notable private investments – five major real estate investment projects are completed or underway, with over \$100 million in private investment, including Alamo Brewery, Red Berry Mansion, and UIW Bowden Eye Care Center. Real estate investment is also rising in the Zone.
- o The City of San Antonio is redeveloping Menger Creek, located just two blocks from the public housing development at the center of the Promise Zone, into a major linear park and waterway for the community.
- o The Promise Zone will continue to build upon transportation enhancements underway, including San Antonio's development of a transit plaza connected to a rehabilitated historic train station. VIA Metropolitan Transit Authority received a \$15 million Transportation Investment Generating Economic Recovery (TIGER) award to develop the Westside Multimodal Transit Center.

Los Angeles, CA (Neighborhoods of Pico Union, Westlake, Koreatown, Hollywood, and East Hollywood)

- o The City of Los Angeles launched a youth employment initiative that provided 10,000 summer jobs for youth in 2014; 2,000 of those slots were set aside for Promise Zone youth. Open to youth ages 14-24, the program provided paid work experience that helps participants build their resume, develop soft skills, and earn their first paycheck.
- o The Los Angeles Unified School District (LAUSD) was awarded \$7 million by the U.S. Department of Labor to build for career pathways at six high schools, two of which are in the Promise Zone. Students will benefit from specialized instruction linked to their school's industry pathway, while participating in work experiences, internships, and mentoring. Promise Zone schools are part of two new grants awarded to LAUSD for this linked approach to learning: the U.S. Department of Labor funding and a \$15 million Career Pathways Trust grant from the California Department of Education.
- o Los Angeles is implementing a new grant from the U.S. Department of Education to help families learn the importance of health and wellness, increase physical activities, and make healthier choices. The program will operate at seven schools in the Promise Zone.

Philadelphia, PA (West Philadelphia)

- o The City of Philadelphia implemented an Entrepreneurship Consortium with LISC, EntrepreneurWorks, Women's Opportunity Resources Center, and the Enterprise Center in order to connect entrepreneurs with technical assistance, one-on-one financial counseling through the Financial Empowerment Centers, and financial products, all at no cost to the entrepreneur. They are also building a vehicle to streamline the funding process for those starting small retail businesses.
- o A Drexel University-led collaborative is increasing the number of neighborhood children who have access to high quality child care, and improving performance in school. This effort recently secured \$1.8 million from the William Penn Foundation in support of this comprehensive approach; sessions with child care providers begin this fall.
- o Promise Zone partners, including LISC, People's Emergency Center, and Drexel University, are engaging community stakeholders to help plan and implement an Equitable Development Strategy to identify and promote redevelopment policies and practices that preserve affordability, protect long-time residents from displacement and enable the whole community to enjoy the benefits of revitalization.

Southeastern Kentucky (Kentucky Highlands)

- o The Kentucky Highlands Investment Corporation has held 16 listening sessions with residents across the area to identify ten achievement goals for the Promise Zone region. These goals include: building a sustainable regional economy; collaborating to increase communications; enhancing education opportunities; ensuring access to critical

health services; increasing access to affordable and energy efficient housing; expanding access to transportation; revitalizing downtowns; increasing recreation, arts and community engagement and expanding the pool of community leaders.

- The Administration has invested over \$23 million through USDA's Rural Development Agency to ensure access to critical health services by increasing hospital capacity, expanding health care services and creating continued economic opportunity for health care workers in the region.
- To diversify the region's economic base, the Department of Labor has invested over \$11 million to Hire Our Miners Everyday (HOME) program. This program helps former miners locate and land jobs allowing them to continue using their skills and support their families. As of June 2104, over 2,000 former miners have enrolled in the program, 640 have received extended education services or on the job training, and 900 have found new employment.
- The Corporation for National Service has invested over \$1 million to engage 52 full-time AmeriCorps VISTA members in building a sustainable regional economy in the greater eastern Kentucky region.
- Community organizations worked together to develop the first farmers market-based summer food service feeding site in Kentucky, increasing access to healthy food.

Choctaw Nation of Oklahoma

- The Small Business Administration has invested nearly \$2 million in business development in the Choctaw Nation and surrounding rural Oklahoma.
- In partnership with the Economic Development Agency, the Department of Energy and the Small Business Association, Oklahoma State University's New Product Development Center is providing technical assistance and skill development to small and emerging area businesses.
- In partnership with Indian Health Services, USDA is investing in building a stronger water infrastructure for the region spanning a three county area, including over 700 households and 50 businesses in remote southeast Oklahoma that did not previously have access to clean safe drinking water.
- The Manufacturing Improvement Program for the Oil and Gas Industry Supply Chain and Marketing Cluster provides services to increase the innovation capacity and improve profitability of small- to medium-sized oil and gas related businesses and manufacturers in 44 low-income Oklahoma counties.

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