

Preference and Priority in Federal Funding: Aligning Federal Resources to Maximize Program Investment Efficiency and Impacts in Communities

Lessons from EPA's Brownfields Program

Dozens of federal grant and technical assistance programs have the potential to support communities' economic development efforts to attract and leverage new private investment and create jobs. Delivering these resources to communities in a coordinated and effective manner is critical – based on the implementation premise of “preference and priority” – especially since resources are tight and needs are great.

Communities working with **EPA's brownfield and area-wide planning (AWP)** programs have seen tremendous success in leveraging economic and community development funding from other federal agencies, resources typically identified as part of a planning process they have undertaken, aimed at implementing a community revitalization vision.

This brief has four objectives, namely, to:

- Explain and **provide background context** for the concept of “preference and priority”;
- Describe the **leveraging success** of EPA's brownfield and AWP programs, and using that success to **suggest lessons that could inform** a more encompassing federal preference and priority policy to promote greater economic and community revitalization;
- Frame a **research strategy** that documents the leveraging and other advantages of a preference and priority approach to implementing federal programs – various ways of getting at the data and examples needed to shape development of a suitable inter-agency strategy to advance federal preference and priority investment program collaborations; and
- Suggest **how the federal government can move forward** with an expanded preference and priority approach.

Context – What is “preference and priority” and why adopt such a policy?

Preference and priority is an innovative strategy that aims to ***align federal resources across agencies, to increase linkages across programs, and to leverage the assistance provided by individual federal programs to maximize impacts and make a visible difference in communities collectively served by diverse federal agency programs.*** Preference and priority is an approach by which a range of ***federal agencies addressing diverse needs in the name of inclusive community economic development offer incentives through their existing programs*** for locally-based planning, and follow-up project implementation, that engages all stakeholders to create a vision and action plan for successfully pursuing the jobs and investment needed to bring about revitalization and growth.

As EPA has learned through its brownfields program, this type of targeting can focus on communities that have defined a workable plan for comprehensive revitalization that centers on its key components (such as infrastructure, sites, work force/training, and access to necessary capital), that is based on realistic objectives and a path forward, and that have options for projects that are ready to go.

Why adopt a “preference and priority policy? The historical context of the federal role in community and economic development makes it clear why the Administration should promote a preference and priority approach in program implementation. In the past, historical patterns of some federal funding favored new or undeveloped areas rather than central cities, which often are home to the less well off, often communities of color. There are case studies, and scholarly research as well, that has explored circumstances such as instances of transportation spending that has divided neighborhoods with highways, or of housing spending (both development and subsidies) that has segregated people by income. Federal financial support delivered via a preference and priority strategy can help communities implement their plans in ways that recognize and overcome these barriers; programs considering preference and priority can help to:

- Reduce the negative impacts of siloed federal spending, and maximize the economies of scale stemming from federal program coordination;
- Allow federal programs to better focus on rehabilitation and restoration, rather than new development in previously undeveloped areas,;
- Minimize/eliminate stratification of population based on race and class, stemming from federal program investment.

Preference and priority represents the type of public investment strategy that the federal government needs to embrace now to foster inclusive economic and community development, giving opportunities to everyone. It maximizes the benefits to communities by ensuring that resources are layered and efficiently invested to spur real revitalization.

What do initial, existing efforts at preference and priority tell us? The most significant existing federal efforts link planning results with preference for federal implementation resources – more directly connecting plans to funding that leads to project execution. This preference and priority approach fundamentally reorients federal economic development resources from funding isolated projects to funding projects that advance a broader locally driven plan; it targets additional investments for communities with a proven record of dedication to establishing partnerships and building local capacity to increase the potential success of community revitalization projects.

- EPA has modified its competitive brownfields grant programs, to allow the selection official to consider if the applicant has received funding from other PSC agencies – specifically, HUD and DOT – that would better prepare the applicant for success in its community revitalization work.
- EPA has modified its brownfield Area-Wide Planning program, to allow the selection official to consider if the applicant is one of the key partners in the White House

Investing in Manufacturing Communities Partnership (IMCP) designated communities initiative – that would better prepare the designee for success in carrying out the regional projects (many with other agency partners) identified in its manufacturing investment strategy.

- DOT has taken steps to give some preference to projects that have received funding from other EPA and HUD, through the Partnership for Sustainable Communities initiative, including soliciting the recommendations of partner agencies regarding the readiness and capacity of the finalists; Kalispell, Montana, an EPA grantee, was selected to receive a \$10 million TIGER grant from DOT to further implement their revitalization plans that include reuse of former rail yards to expand the downtown core.
- The HUD-DOT-EPA partnership for sustainable communities (PSC) worked to make the on-the-ground connection between key programs of each agency – housing, transportation, and site cleanup and reuse – to address multiple needs of a single community.

It is important to note that, in these examples, preference and priority as carried out rewards planning but does not prevent other communities from structuring solid, competitive proposals to meet specific needs. The concept of preference and priority, as we envision it, also includes provision of resources for planning (via programs that can support planning such as brownfields AWP), that can facilitate access to resources for implementation. Some of this rationale is reflected in the efforts of the Strong Cities/Strong Communities initiative at HUD, which focuses on distressed cities with limited capacity; Secretary Castro forwarded a draft Executive Order to Tara McGuinness at OMB. As drafted, that EO would formalize their place-based approach, that would promote cross-agency technical assistance and resources to develop and execute their vision, including (according to the draft), coordinated preference points and pooled interagency funds for technical assistance, as well as flexible utilization of existing federal resources across agencies – all similar to what we are suggesting our research explore.

These initial approaches to preference and priority faced some difficulties, without a doubt, although it is interesting to note that the PSC fifth anniversary report noted that one of the biggest challenges in struggling communities is the “need [for] comprehensive, integrated solutions” – which is what a preference and priority policy could support. In our discussions with some of the PSC cities, they have emphasized the value of inter-agency collaboration – which preference and priority could help strengthen and formalize.

In short, the plan is the first critical step towards defining a community vision – preference and priority is the reward for communities who do the hard work of planning, who realistically engage stakeholders. Planning is necessary to support this type of approach in two ways: (1) the value-added of planning, in terms of generating a realistic vision, that can interest potential public programs and private investors, and can increase leveraging opportunities; and (2) using the blueprint of the plan as the foundation for delivering implementation resources, which can be done in a more focused way through preference and priority policy structure.

Preference and priority will provide the incentive for communities to undertake the planning needed to develop a blueprint for economic recovery and growth, because it will give them a better shot at garnering the resources needed to carry it out. Leveraging can take place

without a plan, likely in an ad hoc or circumstantial way. But the plan allows communities to leverage in a more focused and methodical way, to use programs as building blocks to achieve economic growth.

Brownfields leveraging success – what lessons can influence a preference and priority approach to federal economic/community development efforts?

The leveraging impacts of EPA's brownfield programs in individual projects in communities has been substantial – currently, \$17.79 for each EPA brownfield dollar invested. In examining the critical role that the agency's site assessment, cleanup, and technical assistance resources play in jump-starting and advancing economic revitalization efforts – in setting the stage to stimulate other public and private investment – two primary lessons emerge that show why a preference and priority strategy could maximize overall community benefits of a more up-front, defined federal program alignment policy:

- Inherent value of planning resources to advance community revitalization;
- Benefits of a “one-community” approach to federal funding.

Inherent value of planning resources. One of the most important lessons EPA has learned through its brownfields program is that planning is essential for community revitalization success – planning that both defines an economic development vision, and also the roadmap for securing the diverse set of resources needed to implement the vision. EPA's brownfield redevelopment experiences, for new uses ranging from commercial to industrial to office to housing, indicate that communities often need to secure and package financing from a half dozen or more distinct funding sources, both public and private – and that this works best when communities have a blueprint in place for doing this.

As a starting point, it is important to recognize the inherent value of planning resources to communities as they work to revitalize abandoned, contaminated or underutilized brownfield sites. These resources can be especially helpful in two broad ways: first, as a tool to help the community build capacity through inventories and prioritization of these sites; and secondly, to help convene the community in an inclusive process to develop the partnerships needed to really leverage resources for the benefit of specific projects and areas.

EPA's brownfield grant recipients have demonstrated how these two planning benefits play out in practice. The following examples show how communities have used our brownfields grants and AWP resources to get organized and leverage funds to help revitalize project areas; even without a specific preference and priority policy in place, communities have been successful at layering and packing a range of resources from a number of federal agencies towards implementing their planned vision. While research needs to be done, it is likely that a preference and priority policy would have made the financing process easier on communities, and perhaps resulted in even greater collaborative investment from more agencies and programs. (Note that EPA has verified the cited leveraging through ACRES, the brownfield program's database.)

Ironbound Community Corporation (ICC), in Newark, NJ, has received two **Brownfields Targeted Brownfields Assessments (TBAs)** and two **EPA Office of Environmental Justice small grants** (\$30,000 and \$25,000) to assist with community garden costs related to the project area in the project area. EPA's programs have delivered critical site information, and community development outreach, which has leveraged –

- \$300,000 in HUD CDBG funds and New Markets Tax Credits (via US Treasury) to supporting economic development for a new industrial greenhouse in the project area; and
- \$99,000 from the USDA Farmers Market Promotion Program (\$99K) to enable ICC to provide stipends to farmers so they can travel to sell at the new farmers market in the project area.

Phoenix, AZ, has identified an **AWP** catalyst site and project area, which builds from a **previous TBA**. EPA's programs have delivered critical site information, and helped support a broader revitalization planning framework, which has leveraged –

- \$1.6 million in DOT TIGER funds to support the Central Phoenix Multimodal Transportation Improvement project, through environmental assessment and concept engineering to facilitate light rail extension investments in the city's South Central Transit Corridor.

New Bern, NC, has an **AWP** project that builds from a previous **brownfields assessment grant**, and has also benefitted from **brownfield technical assistance** offered through one of our k(6) grantees, the Council of Development Finance Agencies. In addition, EPA's Office of Sustainable Communities provided technical assistance for coastal area resiliency that will help incorporate use of low-impact development (LID) techniques that can help ameliorate localized flooding. EPA's programs have provided vital information on a key site, leading to greater community planning, and expert guidance on financing options, which has leveraged –

- \$400,000 in a HUD Choice Neighborhood Planning grant to fund a broader transformation plan for the Five Points area (the same as the AWP target area); and
- \$500,000 in HUD CDBG, via a state catalyst grant, to help implement some of the resiliency plan LID techniques.

A number of communities offer excellent examples of how defining a broader plan for revitalization, linked to systematic reuse of contaminated brownfield sites, can leverage significant resources aimed at turning that vision to reality.

Dubuque, IA, has sought to implement its plan, which lays out various community recovery projects, by securing several **EPA Assessment and Cleanup grants**. Building on its brownfields foundation, which has also helped garner some \$48 million in state grants for the city's North Point project, Dubuque has –

- Prepared land and upgraded infrastructure using grant funding from DOC/Economic Development Administration (EDA);

- Leveraged over \$16 million from DOT, including a TIGER grant;
- Secured \$800,000 in HUD funding for the Riverfront Development Center at the North Point Redevelopment site;
- Leveraged over \$1 million from the Fish and Wildlife Service and National Park Service to support the Riverfront Development Center.

Stamford, CT, has methodically worked to revitalize the distressed areas of the city, many former industrial legacy sites, with a variety of EPA brownfield programs serving as the foundation efforts. Building on the initial support of **Brownfields Assessment, Cleanup, Revolving Loan Fund and Workforce Development** funding, Stamford has leveraged more than \$250 million from DOT, HUD, and EDA to carry out numerous projects that proved key to its revitalization vision.

Ranson, WV, first received **EPA Brownfields funding** in 2001, followed by four additional grants over the next decade. Ranson and its neighboring community, Charles Town, used their 2010 **AWP** grant to launch and plan the revitalization of the Commerce Corridor. With the plan as a guide, the two communities have leveraged more than \$15 million DOT, HUD, as well as the National Endowment for the Arts and the Department of the Interior – not typically seen as “economic development” funding sources but indicative of the breadth of leveraging opportunities – to systematically pursue the implementation of its plan.

Two final examples demonstrate how leveraging can take place, both from federal sources as well as from state and local programs, and suggest the opportunities that communities might realize if federal funding support could be facilitated through a preference and priority strategy.

Coventry, RI, used EPA **brownfields state program funds**, and **brownfield assessment and cleanup grants** awarded to the Rhode Island Department of Environmental Management, to help assess and remediate a former unauthorized dump, the vacant Sandy Bottom property. The property was transformed into the Sandy Acres Recreational Area, which includes two acres of restored wetlands.

- **Leveraging:** US Fish and Wildlife Service supported flood plain expansion; Rhode Island provided funds for wetland restoration and park construction; and Coventry’s sewer commission funded a new sewer pumping station on property. In addition, the local public works and department of parks and recreation cleared trees and removed contaminated soils and solid waste from the property.

In Luzerne County, PA, the Earth Conservancy used 12 **EPA brownfields cleanup grants** (totaling \$2.4 million) to set in motion the reclamation of nearly 2,000 acres of former mine-scarred coal lands. These lands are being reused in a variety of ways, including open space, recreational trails, a community college dormitory, roadways, as well as residential, commercial, and industrial development.

- **Leveraging:** US Department of Interior’s Office of Surface Mining Reclamation and Enforcement; PA’s Growing Greener program and Department of Community and Economic Development; and from local partnerships.

Benefits of a “One Community” Approach to Federal Funding. As the brownfield project examples above clearly indicate, there is tremendous value to communities when they can access multiple sources of federal funding to implement their economic development and environmental protection goals. This is the second major lesson of our brownfield successes.

For communities that have done the hard work of inclusive planning, one way to create a “One Community” approach that facilitates implementation of the vision emerging from a planning process is for federal agencies to adopt a preference and priority policy when making funding decisions, to the extent that authorizing statutes allow – to address diverse needs in the name of inclusive community economic development, making it easier for communities to pursue the jobs and investment needed to bring about revitalization and growth.

As EPA has learned through its brownfields program, this type of targeting can focus on communities that have defined a workable plan for comprehensive revitalization that focuses on its key components (such as infrastructure, sites, work force/training, and access to necessary capital), that is based on realistic objectives and a path forward, and that have options for projects that are ready to go.

Moving forward: How can an expanded “preference and priority” approach be built into existing programs?

Because of the successes we have already identified through our brownfields program, EPA has been a proponent of inter-agency resource alignment as a way to maximize federal efforts aimed at the common “economic development/jobs” mission that many agencies share, as well as introduce more “win-win” efficiencies into program implementation. We are confident that our further research and analysis will re-enforce our initial observations, and suggest that a broader range of federal programs be brought into the fold.

Advancing a Federal Preference and Priority Policy. To best advance a preference and priority policy that can be beneficial in the long term – that builds on the Administration’s many successes in terms of inclusive economic development strategies – it needs to be institutionalized as a federal economic development policy. While federal agencies and programs can continue to develop preference and priority approaches on their own, executive level action – senior level inter-agency MOUs, OMB memoranda to the agencies, or even a Presidential directive to all federal agencies – would more effectively and efficiently accomplish this goal, and lead to greater results.

Providing the evidence to support this policy goal is the rationale for the research suggested above. Through executive level action, agencies could be directed to incorporate mechanisms into their processes for giving preference and priority, for selecting funding recipients that demonstrate an inclusive process for authentic engagement with the affected community or neighborhood.

Any directive or MOU should involve all key federal agencies with a stake in community and economic development, broadly defined – these include USDA, DOE, HUD, DOL, DOT,

ARC, SBA, Education, as well as EPA. The head of each of these agencies should be required to identify each program in which a preference and priority approach will be applied to its funding decisions, and report in writing to OMB how preferential consideration will be given. Identifying and documenting this can be key to shifting traditional bureaucratic views and practices, and to:

- Clearly articulate agencies' preference and priority policy to all stakeholders;
- Provide firm direction to all agency officials charged with implementing the programs;
- Provide guidance to proposal reviewers and program managers, where critical program award decisions are often made; and
- Give local communities the documentation they need as they work with federal agencies – at both the headquarters and regional/field office level – and seek to attract and leverage non-federal resources.

Preference and priority makes sense now, and an opportunity exists to institutionalize it, so communities can count on it in the future. Even with their many problems, virtually every community has advantages that can be nurtured and built upon to achieve economic benefits for all local residents. Main Streets, downtowns, and small town centers have the advantage of built infrastructure, transportation access, and local work forces that are critical to advance economic development. What they need are a set of policies that reverses the fractured federal economic development/infrastructure spending that has resulted in displacement and sprawl – specifically, federal programs that tie project implementation funding to good planning, offer preference and priority for a range of federal assistance that communities may need to more systematically pursue their revitalization visions, and provide real opportunities for everyone in the workplace and marketplace.