



Supporting and Sustaining Interjurisdictional Collaboration for Housing and Community Development



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Letter from the authors

Imagine if all communities had the capacity to address their economic and community development challenges and plan for the future efficiently and effectively. Instead of being trapped by “either-or” budget decisions, such as whether to maintain core services for residents or update their business attraction and retention strategy, what if local leaders combined resources with their neighbors so that they could connect struggling families to resources and secure new job opportunities? Rather than duplicating efforts, what if communities worked across municipal borders to take full advantage of shared assets, such as rail lines, and to revitalize their interdependent housing and job markets? Imagine the efficiencies this could create, not only for the communities themselves, but also for private sector developers, area employers, and financial institutions, as well as policymakers and county, regional, state and federal governments.

In metropolitan Chicago, through a groundbreaking collaborative approach to planning and community development, three clusters of suburbs are starting to see that all of this is possible. These three clusters – in Cook County’s south, west and northwest suburbs – have been implementing a unified strategy for attracting and investing resources for nearly three years, demonstrating the promise of this burgeoning model known as interjurisdictional collaboration.

Significant work remains to ensure these clusters are on strong footing. This paper points to policy reforms and best practices needed to support the success of these pioneers, and to make it easier for this model to be replicated across metropolitan Chicago and other U.S. regions. To “right size” a metropolitan approach to housing and community development, these recommendations apply to policymakers at the regional, state and federal levels, as well as to the clusters of towns themselves. The recommendations also answer the following questions, initially raised in the Federal Reserve Bank of Chicago’s November 2011 edition of *Profitwise News and Views*:

- How can county, regional, state and federal policymakers best encourage multi-town collaboration?
- What is the ideal sustainable structure for a housing and community development cluster?
- How can multi-town clusters best attract and utilize resources from both the public and private sectors?
- What is the appropriate role of outside facilitators and technical assistance providers in fostering multi-town collaboration?
- What is the best way to measure each cluster’s direct local impact and long-term results?

By answering these questions, our goal is to develop a viable framework for solidifying and replicating multi-town collaboration in metropolitan Chicago (and beyond) over the next eight to 10 years, thus creating a more sustainable approach to housing and community development challenges that rarely adhere to municipal borders. While communities in our region and across the country have a long history of coordinating to provide services – such as fire protection and waste management – cooperative planning and development is relatively untested ground. Before establishing the Cook County clusters, we learned from a few national trailblazers, such as A Regional Coalition for Housing in the state of Washington and the Santa Clara County Housing Trust Fund in California. Our work will help refine how local communities and other regions adapt this collaborative model for planning and development. We greatly look forward to sharing our continued learnings and success with policymakers and private and public sector innovators nationwide.



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Why collaborate?

Limited resources demand collaboration

In metropolitan Chicago and regions across the U.S., since 2008, suburbs have experienced the kind of economic and social pressures once considered “urban problems.” Much of our country’s poverty – and its many ramifications – now exists outside the inner city, according to research from the Brookings Institution, yet the policies in place to tackle these challenges have not yet accommodated demographic shifts. This phenomenon is evident in Chicago’s 283 suburbs, many of which are struggling not only to serve residents in need, but also to stabilize their housing and job markets in the wake of the recession, which resulted in rising home foreclosure rates, vacant properties, and disinvestment.

There is a pressing need to lower costs, increase capacity, and improve local housing and community development results. Interjurisdictional collaboration is a promising approach.

As communities work to address these immediate concerns, resources remain in short supply at every level of government, and planning for the future is a tougher sell. Clearly, there is a pressing need to lower costs, increase capacity, and improve local housing and community development results. The way to make communities more resilient to future recessions and more ready for public and private sector investment is by proactively investing in suburban housing and community development capacity, programs and resources.

Yet, even if the resources, staff capacity, and political will existed to allow all suburbs to individually develop, implement and monitor sound housing and community development strategies, going it alone often is not the best approach. Housing and job markets, as well as infrastructure investments all transcend municipal boundaries, yet federal funding formulas and local policies generally parcel out decision-making on a town-by-town basis – a carryover from the federal government’s traditional funding relationship with large, urban cities. Unfortunately, given the decentralized nature of today’s challenges, this funding structure is no longer functional, and often results in inefficient and ineffective development, missed opportunities to leverage adjacent public and private investment, squandered resources, and isolated neighborhoods that continue to struggle.

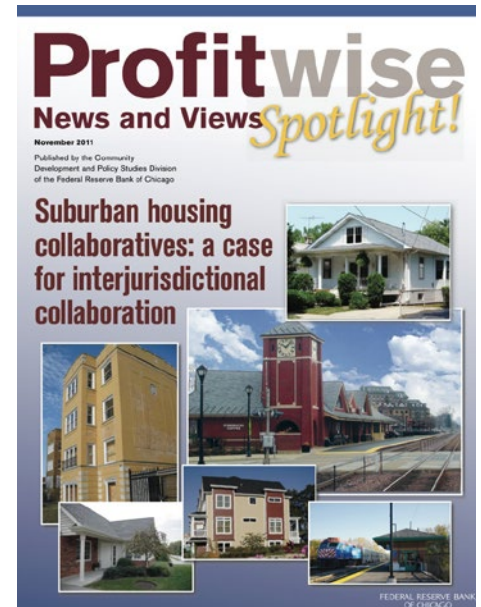
Indeed, it is both impractical and impossible for communities to tackle everything on their own. Interjurisdictional collaboration is a promising approach that can help communities address their immediate challenges, plan together for their futures, and achieve more efficient and effective community development results.

Collaboration takes root in Cook County

In metropolitan Chicago, three clusters of suburbs are proving the benefits of this collaborative approach to housing and community development. Since 2009, 23 suburbs in south Cook County and five communities in west Cook County have been working together to advance jointly adopted redevelopment strategies. In 2011, a third cluster consisting of five northwest suburbs formed to test the inter-jurisdictional approach in communities with generally more stable and consistent market conditions than those in the south and west clusters, but with aging rental housing and rising foreclosures, particularly in the condominium market.

To document these burgeoning models, the Federal Reserve Bank of Chicago in November 2011 released a special edition of *Profitwise News and Views* titled, "Suburban Housing Clusters: a Case for Interjurisdictional Collaboration." The report provides in-depth profiles of these three Chicago clusters, including their formation, goals, resources, and early challenges and successes.

What follows on pages 5 through 8 is a summary. Download the full report at metroplanning.org/profitwise.



Value of shared staff

Each of Cook County's clusters is staffed by a housing and community development coordinator, who works for the benefit of the cluster. Each staff person has a different background, and each cluster has different needs; thus, the three coordinators provide value to their member communities in a variety of ways, such as:

- Establishing and tracking progress toward the cluster's shared goals and strategies, creating parity by outlining each communities' inputs to and benefits from the collaboration; identifying housing production goals and measurable outcomes and criteria; and monitoring and reporting on implementation;
- Maintaining an inventory of the area's development pipeline and serving as a conduit between potential private sector investors and communities;
- Developing shared housing policies and regulations to benefit the area's shared housing market;
- Directly assisting below-market-rate housing, such as applying for loans and grants, identifying available and appropriate land, and attracting reputable development partners;
- Implementing and administering housing programs, including preparing contracts, monitoring affordability and loan repayments, working with partner agencies to support residents looking for housing assistance, overseeing re-sales of below-market for-sale homes, and tracking local housing production;
- Engaging the broader community on local housing issues, for instance through public forums and educational materials;
- Identifying and securing in-kind support and operational resources for cluster activities;
- Establishing and streamlining effective partnerships with outside entities who can help achieve cluster goals, such as nonprofit housing counselors, financial institutions, foundations, technical assistance providers, and developers; and
- Regularly reporting to and serving municipal staff and elected leadership to foster engagement, ownership, and ongoing commitment by each community to the cluster.

Working across borders yields benefits

Communities have long-embraced collaboration to achieve efficiencies when it comes to delivering services. For instance, neighboring communities often contract with the same water provider or garbage collector to secure a lower cost, or share 911 dispatch services. However, Cook County's three clusters have been treading on relatively untested ground: interjurisdictional collaboration on housing and community development. Since 2009, these clusters have documented the value they provide to member communities and identified several ingredients critical to their success. By understanding and continuing to build upon each of these examples, the Chicago region can strengthen and replicate these clusters.

Profitwise accurately and neatly captured how communities benefit when they work across municipal lines on housing and community development:

“With clearly articulated and measured benefits, including economic efficiencies arising from economies of size; gaining access to more resources; capturing the spillovers from collective actions; and synergies, the justification for Interjurisdictional Collaboration seems clear.”

Benefits of working across borders fall into three categories:

- **Right-sized planning:** Many housing and community development issues do not adhere to municipal borders and are more effectively and efficiently addressed in collaboration across a corridor.
- **Increased staff capacity:** Each Cook County cluster is led by a shared staff person with expertise on complex housing and community development challenges. The collaborative model also pools the expertise of each community's existing staff for the benefit of the whole cluster. See *“Value of shared staff,” previous page.*
- **More attractive to private sector investors:** A single point of entry makes it easier for developers, banks, employers and funders to work with participating municipalities. Coordination also sends a signal to the private sector that the area is a smart place to invest. See *“Chicago clusters make progress with area banks,” below.*

Cook County clusters make progress with area banks

In July 2012, the Federal Reserve Bank of Chicago hosted a meeting between the three housing clusters, local and national financial institutions, and civic partners. Financial institutions identified the most important roles these clusters can play:

1. Serving as conduits between banks, local partners, and communities.
2. Developing consistent strategies to deal with and prioritize redevelopment opportunities.

Following the briefing, the clusters and banks began to work together more closely. For example, each cluster is talking individually with banks about both lending and investment opportunities, including residential and commercial mortgages and transit-oriented development funds. Larger financial institutions also expressed an interest in supporting the county and regional civic partners in their broader efforts to build the capacity of the clusters as intermediaries. And all parties are pursuing new efficiencies for working through the clusters to improve maintenance of distressed properties, through land banks and other remedies.





Fueling the suburban clusters

Human and financial resources, real buy-in and participation on the part of local governments, and technical assistance and tools facilitated by outside experts have been critical ingredients in the success of each cluster.

Financing

Since 2009, philanthropic investment of \$660,000 in the south and west suburban clusters has attracted more than \$35 million to the member communities – more than a 50:1 return on investment. Most of this funding is from Cook County and the State of Illinois, supporting foreclosure response strategies including the planned redevelopment of more than 200 properties and demolition of 40 blighted properties in targeted areas. These two clusters also received highly competitive Sustainable Communities Challenge Grants – \$2.4 million for the south and \$2.9 million for the west – from the U.S. Dept. of Housing and Urban Development (HUD), which are helping to seed two transit-oriented development funds and a south suburban land bank. These grants further attracted \$5.5 million in private capital, with plans to raise at least another \$10 million.

Dedicated housing staff and local buy-in

The funding also allowed each cluster to hire a dedicated housing staff person, who advances an agreed upon housing and community development strategy and helps to overcome the reality that few towns have a staff person focused on housing (*see Value of shared staff, page 4*). The shared housing staff person does not work alone, but rather is guided by member communities; elected or appointed officials and staff from municipalities vote on key decisions. Thus, each cluster's goals and activities are shaped by the collective and tailored to the needs of the participating towns.

Janice Morrissy serves as the housing coordinator for the Chicago Southland Housing and Community Development Collaborative. Janice has more than 25 years of community and economic development experience serving at state, regional and local levels of government. While serving at the local level in Riverdale, Ill., Janice was responsible for a nationally recognized affordable housing redevelopment project, Whistler Crossing. Janice is employed by the South Suburban Mayors and Managers Association (SSMMA), which is

53:1

return on investment

\$660,000 in philanthropic investment has yielded \$35 million in public and private investment

240

foreclosed properties

redeveloped or demolished by the clusters

Shared housing staff and committee structures provide municipalities professional support and “say so” in guiding each cluster.

the south suburbs’ council of government. Today, 23 of the 42 municipalities that make up the SSMMA have passed a resolution appointing a representative to the cluster authorized to make decisions on behalf of the community. Cluster members meet monthly to discuss relevant issues and current projects, provide direction to Ms. Morrissy, and coordinate with SSMMA’s broader economic development and transportation strategies. The south cluster works very closely with the Chicago Metropolitan Housing Development Corporation, a nonprofit housing developer, to foster renovation expertise and help attract quality development partners to the Southland. The Development Corporation serves as an advisor and program administrator on behalf of the south cluster for their housing development efforts.

The West Cook County Housing Collaborative, which comprises five communities in the western suburbs, hired IFF, an experienced nonprofit community development financial institution, to serve as its housing coordinator. Michelle Hoereth, IFF’s director of housing, heads up their work with the Collaborative. Prior to joining IFF, Michelle worked with Corporation for Supportive Housing, where she created the infrastructure for a new consulting group. Earlier, Ms. Hoereth was assistant vice president for Bank of America’s Community Development Banking Group. The cluster operates through a steering committee and working group, which are governed by an intergovernmental agreement and by-laws; however, unlike the south cluster, the west cluster is not formally affiliated with the local council of governments. The working group meets monthly, and the steering committee meets quarterly. An elected official from each community participates in the steering committee.

Like the south cluster, the Northwest Suburban Housing Collaborative, which represents five communities in the northwest suburbs, hired an individual, Mary Lu Seidel, as their housing coordinator. Mary Lu has more than 20 years of affordable housing development and finance experience both in the city of Chicago, the state of Indiana, and McHenry County, Ill., and is a former village trustee for her community. The cluster is governed by intergovernmental agreements and by-laws. A steering committee, made up of two representatives from each community, meets monthly to discuss current issues and projects and vote on key decisions.

The shared housing staff and committee structures provide municipalities with both professional support and ongoing “say so” in guiding each cluster’s priorities, increasing the opportunities and efficiencies for the clusters and member communities.

New tools

Public and philanthropic funding allowed clusters to develop effective new tools for collaborative planning and redevelopment. These tools include subregional housing planning guides in all three clusters, a land bank and new geographic information systems infrastructure in the south cluster, and transit-oriented development funds in the south and west clusters. In addition, the south and west clusters are implementing a cutting-edge housing selection tool. This tool provides the clusters with an inventory of housing and other developments – an objective method for selecting investments that align both with local goals and the needs of the private sector. It allows the coordinator to work with communities to strengthen their development plans and concepts. While participating towns agreed to the general concept of prioritizing redevelopment along rail corridors, this agreement did not address the real challenge of identifying which redevelopment proposals would benefit from which funds and when. This housing selection tool, developed with leadership from the Chicago Metropolitan Agency for Planning (CMAP), helps rank proposals best suited for the current market and targeted funding source. It allows for data-driven decision making, minimizing the friction and political challenges involved in selecting one town over another for investment.

The subregional housing planning guide referenced above is Homes for a Changing Region, an inclusive planning process that provides each cluster with a long-term roadmap for addressing current and future residents’ housing needs in their subregion. In all three clusters, the shared



housing coordinator helps participating communities pursue funding and respond to issues identified by Homes for a Changing Region.

It is worth noting that Homes for Changing Region was not available to the south and west Cook clusters until after initial capital dollars were awarded for foreclosure response. While these clusters did establish some initial geographic priorities and guiding principles to address their shared housing markets, all parties agree that the optimal chronology of events would begin with a Homes for Changing Region plan. The northwest cluster, which was established more than a year after the south and west clusters, was able to benefit from this analysis. Likewise, this planning tool is now serving as a first step for other subregional efforts in metropolitan Chicago.

Technical assistance

Finally, the work of the shared staff and member communities is supplemented by technical assistance from a number of experienced regional partners, including the Metropolitan Mayors Caucus (MMC), CMAP, and Metropolitan Planning Council (MPC). Staff members from these organizations provide a range of support, such as:

- Helping connect and advocate on behalf of the clusters to county, state, and federal agencies;
- Identifying and attracting funding support;
- Bringing new policy and programmatic best practices to the clusters;
- Helping to align local priorities with regional, state, and federal priorities;
- Identifying and recruiting reputable and experienced public and private sector partners to support implementation; and
- Promoting the work of the clusters to a range of regional, state, and national audiences.

Recommendations

While the three Cook County clusters were seeded and have been sustained to date through philanthropic support, these resources will not always be there. The clusters are increasingly providing real efficiencies and value to government partners. To ensure metropolitan Chicago's existing clusters achieve the maximum benefits from collaboration and to replicate this model in metropolitan Chicago and other U.S. regions, we recommend policymakers at the county, regional, state and federal levels and the clusters themselves explore the following policy reforms and best practices. Our recommendations are presented below as responses to the questions posed in the Federal Reserve Bank's publication, and are summarized on pages 18 and 19.

1. How can policymakers best encourage collaboration?

Update and interpret program guidelines to provide flexibility for municipal clusters

The ways federal programs are structured, implemented and interpreted often make it more difficult for towns to collaborate for a range of reasons, such as:

- Not allowing for multijurisdictional applications, forcing neighboring communities to submit competing or duplicative applications.
- Only allowing units of government to apply, rendering ineligible an application from a non-profit entity serving as coordinator (i.e. IFF for the west Cook County cluster).
- Only funding certain communities and not others. (For example, county Community Development Block Grant (CDBG) funds flow exclusively to non-entitlement communities.)
- Only funding communities most in need, making it hard for stronger communities to be part of the solution.
- When a grant is awarded to a cluster of communities, municipal staff often are the ones invited to a training, even when their subregional staff are administering the grant.
- Sometimes barriers are not explicitly written in regulations, but rather stem from differing interpretations of regulations.

At the same time, existing and future clusters seeking public financing ought to structure themselves in such a way that facilitates public sector investment. For example, establishing clusters under the umbrella of counties, councils of mayors, or councils of governments may more readily support strong public partnerships with and investments by public agencies.

There are several federal and state programs that are key to the success of housing and community development interjurisdictional efforts, including state Low Income Housing Tax Credit allocations, HUD's CDBG and HOME programs, and bond programs. As the existing clusters move into the development phase of their work, linking their efforts to resources that provide multifamily capital at the local and state levels will be particularly important. In addition, there are some encouraging efforts at the federal level to support innovation by relaxing or removing regulations through the proposed Performance Partnerships initiative described in 2013 federal budget proposals. This could be a good model to replicate at regional and state levels of government. Additional funding sources are always attractive and essential. However, any funding for the clusters must address the member towns' needs and priorities; funding sources that ignore or interfere with the communities' needs and vision or that try to change the direction of the clusters are not helpful.

Overcoming local obstacles to federal funding

While policymakers at every level of government have recognized the value of working across borders, each of the four federal grants awarded to the south and west clusters through Cook County and the State of Illinois encountered substantial obstacles. The following case studies explain why federal funding missed opportunities to support the Cook County clusters. These examples point to why it's important that federal, state, regional and county policymakers remove regulatory barriers and interpret regulations differently – and consistently – to better support interjurisdictional collaboration in the future.

Neighborhood Stabilization Program funding

The first round of federal Neighborhood Stabilization Program (NSP1) funding initially flowed only to state, county and large city governments, forcing smaller, suburban municipalities to compete for allocations from their state and/or county.

In an attempt to target NSP1 funding, Cook County in 2009 (under the Stroger administration) directed a portion of its allocation to 11 communities in the south Cook cluster. However, the County – concerned that the cluster would neither assume the liability of a municipality nor efficiently expend time-sensitive resources – signed individual agreements with each community, rather than the cluster. Thus, the 11 communities did not benefit from the cluster's development guidance and capacity-building. The result: Some communities made progress with an experienced development partner, while other communities saw major delays or made no progress at all. It's noteworthy that Cook County President Toni Preckwinkle's administration has invested more than \$300,000 in the south Cook cluster.

Conversely, Cook County found it easier to award NSP1 funding to IFF, on behalf of the west cluster. IFF was the grant applicant and serves as the developer; the organization was compensated via a developer fee but did not receive any administrative fees. The County awarded the funding to IFF for the cluster as a whole without specifying where dollars had to be spent, aside from meeting the program's target area guidelines. The majority of the funding supported renovation of a multifamily apartment building in Maywood; the cluster used the remainder for single-family renovations in Berwyn.

Community Development Block Grant Disaster Recovery funding

As a corrective response to the State of Illinois' earlier decision not to provide NSP1 resources to the clusters, Gov. Patrick Quinn created an incentive for interjurisdictional collaboration under the federal CDBG "Ike" Disaster Recovery Program funding through the Ill. Dept. of Commerce and Economic Opportunity (DCEO).

The south cluster applied on behalf of six member communities. However, DCEO technical assistance consultants initially determined that the communities would need to apply individually to ensure that State liability could be assumed by a municipality. This triggered new trainings and responsibilities for each town that conflicted with their goals to benefit from the cluster's leadership and staff. After revisiting the program's intended goals with its leadership, DCEO ultimately proceeded with the original plan to allocate funds through the cluster. Yet, on the heels of DCEO's beneficial interpretation supporting clusters, the Illinois Housing Development Authority (IHDA) announced that it would invest new foreclosure response resources through its Building Blocks program – albeit a welcome new resource – in individual communities, rather than the cluster as a whole.

In the west cluster, DCEO initially approved a CDBG "Ike" Disaster Recovery Program application from IFF, but then did an about-face, ultimately determining that IFF could not function as both the grant applicant and developer (an arrangement allowed under NSP1). This restriction seems to stem from a DCEO-specific program requirement that only allows a nonprofit entity to apply as a subrecipient on behalf of an eligible community. An alternate option the cluster discussed would be for one member community to apply on behalf of all five, selecting IFF as the developer. However, DCEO flagged IFF's current role as the cluster's housing coordinator as a "conflict of interest." Thus, while the State of Illinois supports IFF facilitating the cluster's developer selection process, DCEO is not comfortable with the previous Cook County administration's NSP1 strategy, which allows IFF to serve as developer for the cluster's proposals. As the development pipeline in west Cook County gains momentum, it will be increasingly important to reconcile IFF's two roles: neutral coordinator and developer.



Allow public funding to support administrative functions

Public sector grant funding typically provides small administrative allowances, which only can be used in direct support of the specific grant activities and not for general operational capacity. The pilot clusters in Chicago's south and west suburbs have attracted millions of dollars in grant funding, but very little of it was designated for the critical role of shared staffing. Philanthropic support, which provided seed funding for the clusters, has continued to be the primary funding source for joint staff, but this is not sustainable. In addition to public sector funding, the clusters should identify alternatives for financing critical housing and community development staff positions in the future, including financial support from municipal members, contributions from private sector stakeholders, and revenue from programs of the clusters. Public agencies should invest proactively in the clusters' staff to support implementation of shared initiatives.

Provide incentives for interjurisdictional collaboration and utilize existing clusters for advice on maximizing investments

Collaboration and resource sharing remains an "unnatural act" for municipalities. Even within the Chicago area's three pilot clusters – which have been spurred on by significant resources from county, state and federal governments – the instinct persists for a community to act autonomously and in its self-interest; the ingrained reaction typically is not to think with a subregional perspective. County, regional, state and federal policymakers can encourage collaboration by working through the clusters. Cross-community meetings can engage individual municipalities in shared priorities and goals, as well as expose them to programs that work. This collaboration can yield high-level policy reforms that reduce duplicative efforts and use funds more efficiently. Rewarding the leadership and innovation of these clusters is essential for them to survive. Frankly, any public sector funding decisions within these geographies that do not encourage continued collaboration, such as funding a subset of cluster communities in a way that is duplicative of the cluster's efforts, could render the clusters irrelevant. After lessons learned and challenges faced (see page 10) with the federal Neighborhood Stabilization Program and CDBG "Ike" Disaster Recovery Program funding, for example, the excitement over the State's decision to focus its Building Blocks program in the south and west suburbs was hindered by the State's lack of meaningful cluster engagement. In addition, public, private, and philanthropic entities should utilize the local expertise of the cluster staff when making investments in these areas. Shared cluster staff has a strong sense of local priorities and capacity, and can provide invaluable advice in making the most



of scarce private, philanthropic, and public resources. In the future, the clusters themselves can help to encourage stronger municipal buy-in, by achieving and communicating quick wins that directly benefit all participating communities. By developing and implementing shared programs, disseminating a regular communications vehicle to inform municipal staff and elected officials of cluster “wins,” establishing a parity model where a clear plan is laid out for housing and community development and programming in each community, and marketing property renovation, clusters can demonstrate they are providing tangible benefits deserving of added incentives and ongoing municipal support.

Several public sector agencies play an essential role in ensuring the success of interjurisdictional collaboration, including HUD and its federal counterpart agencies working to advance the federal livability principles, IHDA, DCEO, CMAP, and Cook County’s housing and community development departments. It is noteworthy that various levels of government have begun to align their support with the goals of the clusters:

1. Cook County prioritized applications from interjurisdictional groups in its 2012 CDBG application and awarded funding to SSMMA (although program restrictions prevented this funding from supporting the housing staff position). The County is considering options for sustained funding for the cluster, including administrative support.
2. CMAP has encouraged the submission of applications from multijurisdictional applicants to its Local Technical Assistance program.
3. DCEO also prioritized a portion of its CDBG “Ike” Disaster Relief Program funding by creating a line item that flowed directly to the south and west clusters (rather than through individual towns).
4. HUD has adapted various funding programs, including the Sustainable Communities Initiative, to award more points to applicants working across jurisdictions.
5. At the recommendation of the south and west Cook clusters (or other Sustainable Communities Initiative grantees), HUD is providing “Preferred Sustainability Status” and points to applicants that support the clusters’ (or other grantees’) goals.
6. The White House has introduced a promising new idea into current budget discussions called “Performance Partnerships.” The goal is to reduce regulatory barriers and increase resources for innovative collaborative efforts with a proven track record.

2. What is the ideal sustainable structure for a housing and community development cluster?

Of Chicago's three pilot clusters, one is council of government-based, one hired a nonprofit community development financial institution, and one hired an individual with no other affiliation. The table on page 15 compares and contrasts the three models, including their advantages and disadvantages. Each cluster has performed capably; however, defining clear steps for structuring interjurisdictional collaboration will make the approach more sustainable, predictable for outside partners and funders, and replicable.

Clusters are most effective when their members are contiguous; share common assets, challenges and/or markets; and involve a manageable, but effective number of towns.

Chicago's pilot clusters and supporting partners have learned many lessons from the current models, which should inform future clusters. For example, municipal clusters are most effective when their members are contiguous; share common assets, challenges and/or markets (job, housing, etc.); and involve a manageable, but effective number of towns. If they are too small, the interest of outside entities to work with them may diminish given the limited geographic impact. If clusters are too large, then the ability of staff to provide the optimal level of services to all member communities is strained. One reasonable approach is to start small with communities that already have strong working relationships, and to define expansion boundaries at the beginning based on shared needs, assets, or market conditions, with the goal of inviting additional communities to join once a successful structure is in place. As the number of communities grows, so too should the staff, based on needs and priorities. An initial coordinator is essential, as the cluster is directed by its communities to take on added responsibilities, staff and specialized skills should expand. Skill sets such as program administration; grant writing; data tracking and management, including working with Geographic Information Systems; and potentially even planning and zoning and development may be necessary, depending on local needs. Some of these needs also may be fulfilled by cultivating strategic partnerships.

Planning for expansion should be based on the following criteria that the three clusters have identified as "essential" to their sustainability and ongoing success, as well as lessons learned to-date:

Essential criteria

- Agreed upon subregional priorities – and ideally subregional planning – that not only will guide the cluster's actions but also will align with county, regional, state and federal priorities and plans.
- Shared staffing strategy. Suburban jurisdictions need – but usually lack – a staff person dedicated to housing and community development. A cluster's staff must have clear guidelines defining their role and how they will interact with member municipalities and other partners in the subregion.
- Commitment by the member municipalities to actively participate in the cluster and to work through their coordinator on local housing and community development issues.
- Adopted by-laws, or some form of governance and rules to allow for joint decision-making when needed.
- Ability to receive public sector funding and leverage private sector resources. Using a nonprofit as the coordinator or partnering with an entity, such as a county, council of mayors, or council of governments that can receive funding on the cluster's behalf are all viable options. *(See table on page 15 for more on this idea.)*

- Facilitating and formalizing partnerships with entities that can leverage rehabilitation and development capacity is an important role the clusters should play, particularly in communities that have struggled with deteriorating property conditions and mismanagement. These partners can help in structuring and executing developments, as well as serve as advisors, such as assessing development proposals. It is important that these two roles, developer and advisor, are clearly differentiated so as to avoid conflicts of interest.

Lessons learned

Shared priorities or assets are useful. Creating municipal clusters based on shared boundaries, common assets or challenges, or similar market conditions makes it easier to define shared priorities. When communities of varying conditions work together, the appropriate solutions or programs will vary greatly, sometimes making it difficult to implement collective action or share resources and approaches. For instance, if one community is dealing with a severely depressed housing market while another is primed for housing growth, they will require entirely different strategies and tools to balance their housing stocks, making it more challenging to create efficiencies and economies of scale that come with shared programs, regulations, and approaches. If clusters do range in market conditions, goals and priorities must be flexible enough to address the range of issues experienced by the member communities. Working together around a shared asset, such as a transit corridor or river, also provides a strong foundation to identify common strategies and target resources even within diverse local markets.

Strong, clear and consistent communications channels between a cluster's staff and its member communities (both staff and elected officials) is essential to garner consistent commitment, particularly as administrations change. This could mean that the top staff executive serves on the board of the cluster, or that the cluster is involved at key local decision points, such as related development or planning reviews.

Looking forward

Aligning clusters with existing multi-jurisdictional decision-making bodies, such as councils of governments and the County, has proven useful, and suggests more significant opportunities in the future. For example, in metropolitan Chicago, subregional councils of mayors make decisions on transportation funding within specific geographic boundaries – six subregions in suburban Cook County and five in the collar counties. The individual councils range in membership from 12 to 47 municipalities. In some parts of the region, the council of mayors boundaries often coincide with municipal conference or council of governments boundaries. Each council is responsible for making decisions to program their subregion's allocation of federal Surface Transportation Program funds, which in metropolitan Chicago flows through CMAP. Each council of mayors has a staff person designated as a Planning Liaison – supported through federal transportation planning funds as well as the local match – who serves as the link between CMAP and the suburban mayors.

This structure is already familiar to the region's mayors, and aligning the subregional housing clusters with the council structure could prove to be a practical way to align housing and transportation planning decisions. In 2013, SSMMA will spend time examining how this model could work for the south cluster.

Likewise, HUD could adapt the federal transportation funding model to its own programs, including CDBG and HOME and Project-Based Rent Subsidies, strengthening the ability of both subregional clusters and regional agencies to address housing issues that cross jurisdictional boundaries. The purpose is not to create yet another layer of government, but to combine roles in order to accomplish the community's goals more effectively and efficiently.

Aligning the clusters with the councils of mayors could align housing and transportation planning.

Advantages and challenges of various cluster models

The three clusters took slightly different approaches (noted with • **bullets**), each leading to relative advantages (listed with + **plus signs**) and challenges (denoted by – **minus signs**).

	Northwest Suburban Housing Collaborative	Chicago Southland Housing and Community Development Collaborative	West Cook County Housing Collaborative
Membership	<ul style="list-style-type: none"> • 5 municipalities + A manageable size – Less impact on subregion and may be less realistic (too small) for scaling collaboration region-wide 	<ul style="list-style-type: none"> • 22 municipalities + Geographic breadth leads to broad impact – Unmanageably large size 	<ul style="list-style-type: none"> • 5 municipalities + A manageable size – Less impact on subregion and may be less realistic (too small) for scaling collaboration region-wide
Governance	<ul style="list-style-type: none"> • Intergovernmental Agreement (IGA) + IGA agreed upon and signed by all member towns + IGA renewed periodically, reaffirms each municipality's commitment to Collaborative – Renewing IGA can be burdensome and risks losing membership 	<ul style="list-style-type: none"> • Council/Board Resolutions + Not having to renew resolutions means less work for municipalities and less risk of losing membership 	<ul style="list-style-type: none"> • Intergovernmental Agreement • Operates under Public Meetings Act + IGA agreed upon and signed by all member towns + IGA renewed periodically, reaffirms each municipality's commitment to Collaborative + Public Meetings Act makes decisions directly accessible to public – Renewing IGA can be burdensome and risks losing membership
Structure	<ul style="list-style-type: none"> • Steering Committee: two representatives from each municipality (staff and/or elected officials) • Meets at least quarterly (in practice monthly) – Not requiring elected officials to serve means municipal leadership may be less engaged 	<ul style="list-style-type: none"> • Steering Committee: made up of municipal staff • Meets monthly – Not requiring elected officials to serve means municipal leadership may be less engaged 	<ul style="list-style-type: none"> • Working Group: municipal staff from each town; meets monthly • Steering Committee: elected officials from each town; meets quarterly – Can be cumbersome to manage, particularly when a quorum is required
Decision Making	<ul style="list-style-type: none"> • Steering Committee operates under by-laws • Each municipality has one "voting member" of Steering Committee • Quorum (majority) required to hold meetings + Quorum requirement means participation in meetings is high 	<ul style="list-style-type: none"> • Resolution indicates that each municipality receives one vote on Steering Committee • Quorum not required for meetings – No requirement for a quorum means municipalities can be members of Collaborative without attending meetings 	<ul style="list-style-type: none"> • Working Group and Steering Committee operate under by-laws • Only Steering Committee members have voting authority on key decisions • Quorum (majority) required to hold meetings + Elected official voting ensures engagement of municipal leadership + Quorum requires high participation in meetings
Staffing	<ul style="list-style-type: none"> • Individual (consultant) serves as Coordinator • No identified developer role + Individual consultant less likely to be pulled into other responsibilities (as would be case with firm) + Likely to be more affordable than hourly billing at firm – Individual is not able to tap in to the range of skills and services that a firm may provide – No infrastructure in place to "host" staff member (member municipality may need to serve as host) – Potential conflict of interest when pursuing developments related to consultant's line of business in cluster boundaries 	<ul style="list-style-type: none"> • Individual (council of government employee) serves as Coordinator • Separate developer serves as advisor and program administrator on behalf of the Collaborative for housing development efforts + Council of government is already trusted organization in community + Infrastructure to "host" coordinator already in place + Independent development partner brings added capacity to review development proposals and administer development-related grants – Limited staff resources are available in-house to serve large geography and programmatic needs 	<ul style="list-style-type: none"> • Nonprofit firm (consultant) serves as Coordinator • Nonprofit firm/Coordinator also has development capacity in-house + Using nonprofit firm as Coordinator means multiple staff can be utilized for developments (high capacity) + Infrastructure to "host" coordinator already in place + Nonprofit has ability to do development in-house – Often not a full-time role in staffing the cluster and firm's staff are likely to have other responsibilities – Potential conflict of interest when pursuing developments related to firm's line of business in Collaborative boundaries



3. How can interjurisdictional clusters best attract and utilize resources from both the public and private sectors?

Clusters are more attractive to investors if they have agreed-upon plans that define clear goals and priorities

The Homes for a Changing Region long-term housing policy planning document has proved immensely useful to the current Cook County clusters. The document outlines the most important subregional issues the clusters should be focusing on, thereby providing member towns with a long-term work plan that identifies developments and initiatives in need of additional resources and attention. Goals should include the types of housing desired, populations served, appropriate or priority locations, and how the cluster will achieve parity among participating communities.

A clear decision-making process for allocating resources signals readiness to investors

Clusters need a way to prioritize developments and public and private sector investments in an agreed-upon manner, preferably guided by a data-driven tool. For example, the south cluster worked with CMAP to develop a housing investment tool that ranks proposed investments in accordance with established criteria. The tool helps the cluster efficiently prioritize and guide the distribution of funds across its member communities.

Clusters need tools for directing investment

Investors are more likely to commit if there is a clear place to direct dollars. One example is a land bank being developed by the south Cook cluster to address the subregion's significant vacant property challenges. Other examples include the south and west transit-oriented development funds, which will direct investment to develop quality housing around transit areas.

A predictable development process attracts developers

The development community has indicated a desire for predictability in the development process across suburban communities. The clusters are in a unique position to support participating communities as they streamline the development process by working with municipal staff to implement policies and best practices. This could include comprehensive plans, overlay zoning districts, a model transit-oriented development ordinance, or common building codes. Member municipalities should align regulations and codes across boundaries, while continuing to maintain local control over the development review and approval process. As a result of this alignment, cluster staff can help attract and facilitate conversations with private investors.

4. What is the appropriate role of outside facilitators and technical assistance providers in fostering interjurisdictional collaboration?

Existing clusters will benefit from ongoing, but less intensive technical assistance

MPC, MMC and CMAP have put significant time and resources into establishing Cook County's first three clusters. Technical assistance at this level can taper off when the clusters have achieved sustainable funding, governance and structures (achievements future clusters likely will accomplish more easily). MPC, MMC and CMAP can then evolve into an advisory role to review and assist existing and new clusters' work plans to enhance their effectiveness, as well as continuing to advocate for policy changes with county, regional, state and federal agencies. Annual discussions may be sufficient to assist participating towns with troubleshooting and sharing best practices.

New clusters will need start-up technical assistance

Moving forward, new clusters have a strong template to work from to establish successful interjurisdictional collaborations. Technical assistance providers such as MPC, CMAP, and MMC can help new efforts get started by assessing common markets through tools like Homes for a Changing Region, helping to identify key shared priorities, advising on the appropriate structure, providing templates to easily implement policies and practices, and helping introduce clusters to possible resources.

Strong partnerships are needed to build subregional capacity

Historically, suburban communities nationwide have lacked the strong network of housing and community development nonprofit organizations that exist within urban areas. In metropolitan Chicago, two such urban networks have expanded in recent years to build regional capacity and foster the coordination necessary to promote sustainable homeownership and rental opportunities. The Regional Home Ownership Preservation Initiative and Preservation Compact both provide a professional support system of sorts – housing counselors, researchers, rehabilitation and finance experts – to the three Cook County clusters. The groundwork laid through these efforts must be sustained to support suburban capacity development. In 2010, the State of Illinois' Housing Task Force similarly created a Linkages Task Force, chaired by MPC, to define the State's role in promoting such subregional capacity to align housing, transportation and employment strategies.

A cluster cannot handle everything on its own and must play the important role of identifying strong and reputable partners to support its priority activities. Subregional municipal clusters, when appropriately staffed, are well positioned to engage different public, private and philanthropic partners to help build capacity in a coordinated fashion.

5. What is the best way to measure long-term results?

A robust cost-benefit analysis is needed

Although the three pilot clusters have raised a significant amount of funding, the process of identifying the savings for each member municipality is pending. The first priority should be measuring the impacts of the clusters' work including: the number of homes renovated or built, cost savings of outsourcing planning and programmatic functions, value of added staff capacity, and perceptions of increased efficiencies among investors, developers, and public sector agencies. Secondly, it would be valuable in the future to measure the residual impacts such as investment and development attracted, crime reduction, job creation, and property tax revenue.

Summary

Recommendations for county, regional, state and federal agencies and policymakers

- Update and interpret the regulations guiding key funding programs to provide flexibility and support for municipal clusters, particularly those that provide development capital.
- Allow public funding to support administrative and general operating functions; successes clearly stem from shared staff.
- Provide incentives for interjurisdictional collaboration by changing program criteria and goals, and reviewing competitive point structures.
- Adapt a portion of HUD funding – such as CDBG growth – to flow directly to metropolitan planning organizations and councils of mayors. This would strengthen the ability of subregional clusters and regional agencies to address issues that cross jurisdictional boundaries.
- Create a space for innovation, a “regulatory-free” zone similar to “Performance Partnerships” described in current federal budget proposals.

Recommendations for operation of clusters

- To attract new development and public and private-sector investment, adopt clear goals, priorities and decision-making processes aligned with federal, state, regional and county goals.
- Establish strong value-adding programs or services that directly support participating communities.
- Provide support to communities to establish predictable and consistent development approval processes.
- Institute a shared staffing strategy and create clear guidelines for the positions to refine their role and interactions with member municipalities and other partners.
- Through mechanisms such as intergovernmental agreements, secure commitments by member municipalities to actively participate in the cluster and to work through their shared staff on local housing and community development issues.
- Adopt by-laws or some form of governance and rules to allow for prompt joint decision-making when needed.
- Structure the cluster so that it can receive public sector funding and leverage private sector resources. This could mean establishing the cluster under an existing government agency such as a council of governments or a county.
- Structure partnerships with organizations that can perform property renovations and expand the cluster’s development capacity. These development partners can serve as advisors on and help execute redevelopment.

Bringing this model to scale will require leadership and innovation on the part of policymakers, as well as the pilot clusters, civic partners, and private investors.



Recommendations for technical assistance providers

- For new clusters, tap existing best practices to provide some start-up technical assistance.
- Identify each provider's specific expertise to begin to delineate roles, while continuing to coordinate assistance regionally.
- Once clusters are established, provide ongoing, less-intensive technical assistance, aimed at helping clusters build their own capacity.
- Help to establish strong partnerships with outside facilitators and technical assistance providers.
- Help to measure direct impact, especially related to cost savings, for participating communities and partner agencies; as well as benefits such as job creation, and new development and investment.

Recommendations for banks/funders

- Maintain regular communication with cluster staff to leverage their expertise about on-the-ground investment opportunities, and to align investments with local and regional goals.
- Invest in worthy development opportunities identified by the clusters.
- Provide general operating support to clusters.
- Coordinate and exchange information with clusters on property maintenance, disposition, and redevelopment strategies.

Conclusion

Interjurisdictional collaboration around housing and community development has great potential to strengthen local communities and the entire Chicago metropolitan area. Bringing this model to scale over the next eight to 10 years, however, will require leadership and innovation on the part of every level of government, as well as the pilot clusters, civic partners, and private investors. On the previous pages, we have identified numerous ways each of these stakeholders can support collaboration (*summarized on pages 18 and 19*).

Of immediate concern is identifying a sustainable funding source to support shared staff, whose role is vital to the existing clusters' success. To make it easier for communities to replicate this model and for county, regional, state and federal agencies to recognize and reward clusters, the ideal structure for clusters ought to be identified and institutionalized. The most promising and aggressive approach would be to build on the subregional decision-making bodies in place for transportation – the councils of mayors – and to explore aligning those with traditional HUD programs that could be deployed most efficiently if each council further supported its members engaged in clusters.

Cook County has been an innovator and a leader, as have been a number of financial institutions, supporting this model as the preferred approach to economic recovery. The Metropolitan Mayors Caucus, Metropolitan Planning Council, and Chicago Metropolitan Agency for Planning will continue to work with the county's existing clusters, to explore strategies for adapting and strengthening their structures to better accommodate the needs of both private and public sector investors. In 2013, these three regional organizations will take these policy lessons "on the road," to encourage communities in other counties in metropolitan Chicago and beyond to adopt this interjurisdictional approach.

For our region to pull itself out of this economic downturn and truly begin to thrive, we need to recognize that "business as usual" will no longer serve us. By working together, rather than at odds, on planning and development, communities can meet their pressing challenges head-on while building on their collective assets and resources to seize opportunities and develop a new roadmap for metropolitan Chicago.







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