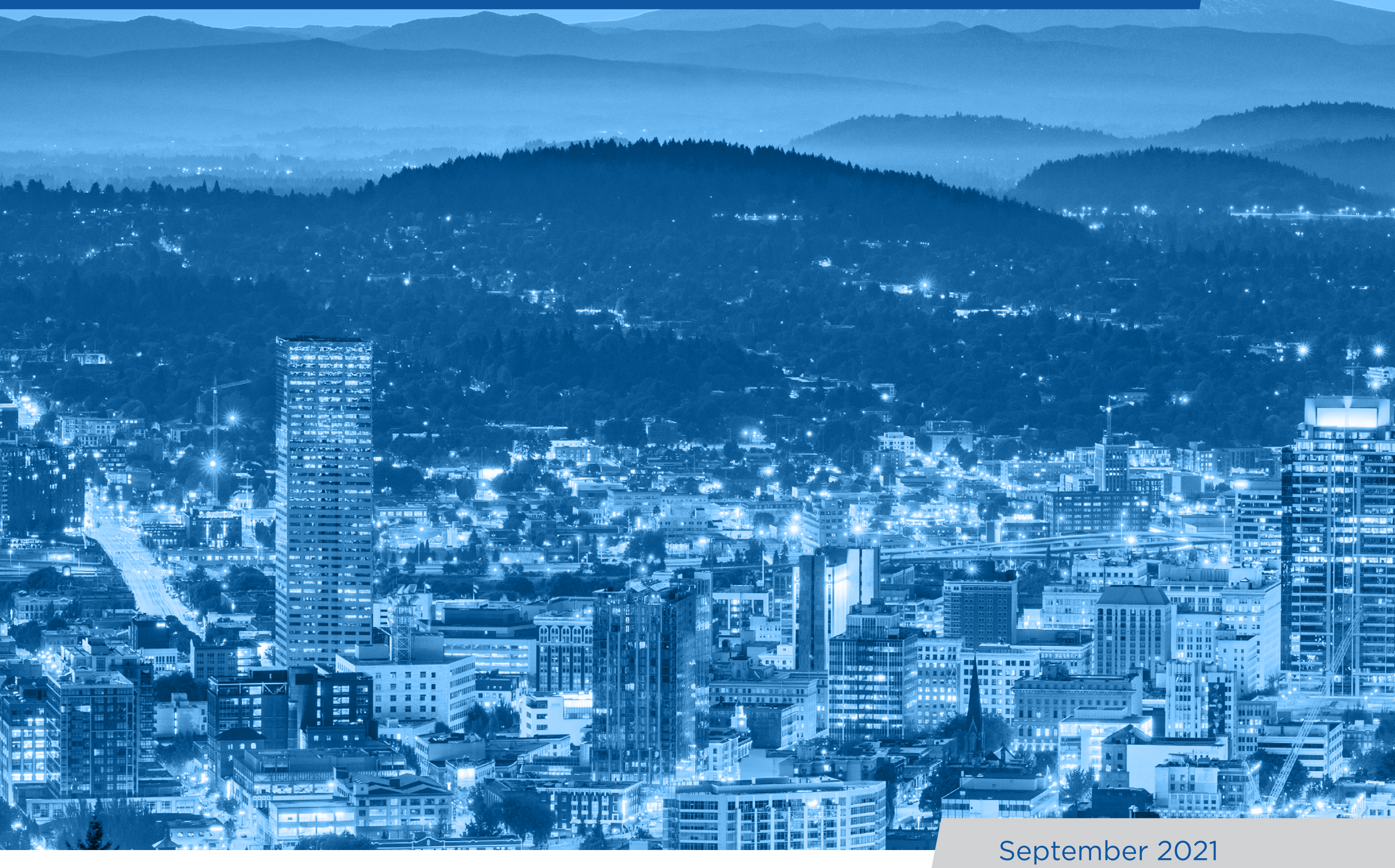
ANNE T. AND ROBERT M. BASS CENTER FOR
TRANSFORMATIVE PLACEMAKING

State resilience and recovery

STRATEGIES TO REDUCE INEQUALITY AND PROMOTE PROSPERITY BY CREATING BETTER PLACES



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BROOKINGS

John D. Ratliff

Contents

Introduction

The year 2020 was a time of genuine crisis for Americans and their neighborhoods. The risk of pandemic illness and death was coupled with economic uncertainty, while at the same time popular uprisings against ingrained injustice swept the country. The 2020 crisis was acute because it involved interrelated public health, economic, and social disruptions—but it was not new. The conditions facing American communities in the years leading up to the COVID-19 pandemic did not appear out of thin air. They were the predictable result of decades of deliberate policy choices at all levels of government. Choices in infrastructure, housing, education, labor, and health care policy have all helped to institutionalize inequality between American neighborhoods.[1]

Although there was clear inequality in January 2020, the disparate impacts of the ensuing crisis widened the gaps.[2] Moreover, as public officials responded to the pandemic, it became clear that aggregate data for a state, a county, or even a municipality were wholly insufficient to guide the deployment of resources to address public health conditions that were hyperlocal in nature. This is a lesson that is also applicable to policies designed to address economic, social, and other conditions. As they continue to promote recovery, policymakers must use a finer grain of analysis so they can address the geography of inequality within and between regions,[3] focusing on "places" as a unit of intervention.

An increasing number of public, private, and civic leaders now recognize that new place-led policies and practices are essential to addressing the nation's long-standing spatial divides. Among them is the Bass Center for Transformative Placemaking at the Brookings Institution, which has articulated a framework[4] to guide the development of new place-focused policies to generate more widespread social and economic benefits. According to the framework, these policies should aim to advance four primary community outcomes:

- ***Nurture an economic ecosystem*** that is regionally connected, innovative, and rooted in the assets of its local residents and businesses.
- ***Support a built environment*** that is accessible, flexible, and advances community health and resiliency.
- ***Foster a vibrant, cohesive social environmen***t that is reflective of community history and identity.
- ***Encourage civic structures*** that are locally organized, inclusive, and support network building.

When devising strategies to achieve these outcomes, it might be tempting to focus primarily on federal action because of the broad reach of federal policies, or on local action in order to customize interventions to the needs of a specific community. But state policies are also critical components of any comprehensive, place-focused strategy.

States have **four major roles** that can dramatically affect the prospects of places:

- **Setting the rules:** State law and policy set many of the parameters by which governments, institutions, and people in the state may legally act or interact.
- **Providing funding and resources:** States manage substantial streams of funding from their own sources and distribute federal funds, often with some discretion; how these dollars are directed can tilt the scales for or against places.
- **Enabling cooperation:** States are better positioned than cities or counties to facilitate cooperation across jurisdictions and sectors. States can share data and information, use state convening power, and provide financial or regulatory incentives and structures to promote collaboration and networking across cities, counties, regions, and state boundaries.
- **Modeling behavior:** Although less important than its other roles, states can act as models of good policy and behaviors in order to encourage the same in other actors.

These roles empower state policymakers to dramatically affect economic, social, environmental, and civic conditions in places. Their actions influence local governance, physical growth and development, and the ability of state residents to access meaningful work and economic opportunity. This is not just a matter of history: States were instrumental in creating the conditions in places both before and during the pandemic, and will play decisive roles in shaping the recovery.[5]

The remainder of this paper will discuss these roles in detail and provide examples of how states have acted to improve place outcomes.

Setting the rules

The U.S. Constitution establishes a federal system of governance in which the states play a central role. To implement the founders' philosophy that federal authority is both limited and delegated, the Constitution specifically defines a set of powers that it grants to the federal government. It reserves all other powers for the states and the people.[6] By design, the core power of self-governance is held by the states as representatives of the people.

Among the most important ways that states exercise this constitutional power is to authorize the establishment of local governments and define their authorities. In this system, it is up to the states to decide how much how sovereign power they are willing to delegate to their local governments. Some states grant extensive powers and broad autonomy, while others hold power more tightly. Even in the states that are generous, the state retains the broad authority to adopt generally applicable law on matters that are not exclusively local.

Every state has authorized local governments in some combination of counties, parishes, cities, townships, villages, or other forms. State law determines the authority that each may exercise. These rules may be contained in the state's constitution, the constitution and a state enabling law, or a stand-alone statute.

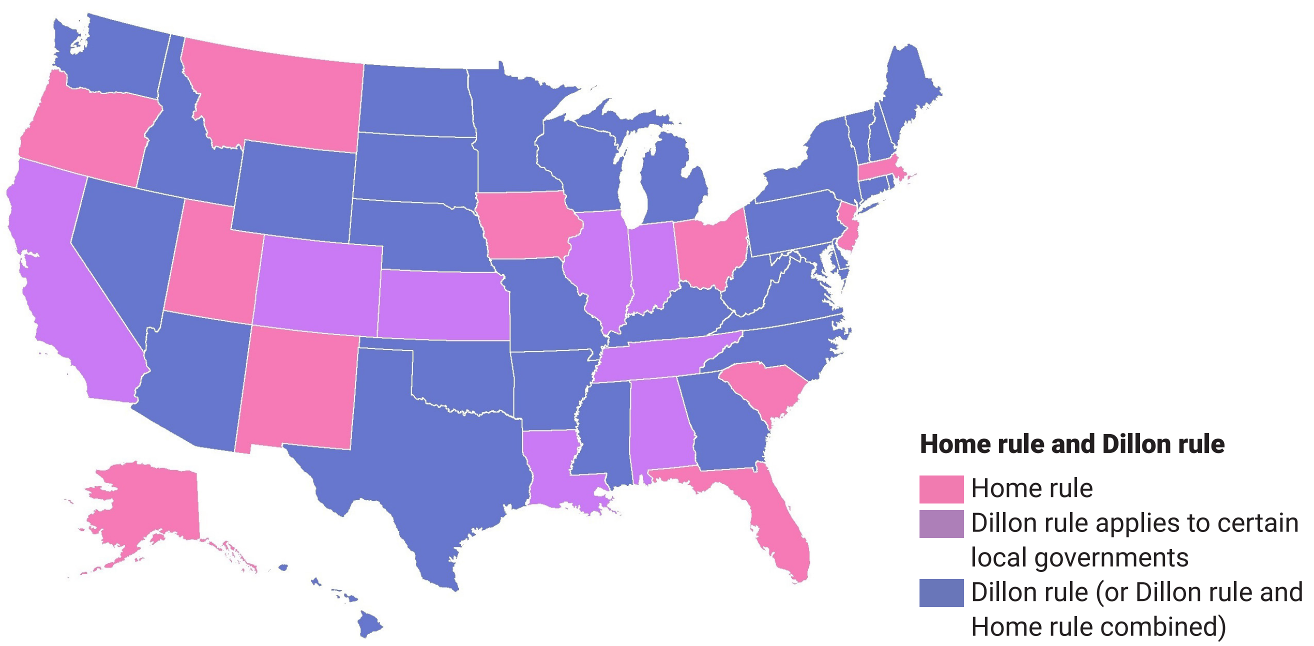
The degree of autonomy that the local government may exercise is determined by the scope of authority granted to it by the state. Some local governments are granted—or offered the opportunity to obtain—the power of self-governance, known broadly as "home rule." Here, the state is viewed as having delegated its own power of self-governance to the local government for matters that are local in nature for the geographic area comprising the local jurisdiction.

Other states adhere to what is known as the "Dillon Rule"—a rule of law that limits the autonomy of local government units. Under the rule, the state is viewed as having retained its sovereign authority, and local governments are treated as subordinate units that may exercise only those authorities that are expressly delegated to them. It is a rule of strict construction, so if the state has not clearly delegated an authority, local governments may not exercise it.

Most states apply a combination of the rules, and the application of the rules varies along a spectrum. In general terms, 11 states have delegated broad home rule powers to local governments, while 39 others apply some form of the Dillon Rule—eight of which apply it only to certain local governments (see Figure 1 below and Appendix A on page 38).

The major consequence for place-based policy is that local governments operating under the Dillon Rule may not act without explicit state authority—no matter how creative they are or how urgent the need to act may be. Local governments acting under home rule, by contrast, may find the authority for creative or urgent new actions within the broad grant of authority in their home rule charters. In either case, the granting of explicit new authorities by the state could benefit local governments if they establish clear rules and define roles and responsibilities These state interventions are particularly needed in cases of market failure due to structural economic change (see Land Bank Enabling Act—Ohio sidebar), or with the emergence of new technologies (e.g., micromobility[7,8]).

Figure 1. Most states constrain local autonomy



Source: Author's analysis (See Appendix A. for more detailed information).

Land Banking Enabling Act—Ohio

How it works: An Ohio state-enabling law grants the authority to each county to create a nonprofit land bank—known as a county land reutilization corporation—to strategically acquire properties and return them to productive use, reducing blight, increasing property values, supporting community goals, and improving quality of life for county residents.

The new enabling law,[9] enacted in 2009, grants each county some discretion in the actual design and operation of its land bank to customize it to the unique needs of the community, but each land bank typically has three main functions:

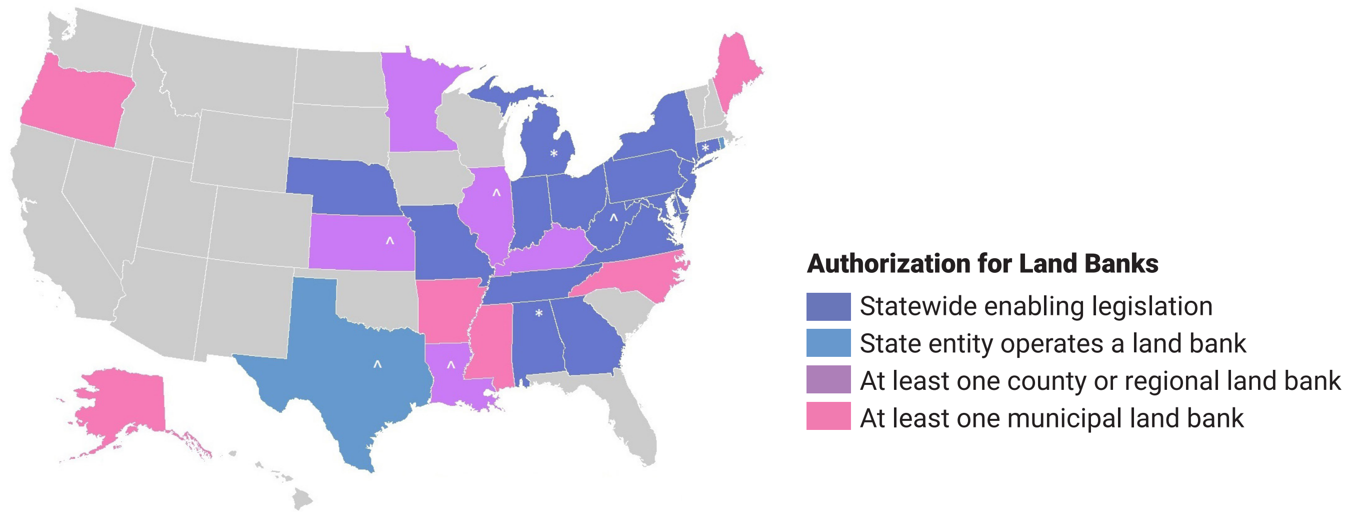
- ***To acquire and consolidate or aggregate vacant parcels through purchases, donations, or intergovernmental transfer from public foreclosure holdings.***
- ***To clear title to land and prepare parcels for transfer to a third party for redevelopment or reuse.***
- ***To prioritize land for disposition or reuse and sell it for redevelopment to a third party.***[10]

The law was viewed as a major reform because it permitted a single, countywide entity to take clear title to distressed properties, expediting rehabilitation and development. It also encouraged the acquisition of distressed properties by granting land banks certain immunities and allowing municipalities to avoid the liability associated with distressed properties.[11]

Benefits: The use of land banks was pioneered in the 1960s as local governments sought new tools to address the challenges posed by an increasing number of dilapidated, vacant, tax delinquent, underutilized, or unwanted properties left behind in urban centers by suburbanization. In the early 2000s, the state of Michigan launched a reform effort to modernize its land bank authority, which saw the implementation of a new model law shortly before the 2008 foreclosure crisis dramatically increased the number of abandoned homes across the country. Land banks support healthier and more economically productive built environments by converting blighted properties that can be dangerous and unhealthy and depress property values and tax revenues into tax-producing neighborhood anchors.

There has been a dramatic proliferation of local land banks after 11 states (including Michigan and Ohio) adopted new comprehensive state-enabling statutes starting in 2004 (see Figure 3 below and Appendix B on page 40).

Figure 2. Land banks for distressed properties in the United States



Source: Author's analysis (See Appendix B. for more detailed information).
*Note: * States that also have a state entity operating a land bank under separate authority; ^ states that also have at least one municipal land bank operating under general (or other) authority.*

In addition to operating within the appropriate scope of authority, local governments also need to consider whether their lawmaking is in conflict with generally applicable state law. In most cases, a conflict between state and local law is resolved in favor of the state. Even under a home rule charter, a local government must act in compliance with state laws.

In recent years, states have increasingly used these conflict-of-law rules to curtail or preempt local laws or policies with which they disagree. States have frequently used preemption to overturn policies that are popular in cities but not in state legislatures.[12] For many advocates of local self-governance, the widespread use of preemption in this way represents a state assault on local autonomy,[13] which they view as particularly troubling at a time when local government solutions are needed to address the public health and economic crises.[14] Criticism is particularly harsh where states have used preemption against cities as a punitive measure.[15] However, state preemption has also been used to reduce barriers to the development of affordable housing (see Affordable Housing Reforms of 2019—Oregon sidebar).

The states' authority to enact generally applicable law derives from their constitutional powers of self-governance. This allows them to legislate and regulate in general and create the rules of the game for a wide variety of activities and actors operating in the state.

States exercise this authority in many areas of policy, including the environment, housing, health care, and financial services. Precisely what state rules allow or prohibit can dramatically affect places. For example, states have detailed regulations limiting where buildings or infrastructure can be constructed in order to promote conservation or preservation, control pollution, and limit flooding or other natural disasters. To help control health care inflation and prevent overbuilding, many states regulate the capacity and number of health care facilities by requiring a "certificate of need" before permitting construction in a new location.[16] To protect consumers and promote transparency, states strictly regulate banks and other financial services companies. Nevertheless, to prevent the stifling of innovation, a number of states have created what are known as "regulatory sandboxes" in which financial services companies or financial technology companies can test new products in a more flexible regulatory environment in specifically designated geographic areas.[17]

One powerful way that state rules affect places is authorization of the creative use of financing tools. Other than Arizona, all states and Washington, D.C. allow the use of tax increment financing (TIF) tools to fund development in specially designated parcels or districts. Under a typical TIF program, the authorized local government designates a defined geographic area, known as the TIF district, in which it intends to promote development. It also specifies the district's goals, allowed expenditures, and terms of operation. As an incentive for development, it commits that any tax revenue increases above the base measured at the time of the district's creation are to be dedicated to fund projects in the district.[18]

Although widely used to finance infrastructure, states have also authorized the use of TIF tools to promote long-term economic development by allowing TIF resources to fund the operations of local technology and entrepreneurship centers and build local economic partnerships (see SmartZones—Michigan sidebar).

A broader and more common way that state law allows for the differential treatment of places is the authorization of special districts. Special districts combine some of the attributes of a local government and a specialized set of rules for a clearly defined place.[19] The Census Bureau classifies local governments into five types: county, municipal, township, special districts, and school districts.[20] The first three categories are general purpose local governments, while special districts and school districts are special purpose local governments. Except for state laws authorizing the creation of general purpose local governments, the authorization to create special districts either by the state itself or by a local government under a grant of authority from the state is among the most significant ways in which state law allows customized sets of rules to apply in designated places.

Affordable housing reforms of 2019—Oregon

How it works: To protect its supply of affordable housing and combat the negative consequences of zoning, the state of Oregon enacted a broad set of affordable housing reforms in 2019. The new laws established a statewide cap on rent increases, eliminated single-family zoning in most jurisdictions, expanded state authority to compel local jurisdictions to comply with statewide land use and planning goals, and compelled local jurisdictions to permit affordable housing on land that they own.[21]

Benefits: By regulating cost and eliminating legal barriers to development, the reforms seek to increase the supply of affordable housing. An expanded supply of affordable housing should offer those seeking housing a broader array of choices and more flexibility. By expanding the range of locations in which affordable housing is available, home seekers are more likely to find housing that is accessible or in closer proximity to other destinations that are important in their lives, such as work, school, or recreation facilities.

Additional considerations: In the past, many states have been reticent to implement reforms as far reaching as Oregon's because they override some local decisionmaking that is considered by many to be appropriately local in nature. However, the growing intensity of the housing affordability crisis has led an increasing number of states, including California,[22] to take direct action. As with the imposition of state authority by conservative state lawmakers over progressive local laws, this exercise of state power has not been without controversy, even though it could be described as the reverse: a progressive state overriding conservative local decisionmaking that created barriers to the expansion of affordable housing. Some local governments in Oregon complained that the reforms curtailed their authority and imposed on them new costs that were not offset by additional funding from the state. The state did ramp up technical assistance to local governments to help them implement the new law.

Photo credit: Sightline Institute Middle Homes Photo Library

SmartZones—Michigan

How it works: Through its SmartZone program, the state of Michigan grants those local governments with the best plans and strongest partnerships the authority to create and use tax increment financing entities to build innovation infrastructure and finance the operations of business incubators in designated SmartZones.

For each SmartZone, the state authorizes the creation of a local development finance agency (LDFA) to collect the tax increments on real and personal property taxes, including the state tax on property used to fund education. The LFDA may use these funds to finance the development of necessary infrastructure in the zone and the creation and operation of business incubators. In addition to the grant of TIF authority, the state has provided some direct funding to help offset the startup costs associated with the business incubators. As of 2021, there were 20 SmartZones located around the state, each with an incubator and university partner.[23]

SmartZone designations are not dictated by state law; they are chosen from among the best plans submitted by local governments and their partners. The state grants priority consideration to plans that include: commitments from major anchor tenants; active support and involvement by a local higher education or private research-based institution; an incubator facility; a limited need for state funding beyond tax increment financing; other government support; or the clustering of two or more municipalities located within the same county under one local LDFA.[24]

Benefits: Recognizing that success in the innovation economy relies on proximity, density, and shared facilities that support collaboration,[25] Michigan's SmartZone program aims directly at promoting these conditions—as innovation districts—in more places across the state. By offering a set of tools that includes the TIF authority, the state incentivizes local governments to create innovation districts and provides a critical means of financing innovation infrastructure and activities. To access the tools, the local government must leverage local assets, build local partnerships, and establish a local network to offer small business services to local entrepreneurs.

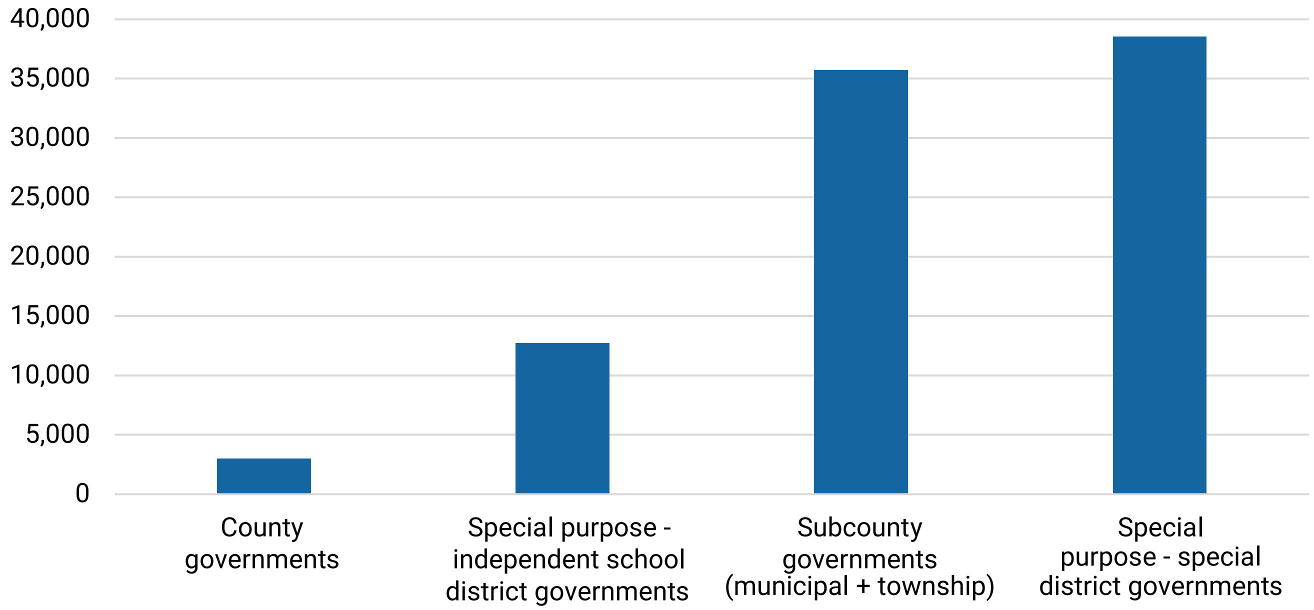
Image source: https://www.michiganbusiness.org/services/entrepreneurial-opportunity/smartzones/.

Special districts are governmental entities that are distinct and separate from general purpose local governments. They are authorized for limited purposes, sometimes for a limited period of time, with substantial administrative and fiscal independence. Most special districts were created to encompass geographic areas within existing municipalities or townships to provide enhanced services to residents and a means to pay for them. They are also frequently created by states to provide services in areas of new development. Special districts commonly provide services related to fire protection, infrastructure, redevelopment, housing, utilities, water management, conservation, and parks and recreation.[26]

The number of special districts in the United States is nearly identical to the number of counties, municipalities, and townships. And their number is growing, while the number of general purpose local governments has not changed significantly in recent years.[27] The growth of special districts has led to substantial criticism, largely because of a perceived lack of accountability. Critics assert that special districts perform key public functions but are not well understood by the public, and many fail to adhere to modern standards of government budgeting or spending transparency.[28] Public confusion is particularly acute in places where multiple entities exercise similar or overlapping authorities, or where the special district authorities are not distinct enough from those of the general purpose local government.

Recognizing the importance of special districts—especially for economic and community development efforts—several states have recently enacted reforms to address their most widely criticized flaws (see Uniform Special District Accountability Act—Florida sidebar).

Figure 3. Number of local governments in the United States, 2017



Source: Brookings analysis of U.S. Census Bureau Census of Governments (2017).

Uniform Special District Accountability Act—Florida

How it works: Under a state law enacted in 2018,[29] the state of Florida adjusted the accountability and reporting standards for special districts to match those for local, county, and state government and required the state's Department of Economic Opportunity to maintain a public list of the state's authorized special districts.

To promote more accountability and transparency, the state enacted the law to raise the standards applicable to special districts, bringing them closer to those in states with more robust standards, such as California.[30] The state acted to enhance public confidence in special districts because they have become increasingly important tools for infrastructure and economic development projects in the state. Among the fastest-growing type are community development districts, which are used as tools to finance community development projects such as new sewage treatment facilities, and are widely used in fast-growing areas of the state.[31]

Benefits: In many states, special districts are viewed as the most local of local governments, and as such, they can serve as a structure for hyperlocal governance for neighborhoods, districts, corridors, and other places. However, their effectiveness as a governance structure is directly correlated their ability to maintain public trust. This is precisely why states have acted to enhance their accountability.

Part of the special district in Daytona Beach administered by the Downtown Development Authority

Providing funding and resources

States provide a substantial amount of investment in places. These investments come from states' own revenues and assets or federal resources that they manage. In 2020,[32] more than 65% of state expenditures were from states' own resources, and only 32.4% from federal funds.[33] States spent nearly 70% of their budgets on health services, education, transportation, corrections, and public assistance.[34] Every other program or activity that state governments support was funded from the remaining 30.7% of the budget. This includes programs that are critical to places, such as funding for economic development, environmental protection, parks and recreation, natural resources programs, housing, general aid to local governments, and public health programs.[35]

State grants and placed-based incentives

States distribute state-raised funding to local governments through a number of mechanisms that offer different degrees of autonomy to the local government receiving them. Their distribution formulas also vary, sometimes promoting equality (by spreading funding evenly) and at other times equity (by distributing funding by need). Most state funding to local governments is in the form of grants that are provided either by formula or by a competitive process for a particular project or specified uses. A common consequence of distributing state investments through a competitive process is that the communities with the most experienced leadership or sophisticated set of stakeholders are likely to have advantages in the application process. This may be true of formula grant programs as well, unless the formula explicitly accounts for a community's capacity. A predictable result is underinvestment in communities with the lower levels of capacity. To level the playing field, states can direct some investment or assistance explicitly toward capacity-building (see Redevelopment Ready Communities—Michigan sidebar).

A number of states have deployed a "bottom-up" approach to economic development, which uses state funding to empower rather than supplant local decisionmaking. Using this approach, the state invests in economic development plans that are developed locally around a shared vision and a firm commitment from the players who have the most at stake and who have the greatest role in ensuring the success of the plan (see Regional Economic Development Council Initiative—New York sidebar). Similarly, a number of states have dedicated state programs to support and coordinate local efforts to revitalize traditional downtowns and commercial districts using the National Main Street Center's[36] preservation-based Main Street Approach[37] (see Virginia Main Street—Virginia sidebar).

Rather than directing funding to places in the state by formula, or to those that have the best plan or local network, a state can direct its investments to places that are targeted because of underlying economic, built environment, social, or environmental conditions. Almost every state has directed assistance to areas that have been specifically designated for investment and development because of lagging economic or social conditions. The areas targeted for investment in these programs are often called "enterprise" or "empowerment" zones.[38] Under a typical program, private companies that stay, locate, or expand in a zone can qualify for a variety of state subsidies—usually some combination of corporate income tax credits, property tax abatements, other tax exemptions, regulatory relief, and enhanced government services.

It is common for these programs to fail to meet their goals because the subsidies are not well matched to the desired outcomes[39] or the zones are not strategically tailored.[40] A number of critics argue that these types of incentives will never be effective and are simply giveaways to corporate or other wealthy interests in the name of economic development.[41] Moreover, there is a growing body of evidence showing that, rather than corporate incentives, targeted state investments in local infrastructure, public services, and human capital development are more effective in promoting economic growth and opportunity in neighborhoods.[42] The researchers at the Pew Charitable Trusts offer some advice for making incentives more effective, including identifying areas for targeting using objective quantitative measures; systematically assessing which geographic areas are most in need; regularly updating the list of eligible locations; tailoring economic development strategies to local needs; and creating job opportunities for low-income residents.[43]

Redevelopment Ready Communities—Michigan

How it works: The state of Michigan offers resources—in the form of no-cost technical assistance and training in the latest best practices—to make communities more competitive for redevelopment and ready for outside investment, both public and private.

Under the program, the state conducts a rigorous assessment of a participating community's redevelopment, community development, and economic development practices against a set of standards developed in partnership with the private sector. Based on the results, the state offers technical assistance to help the community make improvements. As a final step, the state certifies as "Redevelopment Ready" communities that integrate transparency, predictability, and efficiency into their daily development practices. A Redevelopment Ready Community certification is viewed as a formal recognition that the community has a vision for the future, and has put in place the fundamental practices to get there.[44]

Benefits: This program helps struggling communities modernize their practices and policies so that they can improve their conditions for growth and investment and build ecosystems to support local small businesses. It is designed to make communities "ready" to fully participate in the growth of the state's regional economies regardless of where they started.

Jackson, Mich. is a designated Redevelopment Ready Community. Photo credit: Michigan Municipal League/mml.org

Regional Economic Development Council initiative—New York

How it works: The state of New York directs funding to locally developed economic development strategies rewarding regions that have developed forward-looking plans and the partnerships necessary to implement them.

Through the Regional Economic Development Council (REDC) initiative, launched in 2011, New York established 10 regional councils around the state and charged them developing long-term strategic plans for economic growth. The councils are public-private partnerships made up of local experts and stakeholders from business, academia, local government, and nongovernmental organizations.

Since its launch, the state has made its community and economic development investments through the councils, awarding $6.15 billion to projects that were consistent with regions' strategic plans.[45]

Benefits: The REDC initiative builds regionally connected ecosystems by rewarding locally developed plans that leverage local assets. The prospect of state funding creates an incentive to evaluate and understand each local asset, including local places, and include it in the plan. The initiative also uses the same incentives to expand civic capacity by encouraging locals to develop networks and build the relationships necessary to leverage each asset.

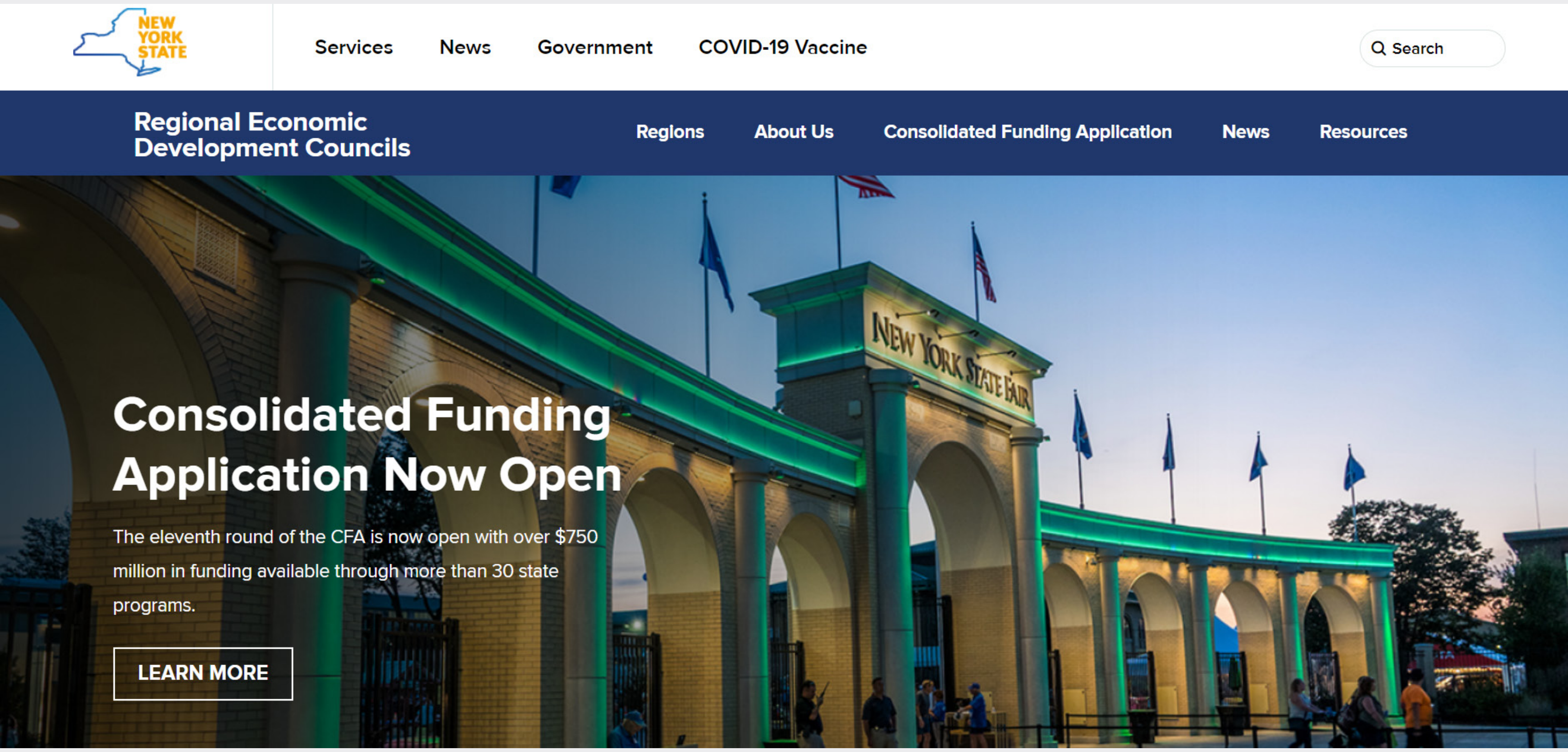


Image source: https://regionalcouncils.ny.gov/.

Virginia Main Street—Virginia

How it works: The state of Virginia maintains a program that offers services, financial assistance, and technical assistance to communities seeking to revitalize their historic commercial districts. The program also acts as a State Coordinating Program in the Main Street America network.

The Virginia Main Street program[46] is housed in Community Revitalization Office of the Department of Housing and Community Development and has been operating since 1985.[47] Based on the model pioneered by the National Main Street Center, the state uses a comprehensive, incremental approach to revitalization built around a community's unique heritage and attributes. Drawing on local resources and initiatives, Virginia Main Street helps communities develop their own strategies to stimulate long-term economic growth and pride in the places that are their traditional centers of community. In 2020, the program supported 30 designated Main Street Communities and 67 commercial district affiliates located throughout the state by providing grants, training, and technical assistance on the best and most current practices in economic development, entrepreneurship, placemaking, and fundraising.[48]

Benefits: Main Street programs support local solutions to help small businesses survive and thrive by connecting small business owners and entrepreneurs to capital, skills training, and information about best practices.[49] They also create formal structures that connect small business owners to critical city, regional, and state government resources.[50] Main Street coordinating programs that offer services similar to Virginia's are operated by the states or state-supported nonprofit organizations in 39 states and Washington, D.C.[51]

Image source: https://virginiamainstreet.com/.

Federal funding

One-third of state funding comes from the federal government.[52] As a share of state budgets, federal funds increased by more than 14% in 2020—the highest annual growth rate since the Great Recession. The increase is largely due to the additional federal aid states received in response to the COVID-19 pandemic, including through the CARES Act[53] and changes to Medicaid.[54] This federal assistance supports an array of programs and activities that are critical to places, including public education, housing, transportation, community development, job training, environmental programs, and health care.

Federal funds pass through the states through different mechanisms. In some cases, federal law strictly limits how the funds are used; in others, it allows states some discretion to set their own rules for distribution. Depending on the state's policy choices, the exercise of state discretion over its federal funds can help or hinder the state's places, just as it does when the state spends its own funds. The vast majority of federal funding is provided to states as **categorical grants,** which allow the least discretion. Most categorical grants are awarded through a competitive application process, and the funds can only be used for a specially aided program and are usually limited to narrowly defined activities.[55] Still, states can direct these funds in ways that have a transformative impact on places. The single largest stream of funding in state budgets that affects place is for transportation,[56] and directing these investments to support places can have a tremendous impact (see Complete Streets policy and state pedestrian and bicycle plan—California sidebar).

Block programs are a more flexible type of federal government assistance available to states. A block grant is a sum of federal money awarded to a state or local government to fund a general purpose, often understood as a "block" of programs. The federal government grants additional flexibility under the theory that state and local governments know their communities better, and imposing too many federal conditions could inhibit the most effective use of funds. Thus, block grant programs such as the Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program are ideal touchpoints for states to progressively advance place-based policy.

Another federal mechanism for distributing flexible funds to states is a grant of funds to implement a **statewide plan**. The state has a wide range of discretion in the use of this kind of assistance, though typically the state plan must be approved by the federal government and must be developed in collaboration with key state stakeholders. The bulk of assistance provided to states for job training and workforce development under the federal Workforce Innovation and Opportunity Act falls in this category.[57] States can use these dollars to promote stronger partnerships between employers and the trainers of the skilled workers that those employers need (see Real Jobs Rhode Island and Real Pathways Rhode Island—Rhode Island sidebar).

Finally, the mechanism that grants the most flexibility to the states is **revenue sharing**. The federal government does not currently engage in revenue sharing with the states, but it did between 1972 and 1986 under the State and Local Fiscal Assistance Act.[58] During that 14-year period, the federal government provided more than $82 billion in general revenue sharing with state and local governments.[59] There were no restrictions on the use of the state funds, and local funds were to be used for certain "high priority expenditures" designated by Congress.[60] At least one economist has called for the revival of federal revenue sharing as a response to COVID-19.[61]

Complete Streets policy and state pedestrian and bicycle plan—California

How it works: Through a combination of a statewide plan, dedicated investments, and tools for local project planners, the state of California is building, operating, and maintaining infrastructure that contributes to places rather than disrupts them. When it adopted its Complete Streets policy in 2008, California was among the first states to require its department of transportation, also known as Caltrans, to look beyond the needs of motorists when making transportation investments.[62] As in other jurisdictions, a "complete street" in California is a transportation facility that is planned, designed, operated, and maintained to provide safe mobility for all users, including bicyclists, pedestrians, transit vehicles, truckers, and motorists, appropriate to the function and context of the facility. Caltrans emphasizes in its guidance that every complete street looks different according to its context, community preferences, the types of road users, and their needs.[63] Caltrans has also created a Complete Streets Elements Toolbox to make it easier for local project developers to create and fund project elements that benefit non-motorist users.[64]

California is also among the handful of states that have adopted a statewide plan to guide its investments in what is known as "active transportation" infrastructure, or infrastructure for bicyclists and pedestrians.[65] The plan aims to strengthen the connection between transportation, environmental sustainability, and public health for California residents, and includes goals to double walking, triple bicycling, and double transit use across the state over a period of three years starting in 2017. It also sets targets to reduce bicycle and pedestrian fatalities by 10% per year and increase the number of Complete Streets projects by 20%.[66] In the longer term, the plan also contributes to the goal contained in the California Transportation Plan 2040 of fostering livable communities and promoting social equity by committing to invest resources in communities that are most dependent on active transportation and transit.[67]

Even in a budget-constrained year, the state approved a $100 million set-aside for Complete Streets elements on existing projects in 2020.[68] Caltrans views this set-aside as a stopgap measure that would not be needed in the future because bicycle and walking access would automatically be included in every project.[69] As part of the state reforms enacted in 2017 to raise new revenues for transportation, the state has also allocated $1 billion over 10 years for active transportation projects—an 80% increase over prior years.

Benefits: California's strategy is an explicit effort to strengthen the connection between transportation, environmental sustainability, and public health. It seeks to increase the number of transportation choices available to Californians, and audits have found that the projects benefit disadvantaged communities as intended.[70] The strategy also promotes community health by making it easier and safer to walk and bicycle and by improving air quality through reductions in harmful emissions.

San Francisco. Photo: Shutterstock.

Real Jobs Rhode Island and Real Pathways Rhode Island—Rhode Island

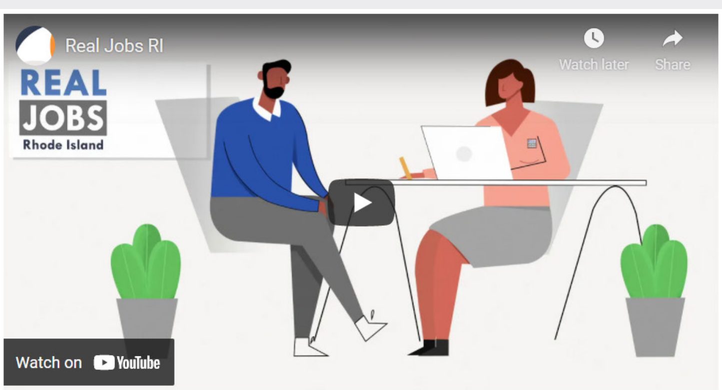
How it works: The state of Rhode Island provides funding to cross-sector partnerships developed by local stakeholders to promote closer alignment between the needs of employers and the skills of workers in critical sectors of the economy. It provides additional funding to create opportunities for workers who have traditionally faced barriers to employment. Several federal funding streams for workforce development augment substantial state funding.

Each cross-sector partnership funded under Real Jobs Rhode Island[71] is comprised of a range of stakeholders representing key employers and training providers in the sector. Among the most active partners are trade associations, universities, community colleges, hospitals, nonprofits, and government agencies. The partnerships assess the needs of employers in specific sectors, develop and revise training programs to meet those needs, and actively recruit workers looking to update their skills or move to better jobs. Some partnerships have dedicated career programming for high school and college students. Through Real Pathways Rhode Island,[72] the state supports the development of skills training pathways into the state's growing sectors for populations that have traditionally faced barriers. To achieve this, the state provides separate funding to partnerships among public, private, and nonprofit agencies that serve adult learners, disabled individuals, English language learners, the formerly incarcerated, homeless individuals, the long-term unemployed, veterans, and at-risk youth.

Other states, such as Maryland,[73] have successfully launched and operated similar programs to promote regional sector partnerships. But what makes Rhode Island's program noteworthy is the level of funding that the state has dedicated. This is a result of the firm commitment from the governor and other state leaders, but also the state's efforts to build a larger program by leveraging sources of funding beyond state general funds. Finding permissible ways to "braid" federal funds with state funds has been an important strategy in building the program.

Benefits: The two programs build regionally connected ecosystems by supporting partnerships built by local stakeholders. The state does not dictate whether a partnership in any sector should exist or how it should function, but instead provides incentive funding to employers, training providers, and other stakeholders to align their activities and create a local system that enables workers to gain access to training for available jobs. The Real Pathways program explicitly promotes more equitable outcomes by investing in partnerships whose primary mission is to ensure that potential workers who may have been disconnected from the state's critical sectors in the past have access to specific training programs that make them ready and available to employers in those sectors. Both programs also expand civic infrastructure by providing financial support for the development of formal structures of collaboration and a network among stakeholders.

Although Rhode Island is a single metropolitan area and functions as a single region, its program is based on a Maryland program that invests in sector partnerships in different regions across the state. Between the two models, program practices show the benefits of investing in partnerships at the scale of the geographic area in which workers are seeking jobs and employers are seeking workers. This might be at the scale of a full economic region, but could be applied at the community or neighborhood scale.



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Enabling cooperation

States are better positioned than cities or counties to facilitate cooperation across jurisdictions and sectors. They can share data and information, use state convening power, and provide financial or regulatory incentives and structures to promote collaboration and networking across cities, counties, regions, and state boundaries.

Many communities, particularly in rural areas, struggle economically because they are small or isolated from core centers of economic activity. States can make investments to promote closer collaboration among these small communities, so that they can build a local economic ecosystem and function as a connected region (see Stellar Communities Program—Indiana sidebar). More generally, the state as a whole benefits when local communities share lessons and best practices as they address common economic, social, and built environment challenges. States can create platforms to make it easier for these communities to find each other and share experiences (see Peer mentoring program—Indiana sidebar).

Stellar Communities Program—Indiana

How it works: The state of Indiana directs resources to locally developed community and economic development solutions that promote cooperation in rural regions.

Recognizing that political boundaries and are unlikely to reflect true economic regions[74]—particularly among small and rural communities—the state created the Stellar Communities Program in 2011 to build stronger partnerships and promote innovative community and economic development solutions in self-selected regions.[75] Communities that receive a designation as a "Stellar Community" gain access to additional state resources for projects that promote transformative quality of place or community and regional improvements. Funds support activities to promote regional collaborative behaviors and investment; stem the tide of nonmetropolitan population loss through talent attraction and retention; promote sustainability; promote capacity with stronger municipal governance; and leverage quality of place through comprehensive and transformative planning processes that build on current assets.[76] The program is now run in partnership with eight state agencies.

Benefits: The program promotes the economic goals of building regionally connected ecosystems rooted in local assets and the civic goals of supporting local organizations and networks.

Peer mentoring program—Indiana

How it works: The state of Indiana supports a peer community mentoring program that facilitates the sharing of expertise, experience, and best practices related to local development and placemaking among stakeholders from different communities.

Under the program, known as Peer, the state provides a $20,000 grant and travel stipends to enable an experienced community (the "mentor") to work with a community seeking help with a quality of life project, such as a project related to Main Street, business, tourism, education, or unique community aspects.[77] The state provides a structure for mentoring that includes in-person assessments, stakeholder conversations, and peer advising. The local government in the community seeking mentoring must lead the efforts in partnership with a range of stakeholders, and it must also provide a local match of the state's financial contribution.

Benefits: The program supports a local structure in which an array of community stakeholders can work on a project that is unique to the history and identity of their place. It also builds networks between communities to share lessons and experiences about the realities of designing and implementing local projects.

Efforts to promote collaboration can also support the development and scaling of innovative policies that break down silos and address structural barriers. For example, among the challenges that have led to widespread economic disparities across neighborhoods is the financialization of real estate and resulting lack of local ownership of property. To address this challenge, a number of private sector, philanthropic, and local nonprofit organizations have worked creatively to create new models of investment that give residents a long-term financial stake in their communities through investment in local real estate. States could dramatically accelerate the adoption of these strategies by enacting reforms that make it easier to establish, manage, and regulate a community investment trust (see Community Investment Trust—Portland, Ore. sidebar). Another example is the hyper-agglomeration of the innovation economy, which concentrates the benefits of growth in certain regions of the state. States can promote the sharing of benefits from growing sectors of the economy with a broader set of places though intentional partnerships (see InnovateNC—North Carolina sidebar).

State actions such as these advance places in several ways: they promote networks in which stakeholders in different communities can share lessons and best practices in placemaking; they promote networks to share technical expertise and other assets that may not be available locally; and they provide data and information that can help stakeholders better understand and evaluate their local conditions and assets.

As several of the examples listed elsewhere highlight, state leaders who are committed to place-based strategies that promote shared prosperity and economic inclusion are not focused only on the barriers that exist in their cities, towns, and regions, but on those that exist across the broad geographies of entire states. This can be a substantial challenge in an environment that is politically charged or where state leaders and the people they serve are deeply divided. In such an environment, a policy that is viewed by some as appropriately "empowering" local leaders may be viewed by others as "enabling" runaway local leaders. It is for precisely this reason that debate over the application of the Dillon Rule and state preemption of local initiatives has become so heated in recent years.

To combat this divisiveness, states can invest in efforts to promote shared values and bridge gaps in understanding and perception among its diverse populations around the state. Although not necessarily state-led, there are a number of statewide efforts led by forward-looking nonprofits that attempt to do just that (see Rural-Urban Exchange—Kentucky sidebar). Other efforts have gone further by establishing a permanent structure for the sharing of perspectives and the development of a state reform agenda that reflects both urban and rural needs (see Thriving by Design and The Equity Blueprint—Minnesota sidebar).

States can also support innovation to increase and diversify community engagement. With new technologies, states can use tools that engage communities in new ways, reach broader populations for input into decisionmaking, and leverage private funds for public projects. One of latest tools to promote engagement is known as "crowdgranting," in which decisions about state grants are made with community engagement facilitated through a digital platform and community partners to ensure broad and representative participation. Among the states that have used such tools are Massachusetts,[78] Vermont,[79] Indiana,[80] and Michigan[81] (see Better Places—Vermont sidebar).

Community Investment Trust—Portland, Ore.

How it works: In the face of declining local ownership of real estate, private sector, philanthropic, and nonprofit organizations, led by Mercy Corps NW, partnered to create a new model of investment—the Community Investment Trust—to give local residents a long-term financial stake in their community through investment in neighborhood real estate.[82]

Through the Trust, local investors can collectively own real estate at monthly costs that are affordable to the many neighborhood residents. It is a means by which individual investors can build wealth through collective ownership (even if they could not purchase property on their own) and to keep real estate assets under neighborhood control.

Benefits: A Community Investment Trust promotes neighborhood stability, wealth-building by residents who have traditionally faced barriers, and a more powerful voice for local residents on issues affecting their community. Whether caused by the long history of discriminatory policies that denied access to capital or policies that resulted in unfair dispossession, a Community Investment Trust can reverse the low levels of local ownership that deny residents the opportunity to build wealth and make them vulnerable to decisions made by owners outside of the neighborhood.

Because a Community Investment Trust has a dual mission (as an entity for real estate investment and as a manager of benefits for investors), the most successful of them operate as both real estate investment trusts and public benefit corporations. States could dramatically accelerate adoption of these strategies by enacting reforms that make it easier to establish, manage, and regulate a Community Investment Trust.[83] The boldest state action would be to authorize a new type of trust that incorporates the rules and responsibilities of the two types of entities that the current organizations straddle. This could mean authorizing new kinds of localized real estate trusts that incorporate explicit social benefits in their covenants or approved public benefit corps with defined investment structures.

InnovateNC—North Carolina

How it works: To promote the broader sharing of the benefits of the innovation economy, the state of North Carolina supports a public-private partnership charged with promoting economic inclusion and expanding innovation beyond the areas where it has traditionally flourished.

The partnership, InnovateNC, includes the North Carolina Department of Commerce, the Office of Science, Technology & Innovation, and Forward Cities, a national learning collaborative focused on inclusion. The partnership functions as a cross-sector network of institutional and grassroots leaders committed to economic inclusion and promoting the innovation economy beyond the core areas of the state. It operates a statewide learning platform, organizes events, and provides research, case studies, and policy tools. Among their current tools is an inclusive innovation policy toolkit focused on key levers of innovation policy: governance, access to talent, access to capital, information and data-sharing, and repurposing physical spaces.[84]

Benefits: InnovateNC strengthens North Carolina's economic ecosystem through explicit efforts to include people and places that have been left out of their state's innovation economy. It creates formal structures to connect the people and places assisted by the program to their broader statewide innovation network.

Rural-Urban Exchange—Kentucky

How it works: A statewide leadership program created by nonprofits brings together a diverse set of community leaders from across Kentucky for two years of trainings, meetings, and engagements designed to build confidence, enhance social capital, and bridge divides. It also acts as a forum to promote a better understanding of the leaders in the various issues across the state and of the challenges they face.

Known as the Kentucky Rural-Urban Exchange, or "RUX," the initiative brings together a cohort each year of 75 leaders in arts, agriculture, community development, health, and business for the two-year program of six community-intensive conferences. During the program's term, the cohort travels to communities in rural and urban Kentucky to build connections across cultural, racial, economic, and geographic divides. Each cohort represents at least 25 counties as well as diversities of age, expertise, sexuality, gender, race, geography and origin, culture, and class. Each community that hosts a visit from the cohort designs an itinerary to tell its story, showcasing both community assets and challenges. The program is organized by two nonprofit organizations: Appalshop (an arts center in Whitesburg) and Art of the Rural. Also included in the two-year program are workshops, seminars, and trainings from a development framework focused on leadership, building networks, and enabling cross-sector collaborations that are specific to the context of Kentucky in the 21st century. Since 2014, RUX has served 240 leaders from 42 counties.[85]

Benefits: RUX promotes a more cohesive social environment by allowing Kentuckians from different geographic locations and economic and social circumstances to share, learn about, and better understand the needs and wants of other residents of their communities and state. It also builds civic infrastructure by creating a formal network among the participating leaders.

Image source: https://www.kyrux.org/.

Thriving by Design and The Equity Blueprint—Minnesota

How it works: To promote shared interests while also addressing economic inequities, a statewide effort led by nonprofits developed the Minnesota Equity Blueprint[86]—a plan to integrate inclusion and equity into all strategies for community and economic vitality across the state, as well as the creation of a statewide organization of interconnected networks and partners committed to implement it.

Motivated by a shared commitment of Minnesotans to build a state in which all residents could thrive together no matter where they lived, the Blueprint was developed through a process known as “Thriving by Design - Rural & Urban Together.” The initial 18-month process engaged residents from communities of all sizes across the state, and achieved two key objectives:

Developing the Minnesota Equity Blueprint—a plan to integrate inclusion and equity into all strategies for community and economic vitality across the state.

Building the Thriving By Design Network—a statewide structure of interconnected networks and partners committed to achieving the vision of the Blueprint and implementing its recommendations in policy and practice over multiple years.

The 170-page Blueprint was released in February 2020 along with a list of priorities for reform. It includes 140 specific policy recommendations[87] for the governor, state legislators, and local leaders on issues of human capital, economic development, infrastructure, and environmental resilience. The effort was organized by two nonprofits: OneMN.org and Growth & Justice.

Benefits: The initiative fosters civic dialogue and creates civic structures to bridge the urban-rural divide. It provides a forum in which stakeholders from different locations and life circumstances can share experiences and develop shared priorities and a common vision for statewide reform. The network created by the initiative promotes the development of regions around the state and helps their leaders and stakeholders more fully understand their economic interdependence and the opportunities to leverage and support one another.

Minnesota Senate chamber. Image source: Shutterstock.

Better Places—Vermont[88]

How it works: The state of Vermont is distributing funding for place-based projects using a "crowdgranting" platform to increase community engagement in decisionmaking. The platform allows stakeholders to choose which projects receive funding and serves as a platform for the aggregation of small donations and philanthropic support to advance place-based community projects.

The state developed the mechanism to provide a flexible source of funding to assist "lighter, quicker, and cheaper" placemaking projects to spark community revitalization in Vermont's downtowns, villages, and neighborhoods. Drawing on the collaborative grantmaking experience of the other states, Vermont's model pairs aspects of "crowdfunding" platforms that allow individual community members to donate to a local project with matching funds from state and philanthropic sponsors. It is designed to empower local residents, demonstrate community buy-in, and advance local projects more quickly.

Benefits: Place-based crowdgranting provides a means by which members of the public can provide direct input in public decisionmaking. It empowers them to play an active role in shaping their communities, which builds social capital, social connectivity, and local pride. As a platform, it also advances locally driven projects quickly, so people can see the immediate results of their input. Among the ways that the platform accelerates projects is by providing local project sponsors with an easy way to raise matching funds by streamlining and integrating the grantmaking of multiple funders.

Burlington, Vermont. Image source: Shutterstock.

Modeling behavior

Although less important than its other roles, states can promote policy aims simply by acting as models of good policy and behaviors that they hope to promote in other actors. States sometimes perform this role when they want to push policy aims farther in a particular direction than they could reasonably mandate by law.

There are numerous examples of states using their behavior to influence the behaviors of others or to build an economic case for a policy or a market for a public good. Examples include state laws requiring that state buildings or schools built with state funds be high performance or green buildings, and those requiring state energy purchases be from renewable sources.

States can also exhibit model behavior by strategically managing their assets in ways that create better places. One of the most consequential ways to do this is to direct broad streams of state funding according to a strategy that specifically advances placemaking goals (see Priority Funding Areas—Maryland sidebar).

Beyond strategic funding, states can manage their nonmonetary assets in ways that reduce inequality and strengthen the economic competitiveness of places.

For some states in which developable land is scarce and expensive, this means making surplus state-owned real estate available for the construction of affordable housing (see Offering surplus state properties as sites for affordable housing—California sidebar). For others, it means selling or exchanging land that has traditionally been managed for resource extraction to make more land available for housing, open space, or economic development (see Use of state trust lands—Arizona sidebar).

Priority Funding Areas—Maryland

How it works: To leverage past investments and control the spread of sprawl, Maryland state law restricts spending for growth-related projects to existing communities and places designated by local governments for future growth—collectively known as Priority Funding Areas. The law applies to spending from most state programs that encourage or support growth and development, including spending for highways, sewer and water construction, economic development assistance, and state leases or construction of new office facilities.[89]

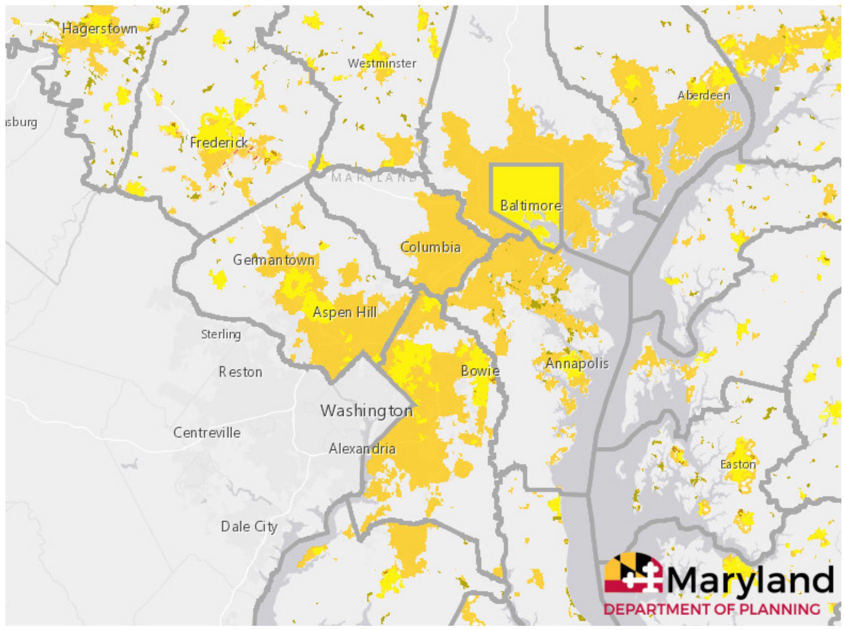

Image source: http://mdpgis.mdp.state.md.us/PFA/publicinfotemplate/index.html.

By directing investment to older communities, the law aims to reverse some of the impact of past disinvestment and limit investment in projects that contribute to the environmental degradation caused by sprawl, such as the loss of tree cover or the expansion of nonpermeable surfaces from which pollution drains into the state's critical waterways, including the many tributaries of the Chesapeake Bay.

Benefits: The law pursues a strategy that is conscious of the impact of state investment in promoting physical or economic growth. Rather than support projects that contribute to growth in undeveloped locations, the state has made a conscious decision to direct its investment to older, more established places where it already has substantial investments in infrastructure and community services, or in areas that are specifically designated by local governments for growth. As a result, the state invests more in areas where infrastructure already exists and where there are population densities that could support a wider variety of transportation options. This promotes a healthier, more resilient built environmental by improving the health and safety of places that have suffered from disinvestment and directing investment away from environmentally sensitive areas.

Offering surplus state properties as sites for affordable housing—California

How it works: In order to make more land available for the construction of affordable housing in California, the governor ordered state agencies to conduct an inventory and evaluation of state-owned properties that could be used for that purpose, and offered low-cost, long-term leases for the development of affordable housing on those sites.

The executive order,[90] issued in 2019, required the Department of General Services and the Department of Housing and Community Development to identify and prioritize excess state-owned property and aggressively pursue sustainable, innovative, cost-effective housing projects.[91] To implement the order, the departments conducted a first-of-its-kind inventory of state-owned property and developed screening tools that evaluated which sites offered the most economically feasible development opportunities, as well as which sites were located in places where affordability was most critical. They also published an interactive map showing the priority sites and issued requests for developers' affordable housing proposals for the use of the sites under low-cost, long-term leases. The order also encouraged the departments to exchange excess land with local governments where feasible, to preserve affordable housing.

Benefits: The California executive order leverages the state's property assets to increase the supply of affordable housing. As with Oregon's reforms, an expanded supply of affordable housing should offer those seeking housing a broader array of choices and more flexibility in choosing where to live.

Use of state trust lands—Arizona

How it works: In recent years, Arizona has increasingly turned to the sale of state trust lands for residential, commercial, and industrial development and for open space, rather than manage them for the extraction of oil, gas, or other natural resources.

State trust lands are parcels of property transferred to states from the federal government when those states entered the Union, and which continue to be held in trust for the benefit of specified public (mostly educational) institutions. As of 2015, there were approximately 46 million acres of state trust lands in 23 states, mostly in the western U.S.[92] In the continental U.S., Arizona and New Mexico have the largest holdings of state trust lands, with 9.2 million and 9 million acres, respectively. Eighty-five percent of all state trust lands in the continental U.S.—totaling nearly 40 million acres—are located in those two states or Colorado, Idaho, Montana, Oregon, Utah, Washington, or Wyoming.[93]

Benefits: State trust lands are assets that represent a source of revenue and a tool for shaping growth in places. By selling state trust lands in populated areas, a state can free up land for housing, open space, or other development while continuing to support the institutions for which the lands were held in trust—especially if proceeds from a sale are reinvested in parcels elsewhere in the state.

State trust lands comprise more than 30% of the land available for urban development in Maricopa County, including the fast-growing Phoenix metropolitan area.[94] As of 2015, Arizona was the only state in which land sales were the largest source of revenue from state trust lands.[95] As the economies of states with large inventories of state trust lands continue to diversify and become more knowledge-intensive (and their populations become more mobile and better educated), the value of state trust lands for purposes other than resource extraction is likely to increase.[96]

Conclusion

Federal, state, and local policies profoundly affect nearly every aspect of American neighborhoods, including their economic vitality, their shape and form, their social fabric, and their forms of self-governance. These policies do not affect neighborhoods equally—they convey benefits on some and burdens on others. A clear result is the growing divergence between prosperous neighborhoods and those that struggle against social and economic barriers.

The crises of 2020 accelerated this divergence and offered a glimpse of what the future holds for the nation if policymakers fail to reconsider some of the long-standing policies that created and reinforced divergence. Fortunately, the crises also provided a moment of clarity for the many leaders who saw the costs and risks of remaining on the same path.

Changes to state policy are critical to paving the way to a different future. As state leaders implement strategies for long-term recovery, they should exercise all of their authorities and focus their resources on building stronger neighborhoods. These efforts should combat economic isolation, promote opportunity, create flexible and healthy environments, strengthen community identity, and empower residents to exercise their voice. Many strategies to achieve these aims have already been implemented and tested by creative policymakers in other states. Those seeking solutions need only look to the successful models described in this report.

By creating neighborhoods that are more connected, vibrant, and inclusive, state leaders will not only build stronger local communities, but stronger states and a stronger nation as well. It is a substantial but necessary investment in making the nation and all of its communities more resilient and prepared for the future shocks that are sure to come.

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31. 2017 Census of Governments.

32. All references to years in the context of budgets refer to "fiscal years".

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Appendix A

Appendix A. Home Rule and Dillon Rule States

State	Home Rule	Dillon Rule Applies to Certain Local Governments	Dillon Rule (or Dillon Rule and Home Rule Combined)	Notes
Alabama		√		The Dillon rule applies only to counties.
Alaska	√			
Arizona			√	
Arkansas			√	
California		√		The Dillon Rule does not apply to charter cities.
Colorado		√		The Dillon Rule applies only to municipalities and counties that have not adopted home rule.
Connecticut			√	
Delaware			√	
Florida	√			Article VII, Section 1(a) of the Florida Constitution limits home rule authority in one aspect by reserving the power to authorize taxation to the state legislature.
Georgia			√	
Hawaii			√	
Idaho			√	
Illinois		√		The Dillon Rule applies only to municipalities that have not adopted home rule.
Indiana		√		The Dillon Rule applies only to townships.
Iowa	√			
Kansas		√		The Dillon Rule does not apply to cities and counties.
Kentucky			√	
Louisiana		√		The Dillon Rule applies only to municipalities chartered before 1974.
Maine			√	
Maryland			√	
Massachusetts	√			
Michigan			√	
Minnesota			√	
Mississippi			√	
Missouri			√	
Montana	√			
Nebraska			√	
Nevada			√	
New Hampshire			√	
New Jersey	√			
New Mexico	√			
New York			√	
North Carolina			√	
North Dakota			√	

Ohio	√			
Oklahoma			√	
Oregon	√			
Pennsylvania			√	
Rhode Island			√	
South Carolina	√			
South Dakota			√	
Tennessee		√		The Dillon Rule applies only to municipalities that have not adopted home rule.
Texas			√	
Utah	√			
Vermont			√	
Virginia			√	
Washington			√	
West Virginia			√	In 2019, the state enacted a new home rule law after running pilot program for more than a decade. The law appears to dramatically expand home rule, but past home rule authorities were limited by the courts.
Wisconsin			√	
Wyoming			√	

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Note: Because Washington, D.C. is not a state and is not located in a state, it has a unique legal status under federal law, and has been granted a version of home rule by the federal government.

Appendix B

Appendix B. State authorization for land banks for distressed properties

State	Statewide enabling legislation authorizing local land banks (year of enactment)	State entity operates a land bank under separate authority	At least one county or regional land bank operating under general (or other) authority	At least one municipal land bank operating under general (or other) authority	Notes
Alabama	√ (2013)	√ (2019)			Alabama Land Bank Authority (2014); Birmingham Land Bank; Gadsden Land Bank Authority (2017)
Alaska				√	Heritage Land Bank (Anchorage)
Arizona					
Arkansas				√	Little Rock Land Bank Commission; Jonesboro Land Bank; City of Osceola Land Bank Commission
California					
Colorado					
Connecticut	√ (2019)	√			Hartford Land Bank; legislation enacted in 2017 granted the state economic and community development agency the authority to certify certain nonprofit corporations as land banks. The state has only certified one, the Connecticut Brownfield Land Bank, which offers brownfield-focused land banking services for municipalities statewide
Delaware	√ (2015)				Wilmington Neighborhood Conservancy Land Bank (2017)
District of Columbia					
Florida					
Georgia	√ (2012)				Twenty-three local land banks are operating across the state
Hawaii					
Idaho					
Illinois			√	√	County/Regional: Central Illinois Land Bank Authority; Northern Illinois Land Bank Authority; South Suburban Land Bank and Development Authority; Cook County Land Bank; Lake County Land Bank. Municipal: Pana Land Bank
Indiana	√ (2016)				Elkhart Redevelopment Commission; Muncie Land Bank; Renew Indianapolis
Iowa					
Kansas			√	√	Twenty-seven land banks operating at the county/ regional or municipal level
Kentucky			√		Louisville and Jefferson County Landbank Authority

Louisiana			√	√	East Baton Rouge (Parish) Redevelopment Authority; Lafayette Land Revitalization Authority; New Orleans Redevelopment Authority
Maine				√	Sanford Land Bank Authority
Maryland	√ (2019)				As of July 2021, there are no land banks in Maryland, but the state has enacted enabling legislation to allow for their creation in the future
Massachusetts					
Michigan	√ (2004)	√			The state operates a land bank, known as the Michigan Land Bank Fast Track Authority, which operates in partnership with the 46 county land banks that have been established across the state.
Minnesota			√		Twin Cities Community Land Bank
Mississippi				√	City of Jackson Land Bank Property Program
Missouri	√ (2012)				St. Louis Land Utilization Authority; Land Bank of Kansas City; Land Bank of Blue Springs. Note that the 2012 enabling law limited its grant of authority to those municipalities located within a county that had a land trust operating on January 1, 2012. This limited its effect to those areas around St. Louis and Kansas City.
Montana					
Nebraska	√ (2013)				Omaha Land Bank (2014)
Nevada					
New Hampshire					
New Jersey	√ (2019)				Invest Newark is the only operating land bank so far
New Mexico					
New York	√ (2011)				There are 26 land banks operating across the state
North Carolina				√	The Northside Neighborhood Initiative & Land Bank (Chapel Hill)
North Dakota					
Ohio	√ (2009)				Fifty-seven of the state's 88 counties have established land banks
Oklahoma					
Oregon				√	City of Eugene Landbank Program
Pennsylvania	√ (2012)				There are 25 land banks operating across the state, and two more have been authorized
Rhode Island		√			Rhode Island Housing Land Bank
South Carolina					
South Dakota					
Tennessee	√ (2012)				City of Oak Ridge Land Bank Corporation; Shelby County Land Bank; Blight Authority of Memphis; Chattanooga City Council approved the creation of land bank in 2015, but it was never operationalized

Texas		√		√	Texas State Affordable Housing Corporation operates a land bank and land trust under authority granted to it in 2008. It partners with housing organizations to redevelop properties, which are sold or donated to them. In addition, TSAHC can help local governments manage local land banks and plan for new land banks. Also active are the Urban Land Bank Program (City of Dallas) and the Houston Land Bank.
Utah					
Vermont					
Virginia	√ (2016)				Chesapeake Land Bank Authority; Danville Neighborhood Development Corporation; Maggie Walker Community Land Trust (Richmond)
Washington					
West Virginia	√ (2014)			√	Huntington Land Bank Fast Track Authority (2009); Charleston Land Reuse Agency; Nitro Land Reuse Authority
Wisconsin					
Wyoming					

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For more information

John D. Ratliff
jdr.strategy@dunbridgeparters.com

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