



Report - August 2013

## Innovation and the City, Part II

This report profiles 25 of the best policy innovations from cities across the U.S. and around the globe—giving mayors and other municipal leaders the ability to learn from their peers and develop new policies based on models that have already proven effective.

by Adam Forman, David Giles, Neil Kleiman and Jae Ko

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As cities across the country and globe continue to generate new solutions to a wide variety of vexing problems, sharing information about what works and what doesn't has become more important than ever. Yet, outside of a few prominent policies, the vast majority of successful municipal experiments never reach a national audience or, for that matter, policymakers in similarly situated cities.

To help bridge this gap, the Center for an Urban Future and NYU Wagner published Innovation and the City earlier this summer. Drawing upon hundreds of interviews with mayors, agency chiefs, policy institutes, corporations, labor unions and philanthropic foundations, we identified some of the boldest and most inventive urban policy reforms of the last decade. But, in that report, which was generously funded by Citi Community Development, the policies also had to address important needs in New York City. And they had to be policies that could be realistically implemented in New York, given the City's government structure and political climate. As New York prepares for a new mayor for the first time in 12 years, we felt that creating an inventory of the best ideas from other places would be a good way to not only spotlight theoretical solutions but workable programs that others have already started to implement and learn from.

During our research, we discovered a lot of promising innovations that didn't match up well with New York's needs or addressed problems that the City was already confronting in a different way. So, in this second edition of the report, we have loosened our criteria to include policies that might not work in New York but are important enough to merit replication in other cities. These 25 policies come from a diverse group of municipalities and confront a variety of different kinds of problems.

For instance, we highlight Harrisburg, Pennsylvania's attempt to use the tax code to incentivize development and discourage land speculation, as well as San Francisco's innovative approach to traffic congestion caused by drivers circling for parking spots. We profile London's Community Infrastructure Levy, which provides policymakers with a new tool to finance transit upgrades and other major infrastructure investments, as well as a program in Camden, New Jersey that cuts down on expensive emergency room visits by hotspotting so-called "super-utilizers" of medical care.

And since we are no longer canvassing policies for a new mayor in New York, we highlight six of New York City's most important innovations under Mayor Michael Bloomberg, including the high-profile Applied Sciences NYC Competition, which resulted in plans for a new multi-billion dollar research campus on Roosevelt Island, and the Center for Economic Opportunity, which has leveraged alternative funding streams to launch over 50 anti-poverty programs.

As with our first publication, since so many of these innovations defy traditional categories and appeal to such a diverse set of needs, they are not listed in any particular order.

We hope you find them useful.

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### **Idea 1: Innovation Delivery Teams**

*Atlanta, GA; Chicago, IL; Louisville, KY; Memphis, TN; New Orleans, LA*

Cities run on systems for everything from transit to trash collection—yet there is no comparable, reliable system for generating and implementing smart policy solutions. In the summer of 2011, Bloomberg Philanthropies bet \$24 million on the theory that such an innovation infrastructure could indeed be built within city hall. Five cities—Atlanta, Chicago, Louisville, Memphis and New Orleans—received grants to hire a team that reports directly to the mayor and uses a set of tools and techniques for generating innovative solutions and producing results. Working in close collaboration with agency heads and other senior staff members, these teams focus aggressively—and with few distractions—on two of their cities’ critical challenges, ranging from small business development to homicide reduction.

## BENEFITS

- Each team developed major reform plans in months rather than years
  - Planning and implementation was rooted in sophisticated data analysis and tracking
  - Cities took the time to learn from other regions to repurpose the best of what is working elsewhere and bring it back home
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### **Idea 2: Health Stats Program**

*Camden, NJ*

The Camden Coalition of Healthcare Providers, an independent nonprofit, created a “hotspotting” program to locate areas of the city with high rates of chronically ill residents. Residents who are so-called “super-utilizers” of medical care receive more comprehensive and preventative assistance to undercut their reliance on costly emergency room visits. Health coaches check in regularly and work with patients to make sure they are taking their medications and following the doctor’s orders. In Northgate II, a residential building with a large number of low-income seniors, the nonprofit even opened an onsite clinic. Before hotspotting was introduced, it was found that 13 percent of Camden’s ER patients consumed 80 percent of the costs.

## BENEFITS

- By providing extra services upfront to a relatively small group of “super-utilizers,” the program cuts down on the much higher costs of emergency room treatments
  - Patients receive more health care at much lower costs to the state and federal governments
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### **Idea 3: Parking Sensor Program**

*San Francisco, CA*

In order to open up parking spots and reduce circling and double parking, San Francisco implemented an advanced parking management system that uses demand responsive pricing and mobile phone apps with real-time information about available spots. Prices vary by area and time of day, and sensors embedded in the pavement alert Department of Transportation computers whenever a spot becomes free. Demand responsive pricing introduces an incentive for drivers to leave or abstain from parking when the demand for parking is greatest, while the mobile phone app directs drivers to available parking spots and allows them to refill meters remotely.

## BENEFITS

- By raising rates when the demand for parking is greatest and directing drivers to available spots, the parking

management system cuts down on the noise, pollution and frustration that comes with traffic congestion

- A mobile phone app allows drivers to find available spots more quickly and refill meters remotely, while open data and source code may lead to future conveniences and research insights
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#### **Idea 4: Sector Panels**

*Seattle, WA*

Seattle's "sector panels" are composed of city and state workforce development officials, educators and business leaders and involve a series of meetings in which participants identify needed, industry specific skill-sets and then design educational programs to address those needs. The program has resulted in greatly expanded training capacity for the city's growing health care, green jobs, maritime and interactive media sectors. The health care panel, chaired by the president of a prominent hospital, led to a 370 slot increase in training programs and career-counseling sessions for more than 3,000 current health care professionals. The green jobs panel, meanwhile, used an extensive survey to help define the sustainability industry and locate skills gaps; based on the panel's research, an advanced training program for building managers was created. By engaging industry in the creation of new training programs, Seattle's workforce development agency is not only able to create more effective courses in areas of the economy where they are needed most; they are able to forge meaningful relationships with local employers, boosting job placements after graduation.

#### **BENEFITS**

- These targeted and goal-oriented panels help Seattle increase the effectiveness of its workforce development efforts by training people for jobs with career potential
  - By engaging employers in the design of new workforce development programs, program credentials are more likely to be recognized by the industries they address, leading to higher job placement rates for graduates
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#### **Idea 5: Parent Mentor Program**

*Chicago, IL*

Foreign-born and low income parents serve as teaching assistants in elementary school classrooms. They receive workforce experience and language training, in addition to a modest stipend. Parent Mentors also serve as ambassadors to the community, organizing afterschool Community Learning Centers that offer adult education, tutoring, and childcare. By involving parents in their children's education and providing additional services like English training, not only is student achievement boosted; families are given the tools they need to thrive in their adopted communities.

#### **BENEFITS**

- Parents become more familiar with their children’s curriculum and school
  - Foreign-born parents build local social networks and receive workforce and language training
  - Schools are better integrated into the community, offering a diversity of services to parents and students
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### **Idea 6: Split-Rate Property Tax**

*Harrisburg, PA*

Property assessments are divided into two parts: the value of the land and the value of the buildings (or “improvements”) on the land. While most jurisdictions apply the same tax rate to each entity, under split-rate taxation, land is taxed at a significantly higher rate than improvements. In Harrisburg, and twenty other Pennsylvania cities, this approach has incentivized denser development and discouraged landowners from sitting on undeveloped properties.

#### **BENEFITS**

- A lower rate for improvements removes the disincentive to maintain and develop a property
  - A higher tax rate on land discourages real estate speculation. Developers cannot sit on undeveloped or underdeveloped land without suffering steep costs
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### **Idea 7: Crisis Intervention Program**

*Memphis, TN*

With the mass closing of asylums in favor of outpatient treatment, responsibility for the mentally ill has largely fallen on the criminal-justice system. Pioneered in Memphis and adopted in major cities like Los Angeles, Houston and Chicago, the Crisis Intervention Program addresses the unique challenges of policing this population. Crisis intervention teams are responsible for interactions with the mentally ill at each stage of the policing process. Dispatchers are taught how to recognize calls from the mentally ill and deploy only those officers who are trained to recognize symptoms and properly de-escalate.

#### **BENEFITS**

- In the three years before CIT was instituted in Memphis, mental-health-related calls led to injuries 35 times out of 100,000. In the three years after CIT was introduced, the rate dropped to seven injuries in 100,000 calls
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## **Idea 8: Social Impact Bonds**

*New York City, NY*

Social Impact Bonds are used to address some of the riskiest and most intractable issues facing government such as lowering crime rates and curbing chronic homelessness. These are complex challenges that often require bold approaches. Social Impact Bonds—also referred to as pay-for-success financing—fund promising, outcome-based approaches in a way that shares risk and is not reliant on up-front tax dollars. Typically, private investments fund the efforts of a nonprofit contractor and government pays the contractor only if they meet or exceed predetermined goals and milestones (e.g. lower homeless rates by 15 percent in two years).

Although Social Impact Bonds have been tested in London, New York was the first U.S. city to launch a project. In 2012, as part of the Young Men's Initiative, the Bloomberg administration coordinated an arrangement in which the nonprofit MDRC will receive a nearly \$10 million loan from Goldman Sachs to finance a program to reduce the re-incarceration of young people on Rikers Island. If the effort reduces recidivism by 10 percent, Goldman breaks even and the loan would be repaid by the city government. If the recidivism rate drops even further, Goldman could make as much as \$2.1 million. However, if MDRC fails to decrease recidivism by at least 10 percent, Goldman would lose up to \$2.4 million and New York City would pay nothing. The loan is partially guaranteed by a grant from Bloomberg Philanthropies, and if the program is successful, the Bloomberg Philanthropies grant will facilitate future social impact investments in New York City.

### **BENEFITS**

- Social Impact Bonds tap private resources to tackle costly social issues
  - Government gets greater accountability for results, shares the risk and benefits from more cost-effective approaches
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## **Idea 9: Community Attorney Program**

*Minneapolis, MN*

Relations between the police and court system are often strained. Officers take pride in their arrests and are frustrated when cases are dismissed on legal technicalities. To alleviate this friction, a prosecutor from the City attorney's office was co-located at each precinct in the city. Attorneys advise officers on the legality of evidence and demonstrate proper ticketing and reporting, thus improving the prosecution of cases.

### **BENEFITS**

- A lower percentage of cases have been dismissed in court since the program was introduced
- Relations between the City Attorney's office and the police have dramatically improved

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## **Idea 10: Gang Reduction & Youth Development program**

*Los Angeles, CA*

The City of Los Angeles has pursued a somewhat distinct approach in gang reduction by focusing on youths before and after they are in gangs, and by providing a full spectrum of programming to support at risk youths. A partnership between the city and local nonprofits, the initiative is called the Gang Reduction and Youth Development Program. It targets neighborhoods with high crime and gang activities and blankets them with after-school initiatives such as the Summer Night Lights program, which opens public parks after dark for special activities and events. Various nonprofit groups supply current and former gang members with counseling and vocational training. Initial data tracking has shown promising results. Participating neighborhoods experienced a 55 percent drop in shots fired, a 57 percent drop in gang related homicide, and a 45 percent decrease in gunshot victims. This program saw 710,000 participants and 382,000 meals served, while creating 1,000 jobs and eight new parks.

### **BENEFITS**

- Unlike most gang prevention efforts, the Gang Reduction and Youth Development Program addresses multiple factors and populations simultaneously
- Root causes of crime are addressed before they have a chance to take hold.

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## **Idea 11: Toronto Regional Immigrant Employment Council**

*Toronto, Ontario*

Many highly educated and highly skilled immigrants fail to find jobs in their adopted countries that make use of their qualifications, to the detriment of both immigrant families and the regional economy. In order to overcome this problem, the Toronto Regional Immigrant Employment Council (TRIEC), a group of local employers, community based organizations and government officials, introduced a program to create three to six month paid internships for highly skilled immigrants, while introducing them to mentors and networking opportunities. In 2011, Toronto's national government created a program that provides these immigrants with bridge loans so they can acquire the certifications and licenses they need to get jobs or to practice professionally in their field of expertise.

### **BENEFITS**

- High-skilled immigrants are introduced to professional opportunities in their adopted country
- Bridge loans allow qualifying immigrants to acquire the certifications and licenses they need to practice in their field



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## **Idea 12: Results Minneapolis**

*Minneapolis, MN*

Building on the CompStat model, Results Minneapolis is a strategic management process in which data is used to frame accountability sessions with the mayor and city council. But rather than always focusing on just one agency's progress, the City also identifies cross-agency priorities and brings all relevant actors (city employees and partners) together to aggressively pursue new approaches, and continually revise them based on performance tracking. And unlike traditional CompStat sessions the meetings are not punitive, favoring a more collaborative problem and solution approach to advancing policy.

### **BENEFITS**

- With data and a consistent format, the mayor and city council have a clear sense of progress
- Reforms and priorities never fall off the table as regular check-ins are built into the calendar
- Cross-agency silos fade away as all relevant municipal actors are present to collaborate in real-time with the mayor and other key city officials

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## **Idea 13: Greener Greater Buildings**

*New York City, NY*

A package of legislation enacted in 2009 requires all New York City buildings with 50,000 square feet or more to benchmark energy and water consumption every year and submit to a comprehensive energy audit every ten years. The city's building code was also upgraded for these properties, with special stipulations requiring energy efficient lighting in all public areas and sub-meters for commercial tenants. Moreover, a revolving loan fund was created to give building owners access to low-interest loans for the building upgrades recommended in their audit. In New York, targeting large buildings for extra energy efficiency measures makes sense because the owners tend to have more financial and technical resources; and although only 15,000 properties have 50,000 square feet or more, they make up half of the city's total square footage and 45 percent of its energy consumption.

### **BENEFITS**

- The city's largest buildings have to meet more stringent building code requirements that reduce energy consumption and install submeters to give tenants an incentive to reduce their own energy use
- Annual benchmarking and mandatory energy audits provide the city's largest landlords with the tools and information they need to cut down on energy use, while a revolving loan fund makes capital available at reasonable rates

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## **Idea 14: Infrastructure Trust**

*Chicago, IL*

Because so many cities are being crushed by pension costs and federal budget cuts, finding billions of dollars to pay for even critical infrastructure is increasingly far-fetched. But an innovative new vehicle called an Infrastructure Trust is actually allowing cities to raise large capital investments locally. The trust allows government to raise private funding and investment for infrastructure projects that have revenue generating or cost saving opportunities that can be used to pay back investors. The model is still a relatively new idea, and the Chicago Infrastructure Trust is the one being watched most closely because of its scale. The trust was able to raise initial funding of \$1.7 billion that includes investments from Citi and JP Morgan Chase to fund building retrofits. The energy savings that will come from these retrofits will be used as a guaranteed source of revenue for the investors. Other cities are looking to use an infrastructure trust to fund electricity grid upgrades, broadband expansions, and bridge maintenance.

### **BENEFITS**

- Municipalities facing budget challenges and diminished federal assistance can create a local/regional infrastructure trust to raise capital funds without the need for traditional government revenue (such as tax increases or bonds) or service cuts
- The trust has the ability to capture economic savings and growth created by infrastructure investment over a long period of time

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## **Idea 15: Green Factor**

*Seattle, WA; Washington, DC*

Green Factor is a flexible, goal-oriented zoning code, mandating a minimum threshold of “permeable surface area” for all new development. Buildings must achieve a minimum score, or Green Factor, according to a scorecard that awards points for larger plants, permeable pavement and green roofs. Explicit and pre-determined performance goals provide landscape architects with the flexibility and autonomy to achieve the Green Factor threshold.

### **BENEFITS**

- Green elements in the landscape improve air quality, mitigate urban heat island effects, reduce storm-water runoff, and are visually appealing

## **Idea 16: Family and Senior Homeless Initiative**

*Denver, CO*

Most social service systems and programs tackling chronic homelessness are fragmented. Too often, funds distributed to organizations serving the homeless are focused on immediate needs rather than long-term goals such as self-sufficiency. In addition, programs serving the homeless often lack a direct personal connection to the family in need. In 2005, Denver Mayor John Hickenlooper addressed all of these issues with the creation of the Family and Senior Homeless Initiative (FSHI). Run through the nonprofit Denver Rescue Mission, the program calls on religious congregations and caring neighbors to provide support for homeless families. Notably, the program is not just about addressing the immediate need for shelter. Sponsors form small mentoring groups and meet with each family to discuss financial management and goal-setting. FSHI also helps with food, clothing, furniture, and household items once a client is approved for assistance. But it is the one-on-one counseling and support—citizens helping citizens—that makes the initiative a success. As of 2012, FSHI has placed 1,080 homeless individuals in permanent housing.

### **BENEFITS**

- Residents, religious organizations and other citizen groups who want to help are successfully integrated into citywide homeless programs
  - By creating meaningful interpersonal connections and integrating homeless individuals in a larger community, homeless people are more likely to become self-sufficient
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## **Idea 17: Family Violence Unit**

*Minneapolis, MN*

The Minneapolis Police Department established a subunit comprised of officers, domestic abuse advocates and a city prosecutor. The Family Violence Unit ensures that misdemeanor domestic violence cases do not escalate into more serious offenses. In the period between the offense and the trial date, police and advocates regularly visit the alleged victim, providing updates on the status of their case. To complement these efforts, a specialized domestic violence court issues Domestic Abuse No Contact Orders prohibiting defendants from contacting the victim before trial.

### **BENEFITS**

- A coordinated and focused effort to protect and empower the victims of domestic violence
  - Since the establishment of the FVU, victims have been less likely to drop charges prior to trial
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## **Idea 18: SmartRiverside**

*Riverside, CA*

Riverside is leveraging its Electronic Waste Collection Facility to reduce the digital divide. The SmartRiverside facility collects re-usable “waste” and converts it into hands-on education tools, while using sales from non-salvageable material to finance their programming. Disadvantaged youth are taught how to refurbish computers and all low- income residents receive eight hours of instruction and a refurbished computer with software and a modem. So far the program has served over 5,000 households in Riverside.

### **BENEFITS**

- Provides workforce skills for disaffected youth
  - With sales of non-salvageable E-Waste, the program is self-financing
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## **Idea 19: The Center for Economic Opportunity (CEO)**

*New York City, NY*

Housed in New York’s Office of the Mayor, the Center for Economic Opportunity (CEO) has hatched over 50 different anti-poverty programs and initiatives since it was created in 2006, including initiatives that help low-income residents open savings accounts, advance in their jobs, find jobs after imprisonment, and graduate from community college while working or raising a family. The office coordinates the efforts of dozens of city agencies and creates goal oriented programs whose effectiveness is rigorously tested through randomized trials. By raising funds outside of the usual city budget process, CEO can implement pilot programs rapidly, and because program effectiveness is rigorously tested scaling successful pilots through the regular order has proved to be relatively easy.

### **BENEFITS**

- Pilot programs are designed and implemented quickly using outside funding sources
  - The efforts of multiple city agencies are coordinated through goal oriented programs whose effectiveness can be readily tested and measured
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## **Idea 20: Microgrids**

*Hookerk, Netherlands; Sendai, Japan*

A “distributed generation” system where electric power from the grid is supplemented or replaced by on-site, private

generation. Systems are configured so that local generation can operate independently of the grid during blackouts. Although a number of cities have facilitated the construction of microgrids, including New York City, which helped NYU build a highly advanced cogeneration plant and grid in Washington Square Park, cities like Hooker and Sendai have made microgrids a major municipal priority. Both cities have helped broker deals between microgrid operators and utility companies, lobbied state regulators for more permissive microgrid laws, revised building codes to facilitate their propagation, provided technical assistance to promote their construction, and assisted with financing.

#### BENEFITS

- Provides redundancy, improving a neighborhood's resiliency in case of outages
  - Opportunities for renewable on-site generation, including solar photovoltaic panels and fuel cells
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### **Idea 21: Community Infrastructure Levy**

*London, United Kingdom*

Public transportation investment increases private land values in surrounding neighborhoods. Governments can recoup a share of this real estate boom via "value capture" instruments like the Community Infrastructure Levy. In London, the levy helped finance major infrastructure improvements, including the city's ambitious Crossrail, a major new commuter rail line connecting the suburbs to central London. In financing that project, surrounding neighborhoods were assigned to one of three categories, depending on their proximity to the new line. In areas that are closest to the new rail line, new development is taxed at £50 per square meter. In the next two zones, the levy falls to £35 per square meter and £20 per square meter.

#### BENEFITS

- A targeted and lucrative revenue stream for building critical infrastructure
  - Developers who profit from public infrastructure investment help finance it
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### **Idea 22: Applied Sciences NYC Competition**

*New York City, NY*

With increasing corporate dispersion and flight, universities have become the core driver of economic growth and real estate development in many cities. But such anchor institutions typically call the shots around expansion and academic focus. Mayor Michael Bloomberg turned the equation around with the Applied Sciences NYC competition in 2010. The City determined that it needed to vastly increase its stature and training in the area of engineering and offered \$100 million and a piece of prime real estate to someone willing to create a world class graduate engineering school from scratch. The competition set off global interest as 27 schools applied. In the end, Cornell University and Technion-Israel Institute of

Technology won and will invest billions of their own funds and develop a 2 million square foot campus that will educate 2,500 students. The entire process has been guided and tracked by the city's economic development agency. Civic components include a plan to work with 200 public schools and a \$150 million fund for local start-ups. Meanwhile, the entire effort has had a ripple effect. New York University won a second award to develop the Center for Urban Science and Progress to provide big data analysis for the city and support related business ventures. And Columbia University is dedicating nearly \$100 million to raise the national profile of its engineering school by increasing faculty and student enrollment.

#### BENEFITS

- When a locality determines its own strengths and assets, it can enact a proactive plan for anchor institutions—even when they aren't currently located inside the city limits
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### **Idea 23: The Pedestrian Plaza Program**

*New York City, NY*

Pedestrian plazas are areas that prohibit automobile traffic and allow for more walking, green space, public seating and biking. In congested and dense cities, these plazas are a way of reclaiming the streets and vastly improving the city's quality of life for very little public expenditure. New York City's pedestrian plazas are dotted throughout the city, including one at Times Square that converted a gridlocked street into a successful meeting place for pedestrians and shoppers. Remarkably, vehicular traffic has improved, while commercial rents have doubled. Another effort in the Brooklyn neighborhood of East New York has seen a drastic crime reduction due to a new pedestrian plaza near the subway.

#### BENEFITS

- Pedestrian plazas in congested areas increase public space even while reducing car traffic
  - Plazas also promote safety and improve business conditions
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### **Idea 24: Teacher Homebuyer Program**

*San Jose, CA*

The Teacher Homebuyer Program attempts to lure top quality public school teachers by offering them a deferred payment option for home loans. Started in 1999, the San Jose program offers no interest loans ranging up to \$40,000 to full-time K-12 public school teachers. The loan is due on resale of the property or after 30 years. San Jose taps into local redevelopment tax revenues and state housing programs in order to offer the incentive. Since it was founded, the program has funded nearly \$15 million in loans to about 400 teachers.

## BENEFITS

- Attracts high-demand civil servants with 0 percent interest loans, an enormous advantage in a tight housing market like San Jose
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### **Idea 25: Participatory Budgeting**

*New York City, NY; Chicago, IL; San Francisco, CA; Vallejo, CA; Toronto, Ontario*

Participatory budgeting puts real meaning into the phrase “citizen democracy” by getting residents together with their local politicians to decide where public funds should be spent. Here is how it works: local government earmarks a set allocation for certain neighborhoods and allows community members to directly choose what projects are funded. For many years, cities across the world have adopted participatory budgeting; several countries such as Peru, the United Kingdom and the Dominican Republic have gone so far as to require participatory budgeting in local governments. The U.S. has just recently begun to embrace this trend, but initial experiments are working well. In 2012, several New York City Councilmembers launched a participatory budgeting process with more than 8,000 New Yorkers contributing; they chose to fund a new elementary school bathroom in Park Slope, a lighting system for an athletic field in Flatbush, and a library book vending machine in the Rockaways.

## BENEFITS

- Participatory budgeting allows for the practice of direct democracy and curbs potential corruption or cronyism in the disbursement of discretionary funds or member items
  - It promotes public inclusivity, awareness and excitement around local projects
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This index is a follow up to the June 2013 report, [Innovation and the City](#), which spotlighted 15 innovative policies from cities across the U.S. and around the globe that could serve as a model for New York’s next mayor.

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CENTER FOR AN URBAN FUTURE

120 Wall Street, 20th Floor, New York, NY 10005

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