
From City Hall to City Networks: Catalyzing the Inclusive Recovery of New York City

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SUMMARY

QUESTION: AFTER THE PRIMARIES, WHAT IMMEDIATE ACTIONS SHOULD THE INCOMING MAYOR TAKE TO BEND FEDERAL FUNDS FOR LOCAL PRIORITIES?

WHY IMPORTANT:

- 1. Over the 20th and 21st centuries, New York City has been unusually shaped, for good and bad, by several federal investments. Most recently, the \$1.9 trillion American Rescue Plan Act (ARPA) signed by President Biden. New York City is primed to receive nearly \$5.9 billion in flexible funds through the ARP's State and Local Fiscal Recovery Fund and is eligible for up to \$13 billion in funds to various departments, agencies, and programs that can be spent down over multiple years, some with liquidation deadlines in 2030.*
- 2. New York City has the potential to be the vanguard of such federal funds. But first, the city has to overcome its system of governance where the authority is deeply fragmented, and public funds are difficult to spend in a timely or strategic manner. Add to this the cutthroat politics of holding together governing coalitions and normal urban governance requires a certain relentlessness; transformative governance takes this plus money, tactical brilliance, and a little luck.*
- 3. The six-month period between mayoral election and inauguration is a unique opportunity for the next mayor to think outside of City Hall to manage a recovery without control of the government. This includes organizing multiple sectors and stakeholders around a transformative vision that can bend federal resources to local priorities.*
- 4. If the next Administration decides that it wants to prioritize Black-, Latino-, and Asian-owned business growth in the recovery --which we see as a key cross-cutting way to close the City's racial wealth gap-- they should think about convening key local and regional actors in accordance with sources and uses similar to the schematic below.*



RECOMMENDATIONS:

1. *Immediately establish a Recovery Network the week after the primary election.*
2. *Appoint key executives to manage the Network.*
3. *Convene key private lenders, community banks, and business leaders.*
4. *Convene key philanthropies.*
5. *Set a clear vision for what success looks like on inauguration day.*

CONSTRAINTS:

1. *The presumptive incoming mayor will own the consequences of federal investments in the city but will have little formal authority to shape this spending until January 2022.*
2. *The next mayor should use informal, “soft power,” to capitalize on this opportunity, as the incoming Mayor will not have the formal authority of City Hall.*



INTRODUCTION

The election of New York City's 110th mayor this November could coincide with one of the most economically transformative periods of federal investment since the New Deal or the Great Society. By an accident of history, Eric Adams could become mayor at a time when he'll have considerable potential to profoundly shape the future of New York.

The New York City of today reflects federal investments of the past. The city's next mayor won't be the first to deploy large-scale federal investments and reshape the city for the next generation. Mayors Fiorello LaGuardia, Robert Wagner, and Michael Bloomberg all led New York through periods of vast transformation and recovery made possible by federal spending. Mayor LaGuardia led New York through the New Deal and made signature public works investments in hospitals, parks, piers, and housing that remain in use today. In the decades after World War II, Mayor Wagner and the city's unelected infrastructure czar, Robert Moses, remade New York around a utilitarian vision of car-led progress and urban renewal that ultimately devastated whole portions of the city. Mayor Michael Bloomberg took full advantage of \$20 billion in federal aid that flowed to the city post-9/11 to remake lower Manhattan, [\\$6 billion in aid](#) from the American Rescue and Recovery Act to address the Great Recession, and \$14 billion in federal relief to recover from Hurricane Sandy. The [Amazon HQ2 proposal](#), despite falling through, demonstrated New York's ability to showcase its competitiveness through cross-sector collaboration.

But these efforts pale in comparison to the tremendous needs of the post-pandemic period. President Biden's Build Back Better agenda is vast and ambitious, regardless of the price tag of any final package of bills and demands much of local fund recipients. The federal government invests from afar; cities design, deliver and execute on the ground. New York's next mayor must be prepared to confront income inequality, climate change, policing and racial injustice, homelessness, and lay out a vision for the city's post-pandemic future. Eric Adams will be instrumental in bringing order out of chaos, and applying federal funds to these local priorities, if a new wave of federal investments arrive. Disparate sources of funds could transform neighborhoods and strengthen communities, but only if coordinated spatially, sector ally and by community. A mayor's job is to make sure disparate funds actually add up to measurable changes – new training and job opportunities, opportunities to grow small businesses, new transit options, and community revitalization where it's needed most. Adams will not confront this alone. This coordination will be a challenge for communities and mayors across the country.



NEW ERA OF FEDERAL INVESTMENT

As we transition from 2021 to 2022, the \$1.9 trillion American Rescue Plan (ARPA) could be just a prelude. New York and the country stand to benefit from [\\$1 trillion in infrastructure funds](#), innovation funds through the Senate's bipartisan [U.S Innovation and Competition Act](#), and a reconciliation bill which holds the promise of once-in-a-generation investments spanning healthcare, education, housing, and climate resiliency. If enacted, these measures would collectively represent the most federal spending on low-and-middle income Americans since the New Deal. Federal action in 2021 has the potential to restructure the American economy to achieve equitable growth if new investments are harnessed to create economic opportunity, grow community wealth, and reduce the racial wealth gap. Whether and how that happens is largely up to local leaders.

Mayors took many approaches to managing the direct allocations they received through ARPA through the \$350 billion State and Local Fiscal Recovery Fund. Mayor Bill de Blasio largely took a top-down, mayor-led approach to allocating the city's [\\$5.9 billion direct award](#) from the Rescue Plan, achieved through productive negotiations with City Council. However, the direct infusion of aid the Rescue Plan delivered to cities was unique and will not be replicated in future bills. Infrastructure funds will include money for broadband, electric vehicle charging, port upgrades, power grid upgrades, water system upgrades, roads, bridges, public transit, freight rail, and much more. The state, the MTA, Port Authority, airports, public utilities, and others will receive funds automatically by formula. The city itself and local organizations including universities, non-profits, and others will be eligible to apply for competitive grants. All mayors have a vision for transportation and infrastructure, but goals to reduce inequities, build a trained workforce, or modernize contracting to grow minority and women owned businesses, will be best achieved through collaboration with participating entities and relevant partners.

As New York moves from relief to recovery, and from managing the Rescue Plan to infrastructure, innovation, and human capital funds, the next mayor would be wise to shift away from an approach grounded only in city hall, and adopt a collaborative, networked approach to deployment that brings in city leaders from the public, private and civic sectors.

Adams's early moves demonstrate an interest in [learning from a diverse set of leaders](#) and an eagerness to build cross-cutting alliances. In a recent speech to the SALT Conference he [stated his desire to partner with the business community](#), and Adams [tapped Sheena Wright](#), the former president and CEO of the United Way of New York City, to head his transition team. If elected, Adams will enter office with an



opportunity to turn the page and build a fresh, collaborative relationship with Gov. Kathy Hochul. Adams's campaign also issued a [series of memos](#) outlining policy goals on issues spanning new climate infrastructure, transportation, innovation and sector growth, and small business development.

However, more work is needed to connect institutions and ideas to potential new sources of federal funding.

A networked approach is necessary when federal funds are delivered to cities in highly fragmented ways. This was true of the Rescue Plan and will be the norm for future federal investments. New York City's direct \$5.9 billion ARPA allocation was but a portion of over \$22 billion of Rescue Plan funds that arrived in the city, distributed individually from dozens of federal agencies to dozens of local agencies, public authorities, health centers and more. Local authority [is deeply fragmented](#). Different issues are tackled by different city departments, public authorities, and networks of community organizations, even though they target interventions at overlapping populations and neighborhoods. These entities only have an eye for federal funds relevant to their area of expertise and lack awareness of funds going to other projects in the same neighborhood coming through other federal programs.

Measured against the [cutthroat politics](#) of maintaining governing coalitions, fragmentation demands a deft combination of money, organizational tactics, and a public relations shrewdness to achieve transformative governance. President Biden's stimulus plans require a new kind of local governance – perhaps even new local institutions and intermediaries -- to achieve its audacious goals.

The good news is that New York City is rich in assets. It's home to robust grassroots coalitions and community organizations ready to offer bold solutions, sophisticated business alliances and civic organizations including the Partnership for New York and Citizens Budget Commission, and some of the nation's largest philanthropies including Bloomberg Philanthropies, the Rockefeller Foundation and the Ford Foundation, among many others. The city hosts world-class research universities and institutions, and the City University of New York (CUNY) system, which houses some of the nation's strongest and most innovative community colleges. New York's public authorities and agencies are strong, from the New York City Economic Development Corporation to the MTA and the Port Authority, and the governance models of these entities mean local actors are conditioned to collaborate across silos. All of these groups and institutions, and many others, have a role to play in the city's recovery.

The incoming mayor must act now to organize cross-sector stakeholders from the public, private, and philanthropic sectors to create and execute a transformative plan that can bend every available set of new federal resources to a set of priorities shaped by local voices.



THE APPROACH: ESTABLISH A CROSS-SECTOR RECOVERY NETWORK

Some local leaders have established “[Stimulus Command Centers](#)” or recovery networks to guide the [deployment of ARPA funding](#) and prepare for infrastructure, innovation and human capital investments. These entities have dedicated staff, organizational structures, project managers, and meet regularly. They typically involve a combination of new and existing staff from different agencies and departments and non-governmental organizations who convene as part of a recovery effort. We recommend that the presumptive mayor elect take a similar approach once elected and establish a cross sector recovery network.

The following steps represent actions the incoming mayor can take to lay the foundation for an equitable recovery, and to maximize collaboration for shared priorities. The locus of this effort could be housed within or outside City Hall, depending on staffing and implementation strategy.

1. **Establish a recovery network.** The incoming mayor should harness and amplify the existing momentum around CARES Act and Rescue Plan efforts, bringing together a diverse set of local leaders across sectors--business leaders, community and civic leaders, the current appointed leadership of public authorities--who are receiving, or likely to receive federal funding, and can collaborate to maximize transformational federal spending in New York. In New York City, this will require much collaboration with the state, given governance of the MTA and Port Authority.
2. **Engage the grassroots in priority setting.** City and state agencies, public authorities, public utilities, and metropolitan planning organizations are most likely to be the ones responsible for the accounting, compliance, and appropriations of federal funds awarded automatically by formula, particularly for infrastructure, and those entities and others will be eligible to apply for competitive grants. However, while the direct recipients of funds will control the purse strings, identifying creative and effective solutions, and setting priorities for spending that will bring about transformation, should be done through a process that allows for input and continual feedback from grassroots and community leaders.
3. **Appoint key executives to manage the network.** To have legitimacy and be effective, the network must be led by respected and experienced executives from across sectors. Following the general election, the network should liaise



closely with the mayoral team. These leaders should ultimately be tasked with creating a recovery playbook and sourcing plan for inclusive recovery uses aligned with federal sources from ARPA, infrastructure, and innovation measures.

4. **Convene key private lenders, community banks, impact investors, and business leaders.** While public funding will play a key role in expanding this capital access during the recovery, achieving structural change will require new private funds, products and participation. The mayor-elect should bring together a group of key financial sector leaders and begin establishing private commitments for financing an inclusive post-pandemic city, especially in supporting small businesses. This past year demonstrated the immense importance of working capital for small business owners, especially Black, Asian, and Hispanic business owners who lack the access to capital enjoyed by their white peers. New financial products will require private sector leadership. One emerging example is Empire State Development's [New York Forward Loan Fund](#).
5. **Establish strong working partnerships with state leaders.** The ascension of Kathy Hochul to the New York governorship opens the door to a new era of cooperative governance, which will be essential for tackling the recovery from the pandemic, infrastructure, the clean energy transition, climate resiliency and more. Early signs point to a friendly relationship between Hochul and Adams, which could be instrumental to building inclusive coalitions. Adams will also have opportunities to work with new Lieutenant Governor Brian Benjamin, who represented Harlem in the state senate, and Assembly Speaker Carl Heastie, who represents the Bronx.
6. **Convene key philanthropies.** It has been our experience to-date that the philanthropic world--awash in money from a banner year for their endowments--is eager to engage in an inclusive recovery but has not yet figured out the best way to do so. The mayor-elect should convene leading philanthropic grant-makers around an inclusive strategic plan. They should then show that plan to public and private funders and challenge philanthropies to either close funding gaps or increase funding targets.
7. **Set a clear vision for what success looks like.** The network should prioritize three to five local initiatives in its early stages. Ultimately, the goal is to efficiently utilize federal funds in service of local priorities, leverage private and civic capital to the maximum extent, and drive equitable outcomes.

The De Blasio administration's COVID-19 relief and recovery efforts produced resources that a new mayor can access in this process. To confront COVID-19, Mayor De Blasio created Sector Advisory Councils composed of industry leaders to liaise with City Hall and provide practical guidance, creating industry champions who



served as messengers and validators for policy. In September 2020, the city released a [Long-Term Recovery](#) plan with an emphasis on small business recovery and public health. The mayor-elect should prioritize making inroads with these experienced industry stakeholders and make use of existing resources when setting priorities.

HOW OTHER CITIES ARE MOBILIZING

How other cities organized to deploy ARPA State and Local Fiscal Recovery Funds (SLFRF) offers lessons for a future Adams administration. The CARES Act and ARPA demanded that cities organize for efficient and equitable deployment of a disparate set of new resources and set local and regional priorities for the most flexible funds. Organizational structures created for ARPA and SLFRF are a logical place to house planning efforts for future rounds of federal investments. Cities have [gravitated toward four models](#):

- 1. Top-Down, Mayor Led Allocations:** In this model, a city's mayor releases a proposal, which is then workshopped and refined by other local stakeholders and ultimately approved by city council to reach a final allocation of resources. To date, New York City largely fits this model under Mayor De Blasio, with strong participation in the process from City Council. (Examples: Detroit, Los Angeles, Philadelphia)
- 2. Ground Up, Community Generated Projects:** Other cities have taken a more hands-off, ground up approach, establishing systems to solicit community-driven proposals and evaluation metrics by which to select final projects. This process ensures local residents are able to identify areas of greatest need. (Examples: Baltimore, Birmingham, AL)
- 3. Collaboration with Local Philanthropy & Leveraging Civic Capital:** City leaders in Macon, GA collaborated with a major philanthropy with a local presence, the Knight Foundation, to leverage additional capital for two affordable housing initiatives. This is a prime example of the type of collaboration cities should be looking to do with philanthropies and other capital providers — Community Development Financial Institutions (CDFIs), private lenders, and federal and state government agencies.
- 4. Investigating Opportunities:** Other cities have moved more slowly with mayors forming committees and advisory councils to explore the most effective uses for the SLFR funds, eventually resulting in a series of recommendations. (Examples: Milwaukee, St. Louis, Boston)



Regardless of the particular model deployed, cities that organize and plan for new federal funds will be the ones that succeed. Passage of the American Rescue Plan revealed cracks in local capacity to meet the ambitions of President Biden’s agenda. Examples included the painfully slow roll out of [rental relief programs](#) and [child care stabilization funds](#), and the [ongoing scramble to form new sectoral alliances](#) that meet the ambitions of the Economic Development Administration’s [Build Back Better Regional Challenge](#). Cities including New York must learn from their missteps and regroup ahead of new rounds of funding.

THE AMERICAN RESCUE PLAN: A BRIDGE TO INFRASTRUCTURE, INNOVATION & BEYOND

Looking only at ARPA, opportunities will remain in 2022 and beyond for the next mayor to influence how funds are spent. The Rescue Plan steered over [\\$22 billion](#) to New York City. Outgoing Mayor Bill de Blasio [allocated the city’s \\$5.9 billion](#) in State and Local Fiscal Recovery Funds in the city’s FY 2022 “Recovery Budget,” but of that, [\\$961 million is set aside for the next three fiscal years](#), and the city’s plan for the funds will be reviewed and refreshed each year.

The American Rescue Plan funded scores of individual programs. ARPA contained over \$1.85 trillion of local investments, distributed over 84 unique programs run through 19 federal agencies. The measure dispersed funds through seven different distribution channels, including individual relief, formula funds, capital products, competitive grants, and through reimbursement and procurement, all outlined in more detail in the [American Rescue Plan Federal Investment Guide](#). Deploying federal money so it is most impactful requires braiding and blending different funding streams over the next few years to achieve local priorities.

Some of the most transformative components, including the \$10 billion State Small Business Credit Initiative (SSBCI) run by the Treasury Department and the Economic Development Administration’s new grant challenges, won’t get fully underway until 2022. Much work remains for the city’s next mayor to secure and deploy these funds.

Long term ARPA funds present opportunities for infrastructure upgrades, small business development, economic development projects, and innovations in the care economy, acting as a prelude to other proposed Biden investments. One set of tools, the [American Rescue Plan Federal Investment Guide](#) and [a database that accompanies it](#) were designed to help cities understand the size, form, and timing of investments.



The ARPA funds that will be spent over the longest timelines and most clearly link to future rounds of federal funds are detailed below, with estimates of how much of those funds are flowing to New York City.

- A. Infrastructure Upgrades & Supplier Diversity:** Portions of ARPA funds can go toward infrastructure upgrades and capital projects. These funds are flowing to the same public authorities that could receive billions more in funding from an infrastructure deal for ports, rail, roads, broadband, transit, clean energy, and electric vehicle infrastructure. Organizing for these funds should include a concerted effort around public procurement reform and supplier diversity. The incoming mayor should work with school districts, public housing authorities, public health departments, local chambers, and WMBE [construction firms to develop a pipeline of contracts to diverse firms](#) for the capital projects allowable under ARPA and those pending from an infrastructure measure. New York City alone received over \$5 billion for K-12 public and charter schools, which can be used for certain facilities upgrades, \$30 million for [community health center construction and renovation projects](#), \$269 million for [affordable housing construction projects](#) to reduce homelessness funded through the HOME Investment Partnerships Program, and can access funds for broadband, water and sewer projects. The city of Philadelphia is considering the creation of a new intermediary to provide advisory services to all public authorities set to receive federal funds from infrastructure, so that supplier diversity goals can be collectively expressed, procurement practices can be harmonized, inventories of minority suppliers can be integrated and engagement with capital providers and entrepreneurial support organizations can be fully coordinated.
- B. Economic & Small Business Development:** ARPA offers \$3 billion for new EDA grant challenges, which remain open to applications, and \$10 billion for a second iteration of the Treasury Department's [State Small Business Credit Initiative](#), to fund small business credit support and investment programs. SSBCI is administered through the state. New York was awarded [\\$377 million](#) in the preliminary round of funding. Mayors can and should play a supporting role in applications submitted for the EDA's grant programs, and on the execution of any funds awarded. The budget reconciliation bill could [include billions for small business](#), including direct Small Business Administration 7(a) and 504 loans, funds for small business investment companies (SBICs) and billions more to help small businesses access government contracts. Any future iteration of Senator Chuck Schumer's U.S. Innovation and Competition Act would likely include competitive grant funds for innovation and research-related activities.
- C. Investing in the Care Economy:** The \$24 billion Childcare Stabilization Fund in ARPA should be approached as a springboard to catalyze long-term innovations in this low-wage, low-profit margin sector, which disproportionately employs immigrants and women of color and is ripe for



reform. The \$3.5 trillion budget reconciliation deal, if reached, is likely to include long-term investments in affordable childcare and elder care.

American Rescue Plan Long Term Investment				
Federal Agency	Program	NYC Recipients	NYC Estimate	Program Expiration
HHS	Childcare Stabilization Fund	Licensed Childcare Providers	\$1.1 billion**	Sept. 30, 2023
Education	Public K-12 Funds	NYC Dept. of Education	\$4.79 billion	Sept. 30, 2023
		290 public charter schools LEAs	\$470 million	Sept. 30, 2023
DOT	Federal Transit Agency Grants	MTA	\$6.5 billion	Sept. 30, 2024
Treasury	State and Local Fiscal Recovery Funds	New York City	\$4.25 billion	Dec. 31, 2024
		Bronx, Kings, New York, Queens, Richmond Counties	\$1.6 billion	Dec. 31, 2024
HUD	HOME Investment Partnerships Program	NYC Housing Authority, affordable housing projects to address homelessness	\$269 million	Sept. 30, 2025
HUD	Emergency Housing Vouchers	NYC Housing Authority	5,738 vouchers	Sept. 30, 2030
HHS	Community Health Center Support; Construction & Renovation Projects	34 HRSA funded community health centers	\$30.2 million	Until expended
Treasury	State Small Business Credit Initiative (SSBCI)	Small businesses, loan recipients	\$337 million**	Until expended
Commerce	EDA American Rescue Plan Programs	City departments, public authorities, nonprofits, private entities, associations	\$76.9 million*	Sept. 30, 2022
FCC	Emergency Connectivity Fund E-Rate Grants	New York Public Library, NYC Dept. of Education	\$184.6 million*	Sept. 30, 2030
Treasury	Capital Projects Fund	Broadband and connectivity projects	\$345 million**	Until expended

*Estimate **Statewide award

COMPLEXITY REQUIRES NETWORKS

President Biden’s Build Back Better agenda requires cities to do things differently. It challenges local leaders to incorporate equity into programs and orient themselves toward the jobs, technologies, and industries of the future. The shift from the American Rescue Plan to the broader recovery means that mayors and city governments will be put in the unusual position of not just spending the money they receive but coordinating across multiple public, private and civic actors to ensure this new era is as transformative as whole-of-government initiatives of decades past. It is daunting, to be sure, but change will only happen if local leaders organize to meet this moment.



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