



THE ANNIE E. CASEY FOUNDATION



investing in
new orleans



Lessons for Philanthropy in Public Housing Redevelopment

WRITTEN FOR THE ANNIE E. CASEY FOUNDATION BY LEILA FIESTER

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow. The primary mission of the Foundation is to foster public policies, human-service reforms and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information, visit www.aecf.org.

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This report tells an important story of the positive role philanthropy can play in developing new communities and affordable housing. This story is especially important because of the catalytic role of this multifaceted development project in spurring hope, economic development and community action in post-Katrina New Orleans.

foreword

Harmony Oaks was not the first investment of the Annie E. Casey Foundation in New Orleans and will certainly not be the last. New Orleans participated in our Plain Talk (1993-1998) and Jobs (1996-2004) initiatives and, importantly for this story, was an early site in our Making Connections community-building initiative (1999-2002). In fact, the neighborhood chosen for Making Connections was Central City near downtown, the location of Harmony Oaks, the former C.J. Peete public housing development.

At the same time, our role in working on Harmony Oaks with McCormack Baron Salazar, Urban Strategies, Harmony Neighborhood Development, Foundation colleagues and scores of community residents and organizations was an exciting new step for Casey. We and other funders joined together to work in a public-private-philanthropic partnership to ensure that redevelopment occurred in a way that maximized benefits and minimized disruption. We not only provided grant funding but also deployed our staffing resources to support resident engagement, data collection, program design and leveraging co-investment in the development.

This effort was part of what we call “responsible redevelopment,” the activities

and support services required to make the physical redevelopment process successful for low-income families and their kids. Our community change work in Baltimore and Atlanta deepened our understanding of this approach.

We would like to thank all the local and national funders we worked with on this development and other important activities in New Orleans. This was truly a collective effort, and the payoffs have been tremendous. We would also like to thank the author, Leila Fiester — a long-time Foundation consultant who has written extensively about our community change efforts — and the Center for the Study of Social Policy for shepherding this report to completion.¹

We hope this story about collaborative philanthropic action in New Orleans inspires our colleagues in the foundation field to use their multiple tools and resources in new ways to help build supportive communities.



Robert P. Giloth
Vice President, Center for Community and Economic Opportunity
The Annie E. Casey Foundation

EXECUTIVE SUMMARY

In 2005, the Annie E. Casey Foundation began working to help rebuild and revitalize a low-income neighborhood in New Orleans' Central City that was severely damaged by Hurricane Katrina. In partnership with other private and public funders, the Foundation helped to redesign the C.J. Peete public housing complex — a place that was a symbol of disinvestment, dangerous social conditions and delayed promises even before the storm — as Harmony Oaks, a thriving, mixed-income housing development that kept the promise of the right of return to former residents and welcomed other essential relationships, services and amenities into the Central City community.

Casey's involvement in the rebuilding of C.J. Peete and the efforts to help Central City, in partnership with other funders, constituted a new philanthropic approach to community change: playing a pivotal role in bringing together efforts to rebuild public housing and develop human capital so that they strengthen communities in ways that are results-oriented, resident-focused, multigenerational and economically sustainable.

This report summarizes the characteristics of the philanthropic approach that contributed to Harmony Oaks' success, as exemplified by Casey's investments and strategy.

While this story is told through the lens of the Casey Foundation's investments, the combination of multiple philanthropic contributions helped lead to the success of the Harmony Oaks redevelopment.

Key elements of the philanthropic approach discussed in this report are as follows:

- a clear framework and approach that provided structure;
- a long history of investment and relationships in New Orleans;
- partnership with a capable private housing developer that shared the Foundation's values for redevelopment;
- a strategy that combined housing redevelopment with community and human capital development;
- modeling broad co-investment;
- multiple funding approaches and mechanisms;
- flexible funding;
- a dynamic, evolving philanthropic strategy;
- resident leadership and participation;
- leadership without exclusive ownership;
- hands-on technical assistance;
- holistic development of the Central City community as well as Harmony Oaks;
- use of civic resources; and
- a gradual phase-down of investments, rather than a sudden end to funding.

Casey's experience with Harmony Oaks suggests several big lessons about philanthropic and private-sector investments for future public housing redevelopment efforts. One is to **make long-term investments in places and allow the work to evolve** in response to emerging needs, opportunities and resources. Long-term investments pay off by generating the human and organizational capacities needed to cultivate, lead, participate in and manage social change — and by producing more concrete results. But investing over the long haul requires a willingness to forgo immediate financial returns in exchange for potentially greater social results in the future. It also requires a certain agility to recognize the shifts that occur in local environments over time and to revise tactics accordingly.

A relatively small amount of philanthropic investment can leverage huge amounts of public dollars when used strategically.

A second lesson is that **responsive investing and strategic risk-taking are important capacities** for private foundations involved in social change. Socially responsive investments reflect a desire to achieve social change as well as financial returns; they are driven not only by fiscal strategies but by values, such as a commitment to involving residents in neighborhood changes that affect their lives. A foundation with a responsive investing strategy operates somewhere in between traditional philanthropy and venture capitalism, serving as an advocate for specific social principles among other investors and change agents. This position carries risks: The principle-based strategy may not produce the intended results, and other investors may not come on board. As the Harmony Oaks experience dem-

onstrates, however, the responsive strategy and its inherent risks can make all the difference in achieving difficult, high-impact community changes. Moreover, private foundations may be uniquely positioned to take these risks (although not all are set up to do so).

A third lesson is about the **value of flexible dollars**. A relatively small amount of philanthropic investment can leverage huge amounts of public dollars when used strategically. Foundations are also uniquely positioned to give their grant recipients flexibility to use the money for purposes that cannot be anticipated and may be unconventional but are, nonetheless, essential for transforming neighborhoods.

A fourth lesson is to **take a multifaceted approach that encompasses housing, human capital, commercial and workforce development as well as health services delivery and school reform**. The keys here are to use housing development or community redevelopment as the focal point for neighborhood-wide revitalization and to invest in the people side of redevelopment as well as the physical structures.

A final lesson is to **focus deliberately and strategically on building local capacity**. Casey and its funding partners invested in local organizations over an extended period, helping them develop the knowledge, skills and infrastructure to continue this work.



C.J. Peete after Hurricane Katrina.

INTRODUCTION

Hurricane Katrina hit New Orleans in August 2005. The storm raged for hours before moving on; then the city's levees broke, unleashing a 14-foot storm surge. The impact of the hurricane and the surge, followed soon after by Hurricane Rita, was deadly: 1,577 lives lost. More than 76,000 homes across three parishes destroyed. Roads leading in and out of New Orleans washed away. More than 80 percent of the city under water for more than 50 days.

The storms' lingering effects were equally devastating. More than 200,000 people — exceeding half the pre-storm population of New Orleans² — dispersed to unknown places. The city's poorest residents felt the disaster acutely: With thousands of public housing units deteriorated or standing vacant at the time of the storm and few other housing options, only 5,000 families remained in the city's still-habitable subsidized homes,³ which stood in decimated neighborhoods.

The nation's eyes were riveted on the Gulf Coast, and providing relief to Katrina's victims became a high-profile activity. A frenzy of giving by generous individuals and organizations across the country ensued, with "lots of funders from out of town knocking heads and worried about getting recognition," one observer recalls. The billions

of dollars that suddenly flowed into New Orleans were much needed. Louisiana has only three Fortune 500 companies, and although the state's major cities attract some funding from a few national foundations, most of the 400-plus philanthropies located in Louisiana are family foundations⁴ with relatively small annual spending limits.⁵ Many of their own assets (personal and corporate) were affected by the storm.

A year later, as the disaster relief phase ended and the challenge of long-term recovery and redevelopment began, the nature of the philanthropic assistance that was needed shifted. Priorities included the task of rebuilding or replacing the city's four huge public housing complexes, which before the storm had housed more than 3,200 residents. A spectrum of organizations — from national entities such as the Ford Foundation to local resident-organizing groups — began to weigh options for guiding, leveraging and leading low-income and public housing redevelopment in the area. Among the projects was the redevelopment of the C.J. Peete public housing complex in New Orleans' Central City. And among the philanthropic partners was the Baltimore-based Annie E. Casey Foundation.

The Foundation was well-positioned to participate in this philanthropic effort. Af-

ter more than a decade of investing in New Orleans through three of the Foundation's neighborhood-based initiatives, its staff had relationships that reached into many sectors. Casey had experimented with elements of a "responsible redevelopment" approach, which combined public housing redevelopment with human capital development, in other cities; that framework could provide a structure for the work in New Orleans. Moreover, a large portion of the Foundation's local experience and investments were in Central City, a large low-income neighborhood that sat on higher ground than other parts of the city and therefore was not entirely destroyed by the flood.

The redevelopment of the C.J. Peete site is an example of how investments in both people and places, combined with connections to opportunity, can revitalize a community.

Transforming C.J. Peete and the area around it into a vibrant mixed-income community called Harmony Oaks, while also helping residents acquire new skills, leadership opportunities and services, could achieve important results for the residents and provide coherence to philanthropic activities.

With help from many private and public partners, Harmony Oaks became one of the first two of New Orleans' "Big Four" public housing projects to reopen in May 2011. The development enabled many of the area's former residents to return home and helped them acquire marketable skills, find jobs, support their families and give their children a healthy start in life.

The redevelopment of the C.J. Peete site is noteworthy on several levels. It is an example of how a severely distressed public

housing development can be rebuilt using the significant engagement and leadership of residents. It also illustrates how investments in both people and places, combined with connections to opportunity, can revitalize a community.

Other researchers are capturing that story in detail, but there is another element of interest to funders of community change endeavors like this one: how philanthropies can play a pivotal role in bringing together efforts to rebuild public housing and develop human capital so that they strengthen communities in ways that are results-oriented, resident-focused, multigenerational and economically sustainable.

That is the focus of this report, which examines what this philanthropic role consists of, how it shapes the overall effort and how it contributes to specific outcomes — using Casey's role as an example and its perspective on the process as a lens. The paper also distills insights from the Foundation's experience in New Orleans that may be useful to philanthropies and their partners in other places.

The next section briefly describes the context for Casey's involvement in New Orleans, provides a snapshot of C.J. Peete's redevelopment into Harmony Oaks and outlines the principles that guided Casey's responsible redevelopment approach. The third section, "Observations on the Philanthropic Role," explores the characteristics of Casey's approach that contributed to Harmony Oaks' success and differentiated the strategy from previous philanthropic endeavors. The fourth section, "Lessons from Harmony Oaks," suggests implications for future community change efforts by national foundations, based on the Harmony Oaks experience. We conclude with observations on what it means for a national foundation to do this sort of work successfully.

OVERVIEW

The philanthropic role that Casey promoted was shaped by the Foundation's long-term involvement in New Orleans, which spanned three previous initiatives (Plain Talk, the Jobs Initiative and Making Connections), and by the history and dynamics of Central City and the C.J. Peete public housing development.

Context for Casey's Investment in New Orleans

Plain Talk (1993-98) was a neighborhood-based effort to reduce the incidence of pregnancy and sexually transmitted disease among young people by "helping adults develop the skills and tools they need to communicate effectively with the young people...to reduce adolescent sexual risk-taking."⁶ Focused on the St. Thomas Housing Development near the lower Garden District, Plain Talk emphasized the importance of engaging and empowering residents of low-income neighborhoods to produce positive changes. Local participants had to agree that:⁷

- community residents are the primary stakeholders in changing community behavior and must play a critical role in the decision-making process;
- residents must come to a clear consensus about what changes are necessary; and
- communities must have access to reliable information about the problems and practices they are trying to address.

To achieve its goals, Plain Talk developed a network of "resident opinion leaders and spokespeople,"⁸ helped community members develop leadership skills and collected and used data to inform the community. Although Plain Talk emphasized resident involvement in every city where it operated, in New Orleans the initiative built on a preexisting consortium of community residents and organizations that had convened to address issues of institutional racism,

public housing problems and health. That group set the pace for community-based engagement with public health advocacy in low-income communities, notes longtime philanthropy professional Linetta Gilbert, and the Foundation was the first national funder eager to support the model in New Orleans.

For the Foundation, the Plain Talk experience in New Orleans underscored the value of working closely with residents to achieve results. All of its subsequent community change initiatives would have that value as a nonnegotiable centerpiece.

Casey's **Jobs Initiative (1996-2004)** mobilized businesses, unions, community organizations and public agencies to connect young, low-income workers with jobs and help them retain employment. The initiative focused on a target community in each of the cities where it operated — in New Orleans' case, Central City, which was one of the neighborhoods where most low-income workers lived. It tried to build on the existing capacity of local organizations, and it reached out to employers and disadvantaged job seekers. These activities underscored for Casey the importance of building relationships and participation across sectors and working to change systems.

The Jobs Initiative illustrated the Foundation's shift from traditional grant making to an investment approach, characterized by "practices that emphasize accountability for specific outcomes; deep and ongoing engagement by Foundation staff; reliance on good data to monitor performance and impact of funded projects and providers; [and] the use of private-sector methods, such as continuous improvement and customer focus."⁹ At the time of its launch, it also had one of the longest time frames of Casey's initiatives and demonstrated the

Foundation's commitment to giving an initiative sufficient time to develop deep relationships and results.

New Orleans was a high-risk site for the Jobs Initiative because it lacked broad and deep civic capacity, innovative employment projects for low-skilled workers and public system involvement. Those problems, in addition to extremely low literacy levels among neighborhood residents, severely limited the initiative's impact, although some pieces of it continued.

Harmony Oaks is beautiful from a physical standpoint, but even more importantly, it is imbued with a strong sense of community and accomplishment.

Making Connections (1999-2002),¹⁰ an initiative to improve outcomes for children in low-income families by strengthening their families and neighborhoods, acknowledged the importance of parents and other adults in shaping child outcomes. It also recognized the need to infuse the neighborhoods in which low-income families live with services, supports and opportunities that help families achieve self-sufficiency.

Casey's commitment to a two-generation approach emerged from Making Connections: As the initiative unfolded across the country, the Foundation realized that breaking the cycle of persistent poverty required an approach that simultaneously ensured parents were able to enter and succeed in the workforce and that children were healthy and prepared to succeed in school. To reach its goals of strengthening families and neighborhoods, the initiative would have to address both generations' needs at the same time.

Robert Giloth, who had created the Jobs Initiative for Casey, was initially responsible

for Making Connections-New Orleans. He recruited Linetta Gilbert, then vice president for programs at the Greater New Orleans Foundation (GNOF), to serve as the initiative's local coordinator. Gilbert shared the Foundation's conviction that the families who live in communities of entrenched poverty must be at the center of decisions about their future, and that philanthropies have a role to play in developing residents' leadership abilities.

Gilbert and Giloth felt little progress could be made unless they first addressed Central City's widespread problem of substandard housing. Although Casey was "not a housing foundation," Gilbert used her time and personal leverage to organize groups that were, including nonprofit and faith-led organizations. Casey covered half the salary of a full-time specialist in affordable housing construction and sales, located at the New Orleans Neighborhood Development Collaborative (NONDC), a local community development corporation that started with critical support from the Ford Foundation.¹¹ That move extended Casey's local relationships with an area housing development partner in ways that were to be important in subsequent years.

In 2002, Making Connections shifted from its planning phase to full implementation. Casey leaders assessed each site according to a set of criteria to determine which places had the combination of enabling conditions deemed necessary to move forward successfully. New Orleans was one of 11 places (half of the planning sites) that did not continue in Making Connections because the work had not found sufficient traction, a key success factor was missing or other activities already underway seemed likely to distract attention and effort from the initiative. Recognizing that even though all ingredients for Making Connections might not exist in these places, the sites still had important activities worth supporting, the Foundation gave each one

that did not continue with full implementation \$1 million over three years to support projects, programs, organizations and activities that aligned with Making Connections' goal of improving outcomes for children, families and communities.

In New Orleans, the three years (2002-2005) of Casey funding that followed bridged the period up to hurricanes Katrina and Rita and, not long after, the start of the Foundation's investment in C.J. Peete's redevelopment. Nonetheless, for some people in New Orleans, the fact that their city was not selected to continue as a full Making Connections site — along with the fact that Casey's Jobs Initiative had not succeeded in their city, either — left a sense that the Foundation had pulled out and might do so again.

The legacy of both Casey initiatives was decidedly mixed, recalls Salin Geevarghese, a former member of the Foundation's neighborhood development team who helped with the work on Harmony Oaks. "There was a crisis of confidence that we constantly had to negotiate," Geevarghese says. "We were always in the expectation business, try-

ing to manage people's expectations based on Casey's previous engagement in New Orleans." The situation was aggravated by the fact that public housing investment in New Orleans had traditionally been separated from other neighborhood revitalization efforts. Casey's attempt to connect the two, to narrow the geographic focus from all of Central City to C.J. Peete and to make investments supporting a developer from outside New Orleans to do the work all produced tensions.

Another set of experiences outside New Orleans also shaped Casey's approach. In 2002, the Foundation became involved in the large-scale redevelopment of a disinvested neighborhood in East Baltimore adjacent to the Johns Hopkins Medical Institutions. Casey's partnership with the East Baltimore Revitalization Initiative focused on ensuring better opportunities for neighborhood residents through an approach that became known as "responsible redevelopment." Its core principles (see box below) fit well with Casey's long-standing commitment to improving outcomes for disadvantaged families living in distressed neighborhoods.

PRINCIPLES OF RESPONSIBLE REDEVELOPMENT

1. Position housing as a basis for family stability.
2. Engage residents in authentic ways: planning, design, implementation and evaluation.
3. Build capacities of residents and local organizations through support and technical assistance.
4. Produce tangible community benefits via legally binding agreements.
5. Support responsible relocation of residents displaced during the redevelopment process.
6. Demolish older buildings responsibly, to minimize health risks.
7. Create mixed-income developments to produce social and economic diversity.
8. "Hard-wire" affordability into the community through the creative use of tax credits, zoning policies, etc.
9. Integrate mixed-income housing with high-quality schools, services and supports.
10. Encourage anchor institutions to help catalyze and sustain redevelopment.
11. Develop programs that help residents own businesses and build assets for their families and communities.
12. Build public-private partnerships and enlist a variety of champions to promote and protect the core elements of responsible redevelopment.

Adapted from Responsible Redevelopment in Action: New Orleans Investment Summary. (June 2010). Baltimore, MD: The Annie E. Casey Foundation.

Responsible redevelopment positions safe, healthy and affordable housing as the basis for family stability, but it also encompasses resident leadership development, so that the people most affected by community change have a voice and a hand in determining outcomes; job and job-skills development, so that low-income families have a chance to become self-supporting; commercial development, so that families have access to the products they need; high-quality schools, so that children receive the education they need to succeed later in life; and access to health care and other human services that support resident well-being. The goal is to follow a responsible process that demolishes old buildings safely; relocates displaced residents during the redevelopment and gives them the opportunity to return; and forges legal agreements to ensure tangible community benefits.

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As Casey's neighborhood-based investments in New Orleans evolved, so did local community planning in Central City. For 18 months beginning in 2003, more than 200 local residents, community leaders, city government staff, nonprofits and faith leaders participated in a community planning process that produced a Central City community vision. The Ford Foundation and the local Riley Foundation helped the city fund the planning process, and some of Casey's Making Connections grants covered stipends for residents who participated. On the public housing front, the plan embraced a move away from high-rise, multifamily buildings and toward mixed-income, less-dense structures, reflecting the national trend promoted by federal HOPE VI redevelopment grants, which aimed to revitalize some of the nation's worst public housing projects into mixed-income communities.

Eager to build on the planning effort's momentum, planners secured in 2005 the

Ford Foundation's commitment to fund the Central City Renaissance Alliance (CCRA), which would continue collaboration around implementing the plan. Unfortunately, Hurricane Katrina arrived first, and most of the local planners evacuated. Kysha Brown Robinson, who now serves as CCRA's executive director, helped pull the team back together by phone to assess what was still relevant in the community plan and where to begin working to rebuild neighborhoods.

Meanwhile, Giloth met with New Orleans community leaders at the Foundation headquarters in Baltimore to ask a similar question. And the New Orleans-based vice president for community relations at the JPMorgan Chase Foundation, Ashleigh Gardere, called together a group of local and national funders (including Casey), city officials and neighborhood residents to discuss whether the investments that had already gone into Central City might offer a starting point for recovery.

One of the first calls she made was to Giloth. "In my mind, Making Connections-New Orleans was a worthwhile investment because it really laid the groundwork in Central City," Gardere says. "It invested in resident leadership that we were going to need moving forward."

The upshot of these activities was a commitment by Central City leaders to three "catalytic projects." One was to ensure resident participation in the redevelopment of C.J. Peete and to participate in planning for the commercial areas surrounding its footprint, based on community needs. For the Foundation, the concreteness of focusing on the neighborhood's physical structures was appealing. "It was a different kind of project for Casey," says Jessica Donaldson, a former member of the neighborhood development implementation team. "One of the big benefits to the residents was not just their engagement



C.J. Peete demolition.

in the vision but also getting something done and having something to show for their work.”

A Transformation Snapshot

The Central City neighborhood covers 1.5 square miles in the heart of New Orleans. As others have noted, it has a long history as “a solid working- and middle-class community with a thriving retail corridor and a deeply held identity as a historic center for New Orleans’ African-American arts, culture, family, faith, and community. It was once a place where African-American residents freely and comfortably interacted with the white, Jewish community.”¹²

But the racial upheaval and urban flight of the 1960s through 1980s took its toll on the area. By 2005, New Orleans was “one of the poorest cities in the country, with an out-of-control crime rate, a failed public school system and ineffective government riddled with corruption.”¹³ Central City itself had become racially segregated, with a population that was 87 percent African-American (compared with 67 percent city-wide), and poor, with 50 percent of residents living in poverty (compared with 28 percent citywide).¹⁴ Even before the storm, Central City’s residents had few of the services, supports and opportunities that might help them escape poverty. After the storm, they faced a total system failure.¹⁵

C.J. Peete, New Orleans’ largest public housing project, occupied 42 acres (about 12 city blocks) of Central City. The development originally provided 1,403 housing units, but by 2005, nearly half the units had been demolished and their tenants displaced as the city slowly moved to replace its obsolete public housing stock. Of the remaining residents, many had lived in C.J. Peete for generations: “They had significant social networks made up of friends, relatives and their nearby places of worship. Many residents felt a strong and deep sense of identity anchored in the community.”¹⁶

When the storm and flooding hit New Orleans, C.J. Peete was largely undamaged, but its residents were among the estimated 1,040,000 in the region who evacuated ahead of the storm. Returning residents began squatting in C.J. Peete’s unharmed apartments. But the city’s housing authority, galvanized like others by the urgency created by Katrina, saw an opportunity with so many residents gone to accelerate the demolition and rebuilding of public housing stock. When some of C.J. Peete’s residents returned, they found city leaders poised to demolish the project and replace it with a smaller number of units, arguing that total redevelopment would be more efficient than a partial rebuild or phased reconstruction. To residents already traumatized by the storm and evacuation, the move to raze



Harmony Oaks opened in 2011.

their homes was “a huge psychological blow that set a difficult stage for positive redevelopment work.”¹⁷

The redevelopment of C.J. Peete into Harmony Oaks therefore involved a complex set of activities that included securing the participation of people and organizations who had a commitment to investing in the neighborhood and a belief in the principles of responsible redevelopment; bringing stakeholders to agreement on goals and priorities; finding the displaced residents; raising money to pay for the project; enabling residents to help lead the change process and ensuring a place for them at the decision-making table; and providing services and opportunities to make the returning residents economically self-sufficient.

The result of this labor was Harmony Oaks, which opened with nearly full occupancy six years after the hurricane. Its 460 units are almost equally divided among housing intended for recipients of public housing benefits, affordable housing built using federal tax credits and housing for market-rate renters. Scattered throughout Central City are dozens more affordable homes, two renovated historic buildings, a state-of-the-art prekindergarten-8 school and a center that houses — among many other things — facilities for learning, recreation and health care. As one of the development partners notes, “The new infra-

structure ties into existing street grids, and the new architecture replicates that of the traditional Central City neighborhood. A new park that preserves an old stand of live oak trees is planned at the southern end of the site.”¹⁸

Harmony Oaks certainly is beautiful from a physical standpoint. But even more importantly, it is imbued with a strong sense of community and accomplishment. “You can’t overemphasize the importance of seeing Harmony Oaks [arise] in a place that was thought to have nothing more to offer that community,” says William Buster, director of Mississippi and New Orleans programs for the W.K. Kellogg Foundation. “Philanthropy played a role not only in the rebuilding of houses but in the emotional and social rebuilding that happened there.”

The rest of this report examines how philanthropic involvement helped to achieve those outcomes.

OBSERVATIONS ON THE PHILANTHROPIC ROLE

What was it that Casey and other private funders did to make philanthropic support so important in the transformation of C.J. Peete into Harmony Oaks? This section describes 14 essential elements of the philanthropic role:

1. A clear framework and approach that provided structure.
2. A long history of investment and relationships in New Orleans.
3. Partnership with a capable private housing developer that shared Casey's responsible redevelopment values.
4. A strategy that combined housing redevelopment with human capital development.
5. Broad co-investment.
6. Multiple funding approaches and mechanisms.
7. Flexible funding.
8. A dynamic and evolving philanthropic strategy.
9. Resident leadership and participation.
10. Foundation leadership without exclusive ownership.
11. Hands-on technical assistance.
12. A holistic development strategy that involved the community around Harmony Oaks.
13. Use of civic resources.
14. A phasing-down of Casey's investment.

A Clear Framework and Approach

In New Orleans, the responsible redevelopment framework that Casey had adopted provided a structure for bringing other funders and stakeholders together in a productive way (see p. 9). Roger Williams, a former Casey staff member who led the Foundation's New Orleans work from 2005 through 2010, describes the framework as "holistic community redevelopment and transformation" and notes that New Orleans was the first place where

Casey "put all of the pieces together strategically, in one community."

By asserting that all of these pieces — affordable mixed-income housing, authentic resident engagement, good schools, jobs and job training, integrated services and supports, access to transportation, efforts to build the capacities of residents and community organizations, etc. — were mutually reinforcing and equally important, the responsible redevelopment framework ensured all the critical elements of transformation stayed on the table for attention and investment. It also helped other funders see where their priorities and resources fit into the larger picture.

Previous resident-led work "gave us an opportunity to bring attention to what people thought was important in the neighborhood."

"With the responsible redevelopment framework, we tried to establish a menu of things that needed to be done, and, depending on the funding availability and the issues at hand, partners could prioritize and focus on what the community needs or even add things to the menu," Williams says.

The core outcomes that post-Katrina funders sought were similar to those that led to the two-generation approach Casey had identified through Making Connections: a healthy start in life and access to high-quality education for children in the Central City neighborhood, as well as economic stability and self-sufficiency for their parents. This translated into a focus on preparing adult residents for jobs and connecting them with employment, creating a new

elementary school and, with funding from other philanthropies, establishing a multi-service early childhood and family center.

The emphasis on workforce development was driven, in part, by a premise that “adults working are part of a working community, especially in a neighborhood that is transitioning from totally subsidized to mixed-income housing,” as one Harmony Oaks collaborator put it. Federal requirements embedded in HOPE VI funding gave extra urgency to the workforce development focus of many philanthropic organizations working in Central City post-Katrina. But the jobs and job training that many adult residents received also cultivated their sense of neighborhood ownership because they helped to build the new housing that would become Harmony Oaks.

Between the time Harmony Oaks opened and mid-2012, Urban Strategies (the nonprofit subsidiary of Harmony Oaks’ development firm) provided employment training and assistance to 373 adults in Harmony Oaks (including former C.J. Peete residents and new residents eligible for public housing assistance). Some also received help to create small businesses, with the hope that as commercial spaces around Harmony Oaks develop, some will be occupied by resident-owned enterprises. Many clients interested in entrepreneurship, for instance, were referred to the Good Work Network, a nonprofit located in the community that provides administrative support services, help accessing capital and micro-loans, credit counseling and technical assistance.

The idea of creating a new neighborhood school emerged in community conversations to elicit resident priorities for the neighborhood’s damaged areas. After overcoming many obstacles (see p. 29), the new Carter G. Woodson Elementary School

opened in fall 2012 as a campus for the KIPP Central City Academy.

The Mahalia Jackson Elementary School (formerly the Mahalia Jackson Early Childhood and Family Learning Center, as it is referred to in this report), created on the site of another damaged school in Central City, addressed the needs of multiple generations of residents. The \$17.5 million renovation produced four buildings that initially housed Head Start, Early Head Start, kindergarten and pre-K programs; classes for teen parents; a health clinic; meeting and fitness rooms; a public library; an adult computer lab; a community garden and playground; and offices for services provided by the state Department of Children and Family Services, the Louisiana Workforce Commission and others. Today, the learning center houses pre-K and kindergarten programs as well as first-grade classrooms.

A History of Investment in the Area

The effort to redevelop C.J. Peete and the Central City community benefited from Casey’s long history of work and relationships in New Orleans. Each initiative the Foundation funded in Central City had fostered new community capacities and contacts:

- Plain Talk gave Casey an edge in mobilizing neighborhood leaders to engage other residents in addressing community issues.
- The Jobs Initiative established Casey’s track record in connecting low-income adults with jobs and helped the Foundation connect with local employers, institutions of higher education and job-training organizations — and it introduced the Foundation to C.J. Peete and its residents. The initiative also marked the beginning of Casey’s relationship with the Greater New Orleans Foundation, the local community foundation. At that time, GNOF was a conventional funder of charities and the

arts, rather than a neighborhood-based change agent. Under the guidance of Gilbert, however, the community foundation engaged resident leaders, community groups, employers and the community college in envisioning a major workforce development project using Jobs Initiative funds.

- During Making Connections, the Foundation expanded its resident leadership development work and its relationships with other local entities. Gilbert left GNOF to manage Making Connections for a time, and Casey forged a partnership around affordable housing with the New Orleans Neighborhood Development Collaborative.
- KIDS COUNT, Casey's national project to track state and local data on child well-being, had long provided information on the conditions in which local children lived. The data helped the Foundation and its partners understand the strengths and challenges in Central City and plan accordingly.

After Katrina, Casey's history in New Orleans and the credibility it earned among philanthropic, nonprofit and governmental leaders enabled it to focus other funders on achieving "one big thing" in a place Casey knew well: the transformation of Central City, including the C.J. Peete housing complex. "We respected Casey's commitment to the community," says Ellen Lee, senior vice president for programs at GNOF. "That played a big role in our confidence in supporting the work in Harmony Oaks."

Central City was an obvious choice as the target neighborhood because of Casey's previous investments there and its location — near downtown and right behind the Louisiana Superdome, where 26,000 evacuees had landed. Central City also was the site of the 2003-2004 community planning effort (see

p. 10). The group that had formed around that process, Central City Renaissance Alliance, resurfaced as a standalone nonprofit with funding from Casey and the Louisiana Disaster Recovery Foundation.

In 2007, with financial support from the Greater New Orleans Foundation, CCRA helped some residents who had participated in the 2003-2004 planning process represent Central City's interests as the city developed its Unified New Orleans Plan, a master plan for disaster recovery. (Participating residents did not specifically represent the development that would become Harmony Oaks.) About \$7 million in funding from the Rockefeller and Ford foundations and the state of Louisiana allowed GNOF to shepherd the Unified New Orleans Plan successfully through the state approval process, which brought half a billion dollars in disaster recovery funds to the city.

At the core of the planning process was the question of what to do about public housing. The U.S. Department of Housing and Urban Development (HUD) had shut down most of the housing developments after the flood and had not allowed residents to return. But not all of the housing developments were ruined, and there was suspicion that the city was simply trying to prevent poor people from returning. Some wanted to tear down and rebuild the neighborhoods entirely, viewing the disaster as an opportunity to reduce the concentration of poverty by scattering public housing units throughout the neighborhood and to replace isolated, inward-facing apartments with buildings and streets that were more connected to the rest of the neighborhood. Others just wanted to rehabilitate the existing buildings.

C.J. Peete residents weren't unanimous in their preferences, but some of them had experience with previous planning efforts,

which put them a step ahead of other neighborhoods, recalls CCRA Director Kysha Brown Robinson: “The foundations’ support of work that was led by residents gave us an opportunity to influence the process and to bring attention to what people thought was important in the neighborhood.”

Partnership With a Capable Housing Developer That Shared Responsible Redevelopment Values

Philanthropies actively partnered with and supported McCormack Baron Salazar (MBS), the company behind Harmony Oaks’ development. In MBS, Casey and other philanthropies found a unique ally: a for-profit developer that understood and respected low-income populations and was committed not only to providing safe, affordable housing and equitable neighborhoods but to building residents’ skills and opportunities.

The redevelopment approach that MBS and Urban Strategies took embraced the notion that residents should be significantly involved in their own community’s changes.

MBS, based in St. Louis, was founded by Richard Baron, a former legal aid attorney for public housing tenants. Concerned about the low-quality housing available to his clients, Baron joined with labor leader and home builder Terry McCormack to form the company that became McCormack Baron Salazar. The community rebuilding approach they adopted in the early 1970s evolved into a comprehensive, integrated revitalization strategy that uses housing as the anchor but also encompasses resident-led change, neighborhood schools, early childhood centers, recreational activities for youth, job training for residents, economic development, access to health services and other resources.

Of special interest to Casey and other foundations, however, was MBS’s nonprofit subsidiary, Urban Strategies, which works with low-income residents of redeveloping neighborhoods. Urban Strategies is committed to helping residents, community leaders and other neighborhood-level stakeholders find a shared vision for change, gain resources and knowledge so they can act on their own behalf, develop leadership skills and participate in implementing solutions. Urban Strategies collaborates across sectors and builds on existing community assets, and its staff have the ability to negotiate with city government, the local housing authority and service agencies on residents’ behalf. And, as a nonprofit entity, Urban Strategies could accept philanthropic money to locate the former C.J. Peete residents and provide needed services.

Casey staff learned about the New Orleans Neighborhood Development Collaborative, McCormack Baron Salazar and Urban Strategies through Sandra “Sandy” Moore, now Urban Strategies’ president. In the 1990s, Moore served in the Missouri governor’s cabinet while the Foundation was involved in that state’s system reform efforts. Moore later headed an organization that assisted Making Connections partners in St. Louis. In 2003, she taught a course that city officials from Camden, N.J., attended, and they praised her work to Roger Williams, who represented Casey’s investments there. Soon Moore became a trusted colleague and thought partner for Williams. “What was different about what Sandy was doing was that she worked with and listened to residents as opposed to going in with her own theory of change,” Williams recalls. By 2005, when Moore and Urban Strategies started to work in New Orleans, she was well-known and respected by Foundation leaders.

MBS and Urban Strategies actually were recruited to the Harmony Oaks project by the New Orleans Neighborhood Develop-



Groundbreaking for Carter G. Woodson Elementary School, which opened in fall 2012 as a campus for the KIPP Central City Academy.

ment Collaborative. NONDC Executive Director Una Anderson accompanied local politicians on a learning visit to Atlanta's Centennial Place community, which MBS codeveloped, and Anderson persuaded MBS to bid on the Harmony Oaks project with NONDC.

When NONDC and MBS won the job, Moore immediately turned to Casey for support. "In 30 years of doing this kind of work, I had never seen anything like" the displacement of residents caused by Katrina, she recalls. "I knew we would need a lot of resources up front to find the residents and get them to mental health services." Williams responded with a \$50,000 flexible grant and persuaded a colleague at the Ford Foundation to match it with another \$50,000.

Over the course of the Harmony Oaks project, MBS and Urban Strategies "worked with 49 local and state organizations, including social service, job training, counseling and development groups"¹⁹ and touched the lives of hundreds of current and former residents. More than 600 referrals were made to partner organizations that provided a range of direct services — from mental health to literacy, technology training and specialized services for seniors and youth neither in school nor working. For example, after realizing that half of the applicants for its construction training pro-

gram could not pass the reading skills test, Urban Strategies formed a partnership with the YMCA to provide literacy training. As of mid-2012, 109 residents who received literacy training had demonstrated measurable advancements in grade levels required to reach job readiness.²⁰

Most observers today attribute Harmony Oaks' success to having a developer that understood the importance of pairing housing with resident leadership and skill-building (and had a firm specializing in human capital development as part of its team to ensure those results).

Housing Combined With Human Capital Development

Harmony Oaks' redevelopment was based on the premise that stable, affordable housing is (a) crucial to families' survival and strength, (b) a powerful motivator for moving low-income families to self-sufficiency and (c) a useful anchor for connecting low-income families with services, supports, resources and opportunities. That premise already combined the key community change elements of strengthening people and places. But the redevelopment approach that MBS and Urban Strategies took also embraced the notion that residents should be significantly involved in their own community's changes and that the change process should leave them with new skills for community leadership, em-

ployment, parenting, etc. MBS and Urban Strategies' philosophy resonated with the assumptions behind Casey's community change initiatives, but services for residents weren't built into the federal funding streams that MBS tapped to redevelop C.J. Peete. Without private philanthropic support, the vitally important work with residents could not have happened.

The resident piece, as funders and partners called it, included locating and stabilizing the displaced families, providing case management and services, developing new resident leaders and training residents for the workforce.

Locating the displaced families. Attrition from C.J. Peete had begun well before the exodus caused by Hurricane Katrina, but by the time the flood subsided, the number of displaced residents totaled 450. With their records in disarray after the storm, the local housing authority could only locate 10 percent of the former residents. Urban Strategies, however, used extensive outreach to the missing residents' family members and former neighbors, along with skip-tracing technology, to locate 377 families that had scattered to Houston, Memphis, the state of Washington—and even as far as Alaska.

The skip-tracing license and fees cost about \$10,000 to \$12,000, not including Urban Strategies' staff time, over a two-year period, Moore estimates. But the effort to find residents and reconnect them with their families and neighborhood built credibility for the developer (and its funders) among residents. It also helped Casey's Williams solicit partnerships with other funders, because it provided data showing that residents were still around and that more than half hoped to return.

Intensive family case management and follow-up with relocated residents. Urban Strategies provided intensive case management to strengthen

families and move them toward "social and economic [upward] mobility." Case management began with stabilizing the head of a household and developing a plan for him or her to return to work, followed by a plan and follow-up for every other household member.

Case management began as soon as displaced C.J. Peete residents were located. Urban Strategies staff assessed each person to determine whether he or she was stable, in crisis or in better shape than when he or she was in Central City. If the person was in crisis, Urban Strategies used Foundation funding to arrange for emergency care and services wherever that individual was located. Urban Strategies staff also interacted with the systems that deliver services to case-managed families, to coordinate services and to hold the systems accountable for families' outcomes.

By the end of 2011, Urban Strategies had partnerships with 49 nonprofit service providers and was working not only with all the former C.J. Peete residents but also 91 public housing families who had moved to Harmony Oaks from other neighborhoods. The amount of in-kind and direct leveraged resources devoted to Harmony Oaks families totaled more than \$40 million. Urban Strategies' partners participated on the Harmony Oaks project's steering committee, advised the team on the community and supportive services strategy and supported physical and human capital development efforts.

Leadership development. Among the many resources that Katrina swept from C.J. Peete was its base of community leaders. Most of the people who remained after the flood did not know how to organize their peers, run meetings or lead any of the other activities involved in developing and implementing a neighborhood plan. Casey brought in two consultants who

had trained resident leaders in Making Connections sites to help C.J. Peete residents develop those skills.

Job-skills training, education and other services to residents. Foundation grants to Urban Strategies covered programs that trained residents in new job skills; worked to expunge some residents' criminal records to make them more employable; taught literacy, financial management, parenting and co-parenting, good-neighbor and housekeeping techniques; provided health education; and offered self-enhancement and empowerment workshops.

Although Casey had a long-established commitment to involving residents of low-income communities in its initiatives and working to build their leadership capacities, some members of Casey's neighborhood revitalization team recall differences of opinion within the Foundation over how to act on that value in Harmony Oaks. For some staff, "there was tension between whether to stick with organizations that were more community-based and therefore 'authentic' but maybe had fewer capacities, versus partnering with a big developer" like McCormack Baron Salazar, one recalls. Some of those staff note that MBS had to develop some capacities itself to do the job well (e.g., by adding staff to Urban Strategies, figuring out how to deal with the huge number of displaced residents and negotiating which of the various groups representing residents would make appropriate partners).

"MBS and Urban Strategies did good work, but going with them [rather than a community-based organization] was a choice we had to make and accept," a team member says.

Broad Co-Investment

From the beginning of their involvement in the Harmony Oaks project, Casey staff used the Foundation's commitment to leverage

other funders' co-investment. The message Williams tried to convey was: "This is what we're doing, and we want you to come along. It isn't our project, it's a project, and you can take credit for whatever you want, but it's important to do it together."

The idea of multiple funders co-investing wasn't new. The Living Cities collaborative, of which Casey was an active member, was facilitating co-investment in cities across the country. The STRIVE collaboration in Cincinnati was taking the same path in an approach that would soon be popularized as "collective impact," and Making Connections had tried a similar strategy toward the end of its decade of funding. Fueled by the Foundation's persistence and philanthropic connections and by other funders' desire to help New Orleans recover, the Harmony Oaks initiative attracted co-investment at a rapid pace.

Philanthropic co-investments in Harmony Oaks came in the form of money, expertise and joint leadership. These contributions were important for several reasons: They increased the amount of resources available and, therefore, the redevelopment activities that were possible, and they created a sense of shared ownership for achieving results and sustaining them over time. They also paid for expenses crucial to neighborhood revitalization but not covered by the Federal Emergency Management Agency or Housing and Urban Development grants that Central City and the Harmony Oaks developer received: resident outreach and capacity building, predevelopment costs and wraparound services.

Resident outreach and capacity building. The Ford Foundation was one of the first national foundations to join Casey in finding, mobilizing and empowering former C.J. Peete residents. Gilbert, then at the Ford Foundation, designed and codirected Ford's \$100 million regional Gulf Coast Trans-

formation Initiative. Meanwhile, Casey's Williams reached out to other Ford program officers who matched Casey's initial \$50,000 grant to Urban Strategies to locate displaced residents and connect them with services and made a program-related investment for resident leadership development.

Predevelopment costs for the housing development. By 2008, with community agreement reached on the redevelopment plans, McCormack Baron Salazar was ready to start building. MBS needed \$5 million to cover the predevelopment costs of architects, engineers, environmental testing, streetscape design and Urban Strategies' preparation of residents for a successful return.

MBS had been issued state and federal low-income housing tax credits to sell to raise funds for Harmony Oaks, and several funders — including the Local Initiatives Support Corporation (LISC), Enterprise, JPMorgan Chase, Gates, Ford and the Louisiana Disaster Recovery Foundation — were working to create a private loan fund that could be leveraged by the tax credits. But before the loan fund was ready, the nation's residential real estate bubble burst. The economy crashed, commercial banks stopped lending for new home construction, investors worried about the marketability of new housing, and it suddenly became very hard to sell tax credits. MBS, facing deadlines to sell or lose its credits, was in a serious bind.

As a for-profit developer, MBS couldn't ask foundations for predevelopment money, but someone in the philanthropy world could. With colleagues from Ford, LISC and Enterprise, Williams put together a combination of traditional grants, recoverable grants and loans that covered all predevelopment costs. The strategy was noteworthy because the funds covered costs that foundations don't normally pay for, serving as bridge funding until other sources of

funds could be accessed, and because constructing a housing project during an economic crisis is a risky undertaking.

"No one had ever seen a funder use its money and clout to organize a group of foundations to take a huge risk, in a risky climate, for [home]-building," Williams observes. Adds Liza Cowan, the JPMorgan Chase Foundation's vice president for philanthropy in Louisiana: "The role of philanthropy in responding was critical to keep momentum going."

(The MBS low-income housing tax credits were eventually purchased by Goldman Sachs' Urban Investment Group. It was a significant contribution, but as the Goldman Sachs purchase was not a philanthropic transaction, this report does not address it. For more on Goldman Sachs' role, visit www.goldmansachs.com/our-firm/progress/harmonyoaks/video.html.)

Wraparound services to augment new housing. The W.K. Kellogg Foundation had contributed heavily to the early disaster relief efforts in New Orleans. Kellogg subsequently provided \$3 million over three years to support several services, including a health services suite at Harmony Oaks' neighborhood school and programming by various providers at the Mahalia Jackson Early Childhood and Family Learning Center, as well as \$900,000 for workforce development services provided by Urban Strategies.

Casey facilitated philanthropic co-investment through several strategies. One, described above, was Williams' personal requests to many funders in many places. As a former senior executive for Fannie Mae, Freddie Mac, First Union National Bank and Dime Savings Bank, Williams had a long history and strong ties in community reinvestment, low-income homeownership and public-private housing partnerships.



U.S. Secretary for Housing and Urban Development Shaun Donovan visits Harmony Oaks.

A second approach involved looking within each foundation to find opportunities for one portfolio to leverage investments from others. Ford Foundation leaders, for instance, committed to matching every program dollar invested out of a portfolio within the foundation by a 2:1 ratio. Similarly, Williams persuaded his colleagues leading health, education, evaluation, responsible fatherhood, early childhood and workforce development programs at Casey to invest their money and time in Central City.

A third lever for co-investment was the Central City Funders Collaborative (CCFC), which formed with early support from JPMorgan Chase, Casey, Kellogg and the Louisiana Disaster Recovery Foundation. The collaborative was born out of a meeting to coordinate national, regional and local funders that had invested or were considering investing in Central City, convened by Chase's Gardere. Chase had recently undergone a nationwide self-examination to make its grant making more strategic and impactful; in New Orleans, this produced a commitment to layering multiple investments in housing, education and economic development within specific neighborhoods and to working collaboratively with other funders to maximize their collective impact. Central City presented a perfect opportunity on both counts, but funders

needed a way to help connect with each other. CCFC aimed to serve that function.

Following a community meeting in 2007 with residents, community organizations and service agencies, CCFC developed a set of principles to guide philanthropic activity in the area:

1. Community revitalization and transformation must be community-driven.
2. Investments should be informed and directed by the expressed vision and goals of the communities these resources support.
3. Collaboration at all levels is essential to the revitalization and long-term sustainability of a community.

CCFC ultimately became a network of 30 local, regional and national funders who formed work groups on affordable housing, community organizing, economic development, education and youth development, health care and advocacy for federal investments in New Orleans. Member investments added up to more than \$35 million by 2012.

A fourth leveraging strategy was to use the national foundations' presence to influence local government. Philanthropic dollars, credibility and prominence helped ensure that the rebuilding of Central City became a local priority — and that residents played a leadership role in the process. This strate-

gy, along with efforts to engage and educate community residents about the planning process, persuaded city officials to change their master plan so that some parts of Central City received affordable single-family homes to allow for units with lower density.

Multiple Funding Approaches and Mechanisms

The millions of dollars that philanthropies provided for the Harmony Oaks initiative encompassed traditional grants linked to specific outcomes, flexible dollars that grantees could use to meet an ever-changing assortment of needs, recoverable grants, loans and program-related investments (PRIs). Each funding mechanism was valuable in its own right, but the combination of multiple approaches enabled partners to accumulate the full amount needed to support the work and the variety of activities that made successful neighborhood revitalization possible and respond with strength and agility to rapidly evolving circumstances.

Casey's investments in Harmony Oaks illustrate this point. The Foundation provided about \$475,000 per year to the redevelopment effort between 2005 and 2010, plus \$150,000 annually for technical assistance during the initiatives' first five years. Those dollars took several forms:

Traditional grants supported services and activities with specific outcomes. The New Orleans Neighborhood Development Collaborative received grants to begin its local housing development efforts. NONDC received \$4.7 million through the federal HOPE VI program, to be used for development in the neighborhoods surrounding Harmony Oaks, and Casey granted the organization operating funds to assist with this off-site development. The Foundation's investments helped NONDC and the Jericho Road Episcopal Housing Initiative to develop vacant or blighted properties in Central City; to build new affordable, sin-

gle-family homes in the area surrounding Harmony Oaks; and to conduct community outreach and resident activities. Kingsley House, a 116-year-old service provider, received Casey grants to provide mental health services to individuals and groups of residents from the area and encourage their enrollment in benefit programs.

To build resident capacity to lead and participate in community solutions, Casey funded the Urban Strategies work described elsewhere in this report. The Central City Renaissance Alliance (see p. 26) also received Foundation grants to work with residents of the larger community to improve their relations with their counterparts in Harmony Oaks.

Other grants developed the capacities of key organizations and partners. In addition to the grants that NONDC received to build new homes, for example, Casey paid for an organizational development consultant to work with the organization's board of directors on a mission and strategic plan and to coach its executive director. The technical assistance helped NONDC define and integrate staff duties, add key staff roles and develop a strategy for fundraising. Similarly, the Foundation hired experts from Case Western Reserve University to help Urban Strategies better understand and manage the data collected while serving Harmony Oaks families, which helped Urban Strategies meet their needs more effectively.

Recoverable grants covered unconventional but essential activities. Recoverable grants are similar to loans in that they have a maturity date, at which point the borrower ideally pays the money back with interest. If the borrower is unable to pay, the transaction converts to a grant. The \$650,000 recoverable grant the Foundation made to help support McCormack Baron Salazar's predevelopment costs, which MBS paid back on time, was the first such grant Casey had ever made.

By using this funding mechanism, Casey and Ford, which also made a recoverable grant for predevelopment costs, assumed enough of the financial risk to keep the initiative moving forward at a critical stage.

Program-related investments made funds available for local lending. Casey contributed \$1 million to a \$4 million PRI that LISC and Enterprise also supported. The PRI was intended to make low-interest loans available for housing development, and it was an important attempt at creative funding in Central City. Borrowers did not tap the PRI as expected, however. Critics say that the criteria for lending and the conditions ultimately placed on the loans were so restrictive that borrowers found it more cost-effective to seek money elsewhere. Casey had a similar experience with a \$750,000 PRI offered to Urban Strategies to work in the larger Central City community.

National foundations loaned executives and program officers to local organizations to help on the ground.

By paying all or a portion of these staff members' salaries while they worked in New Orleans, the foundations brought specialized expertise to the organizations while defraying the cost. For example, the Rockefeller Foundation loaned Associate Director Carey Shea, who had worked on the Unified New Orleans Plan for community redevelopment, to the Greater New Orleans Foundation, where Shea created the Community Reinvestment Fund (see below). Sherece West-Scantlebury, then-president and CEO of the newly formed Carrier Foundation, became the chief executive officer of the Louisiana Disaster Recovery Foundation six months after it was established. Another long-time Casey staff member, K.C. Burton, became a consultant to LDRF and then its interim CEO when West-Scantlebury left to head the Winthrop Rockefeller Foundation. Casey also loaned two staff members: Felipe Floresca went to LDRF, where he assist-

ed with civic engagement and policy work and helped to shape the local foundation's regional Equity and Inclusion Campaign; and Malik Jordan went to Urban Strategies, where he helped recruit residents to job-training programs and place them in companies throughout Central City.

A special fund pooled philanthropic money for investments in Central City and throughout New Orleans. In addition to the PRI formed by Casey, LISC and Enterprise, several philanthropies supported a five-year Community Reinvestment Fund (CRF) based at the Greater New Orleans Foundation. Between 2007 and 2012, the CRF attracted 22 national, regional and local funders (including Casey, which contributed \$250,000 the first year and \$500,000 per year for three more years) and made about \$21 million in grants to 49 organizations for new construction and rehabilitation of single-family homes and public housing (Harmony Oaks and two other developments).

The CRF was not merely a vehicle for pooling philanthropic funds; it also was designed to shore up the community development corporations and public-sector organizations involved in affordable housing and to bring local foundations together with national foundations for mutual learning. "It was about creating a space for conversation almost as much as it was about investing in housing," says Cowan, who managed the CRF before joining the JPMorgan Chase Foundation.

Investors and participants in the CRF conversations included representatives of the Ford, Casey, Surdna, Rockefeller, Gates, Conrad Hilton, Kresge and Kellogg foundations, as well as smaller funders such as the Blue Moon Fund (a Charlottesville, Va., family foundation). Each CRF grant-making committee included representatives from two national foundations, one local foundation and GNOF's board of trustees.



Residents were actively involved in the planning and design of Harmony Oaks.

For GNOF, an added benefit of housing the Community Reinvestment Fund was exposure to a more strategic form of grant making than it had traditionally supported, which emphasized donor-advised charitable giving. Through its involvement in the CRF and other aspects of the community development work, GNOF grew more committed to funding housing, workforce development and education programs that would transform neighborhoods.

Flexible Funding

All of the money that philanthropies provided helped to transform Central City and support the redevelopment of Harmony Oaks, but some of the most useful money was that which could be spent flexibly to meet unconventional needs or respond to unexpected opportunities, recipients say. For instance, Casey's initial \$50,000 grant to Urban Strategies gave the organization much-needed flexibility to find residents and enable them to return home during a turbulent and confusing time, Urban Strategies' Sandra Moore says.

"I didn't know where the people were or what condition they were going to be in when we found them," Moore explains. Being able to spend grant money on skip-tracing services, putting evacuated residents in hotels, giving located residents cell phones so they could contact displaced

family members, hiring some residents as case managers and giving residents gift cards as incentives to attend community meetings — all essential but unanticipated expenditures — helped Urban Strategies do its job efficiently and effectively.

A Dynamic and Evolving Philanthropic Strategy

The philanthropic approach to Harmony Oaks changed as the work progressed. Rather than being locked into a set of expectations and strategies that were determined before people on the ground knew the full extent of what they faced, funders allowed the work to evolve with emerging needs and opportunities. This allowed partners to strengthen residents and the neighborhood in more ways, and on more levels, than might otherwise have been possible.

For example, the transformation began with planning and building new housing stock for low-income families. To ensure returning residents could succeed economically, the approach also included job training and placement for adults. Soon, realizing that many of the returning residents had been traumatized by the evacuation and the devastation caused by the storm, Williams paid for "walkers and talkers" (community health workers trained through another Casey initiative) in Central City to screen C.J. Peete residents for mental health needs

and enroll them in services and benefit programs. Then, seeing the resident planning meetings were attended mostly by women, Williams pulled in another Casey program that targeted responsible fatherhood as a way to get more male residents involved. When it became clear that resident involvement in planning the new housing development was hampered by the loss of long-time resident leaders who had not yet returned, Casey provided leadership training for residents of the old C.J. Peete and for those in the surrounding area who would be joining them in the new Harmony Oaks.

In addition, other philanthropies funded some important pieces of the redevelopment that were beyond Casey's scope, including the development of the early childhood and family learning center and of the nearby commercial corridor along Oretha Castle Haley Boulevard. The combined philanthropic efforts sought to create a resilient, whole community. While many entities invested in Harmony Oaks directly, others supported projects that addressed a specific need, such as affordable housing, small business development or education, throughout the rest of the neighborhood so that all Central City residents would live in a thriving community. In this way, the Foundation's investments were leveraged to have impact throughout Central City.

Resident Leadership and Participation

The Harmony Oaks initiative engaged residents in meaningful roles in the transformation process, and it helped them develop the skills and capacities needed to play those roles. The benefit of this commitment was apparent as early as the groundbreaking ceremony for the project: While residents at other major housing redevelopment sites in New Orleans had staged angry protests, Harmony Oaks residents stood alongside elected officials and turned ceremonial shovels of dirt.

What made the difference in Harmony Oaks? Philanthropies supported resident leadership and participation in the project in various ways:

Casey and its partners listened to residents' wishes. As Williams observes: "The best way to protect residents' interests is to get them involved. Once you show folks what's in it for them, what they stand to gain, you're in a better position....[And if you don't], they can shut you down." MBS and Urban Strategies staff shared that belief, and they brought C.J. Peete residents together with business, nonprofit and religious leaders to discuss everyone's hopes and needs for the new community.

The developers would return to the next meeting with plans based on what they heard. "Here are the issues and priorities in this plan," they would say to residents. "How would you like to address them?" It was significant, Moore says, that if residents wanted a park or some other amenity, Urban Strategies would not offer to take care of it for them but would instead ask how they wanted to accomplish the task and then offer to help them.

The Central City Funders Collaborative also became a venue for reflecting on the intersection of resident and funder interests. "At CCFC, we're always asking, 'Is what I want to do really something that the community wants to do?' — and then finding out the answer," the Kellogg Foundation's William Buster explains.

As the work unfolded, residents were included in ways that ensured transparency, input and co-ownership. Residents participated in development meetings, where they learned about the issues in play (e.g., the difficulty in selling tax credits); proposed elements they wanted to include in the neighborhood (e.g., a school); and weighed in on decisions that would affect them. They came away with

a better sense of why things happened in a particular way, information they could discuss in the community and a well-earned sense of joint ownership.

It didn't all go smoothly. Urban Strategies and residents were required to sign a memorandum of understanding for Harmony Oaks, and although resident leadership development had been a key component of Making Connections-New Orleans, new resident groups had joined the revitalization process after Katrina. At first, the residents refused to sign because a self-appointed representative insisted developers should first meet a list of financial demands. Although Urban Strategies was under pressure from public funders to move forward, Moore took time to resolve the issues and make sure residents really were on board.

Later, old animosities resurfaced between public-housing and non-public-housing residents of Central City, both of whom would be moving into Harmony Oaks. Again, Urban Strategies took time to find common ground before moving forward. Without philanthropic willingness to suspend activity and address resident concerns, and to make sure a full spectrum of resident voices was represented, Harmony Oaks' redevelopment might have been weakened or even derailed.

Developers took C.J. Peete residents to St. Louis to learn from peers. One of Urban Strategies' first actions, using funds from Casey, was to take two groups of residents to St. Louis to talk with residents of a similar housing project that MBS had redeveloped. With coordination assistance from the New Orleans Neighborhood Development Collaborative, the Central City residents — some of whom had served on C.J. Peete's leadership council before the storm and some who were new to community leadership — spent two days learning about the change

process and seeing its results through other residents' perspectives.

"That was the beginning of the transformation," Moore recalls. "The woman who had opposed the project the most walked into a finished unit, saw the washer and dryer and said, 'You mean we're going to get appliances just like that in every unit? Tear the sucker down!' We would never have had the opportunity to start that conversation without flexible Foundation resources."

Residents helped to physically construct Harmony Oaks. Seventy-eight former C.J. Peete residents and other low-income neighborhood residents completed a 13-week construction training program provided by Urban Strategies at Harmony Oaks. Graduates of the training filled 29 of the redevelopment jobs, and other public housing residents or low-income individuals filled another 19 jobs, helping to meet local hiring requirements that were part of the federal HOPE VI grant.

"It was the only mixed-income housing development in New Orleans where you could see people of color and local residents working on the buildings — and not just moving debris," recalls Williams, who visited the construction site regularly to see that the agreement was honored.

Philanthropies actively supported resident leadership through investments in the Central City Renaissance Alliance. CCRA — the resident-led community planning and organizing entity launched with support from the Ford, Casey and Kellogg foundations and the LDRF — served as a convener for the catalytic projects that Central City residents had identified as critically important: C.J. Peete's reconstruction, the creation of a neighborhood family resource and learning center and commercial development along Oretha Castle Haley Boulevard. CCRA's role was to create opportunities for the projects' lead organizations to discuss



LEFT AND CENTER: Former C.J. Peete residents moving in to Harmony Oaks.

RIGHT: The Harmony Oaks Community Center.

their plans with residents and to convene a “kitchen cabinet” with project leaders, CCFC and other community partners to understand the intersections between the projects and potential roadblocks. Those activities also helped to make sure Central City residents’ views were heard and respected along with those of their C.J. Peete counterparts.

Foundation Leadership Without Exclusive Ownership

Several foundations provided philanthropic leadership, and each found it important to demonstrate shared leadership rather than owning the work exclusively. Casey staff, for instance, tried whenever possible to join other groups’ projects instead of creating something from scratch; to come with what was needed, rather than promote a rigid point of view; to urge other funders to contribute when projects stood at critical junctures and coordinate the various philanthropies’ roles and resources; and to let others take credit for positive results.

Casey staff also kept their own leaders engaged in the work they supported in New Orleans, which helped to sustain the Foundation’s interest and gave local leaders another way to access Casey leadership. After the hurricanes, the Foundation’s board met in New Orleans to view the damage and consider a response. After the Harmony Oaks project was underway,

Casey’s senior leadership team visited the site to see firsthand what the changes entailed. And after Patrick McCarthy was chosen to succeed long-time Foundation President and CEO Doug Nelson, he made a special trip to Harmony Oaks and Central City.

“Casey had to put enough resources — money, people and time — into Harmony Oaks to lead, but not so much that they might paralyze the civic engagement of others. The focus was continually on building local capacity. It was a constant juggling act,” Moore observes. “It frustrated me sometimes. I thought, ‘Why don’t you just give me enough money to do what I need to do instead of just enough to get started and then have to go find other partners?’” But those other partners gave Harmony Oaks staying power.

Hands-On Technical Assistance

National foundation staff and consultants provided hands-on technical assistance to the local investments in Harmony Oaks. For example, Casey provided technical assistance to help NONDC negotiate a partnership with MBS through which NONDC had a role in on- and off-site development, with the primary focus on developing affordable housing in the area around Harmony Oaks. The Foundation’s support also helped NONDC win federal HOPE VI redevelopment funds, gain

clear title on 25 properties (and subsidized units, for a total of 65) and close on financing to redevelop the properties as affordable homes. And Casey gave NONDC assistance with board governance and strategic planning.

Williams visited Central City at least monthly for several years, getting to know city and resident leaders and helping the community organizations gear up for the tasks at hand. Ralph Smith, then executive vice president, and Salin Geevarghese, who directed Casey's grants for green and healthy homes, also spent time in New Orleans advocating on specific issues, such as building a neighborhood school to serve Harmony Oaks. The JPMorgan Chase Foundation's Cowan and Ford's Gilbert note that the Casey leaders' willingness to share wisdom as well as money made a huge difference. "When I got to Ford, that's the only way I knew how to do the work," Gilbert says. "I learned from Casey that foundations could and should spend a lot of time in the field working with leaders of community organizations."

In addition, the Rockefeller Foundation paid to place more than a dozen fellows from the Center for Urban Redevelopment Excellence (CUREx) with nonprofits and housing development projects in New Orleans. CUREx, which ended operations in October 2010, was based at the University of Pennsylvania; it placed promising young professionals in fellowships with top redevelopment organizations nationwide. The fellows brought their recent training and knowledge to the organizations where they were posted. Moreover, they were part of a learning network, and their ability to coordinate with each other in New Orleans helped to cut through red tape and move development activities forward on the ground. One of the CUREx fellows was also a member of the NONDC team.

Holistic Development of the Neighborhood Around Harmony Oaks

Harmony Oaks' redevelopment effort reached outside the public housing complex to strengthen the surrounding area, extending the reach of positive impacts and ensuring that the new apartments didn't become isolated. "When I worked at Fannie Mae [as vice president for community-based lending], we thought that once you got folks into a home, that was the end of the job," Williams explains. "But through Casey, I realized there's so much more to it than that. If you only do the housing and don't take into account the other needs of the residents who live there, you create an island — and it will fail."

With that notion in mind — and to develop local capacity for housing construction — Casey and GNOF funded NONDC to acquire vacant and decayed properties in the neighborhood around the old C.J. Peete development and build 50 new single-family homes for purchase by low-income homeowners. After the real estate crash of 2008, construction and purchases of the homes slowed. The "soft" money that helped make the price of new houses affordable was used up, and policymakers had put state funding sources on the chopping block. However, as the housing market has begun to improve, so have sales. To date, all of NONDC's homes have been sold, and 42 percent of the buyers were Central City residents.

Meanwhile, philanthropies funded Urban Strategies to provide construction job training, recruit residents who were qualified to construct the homes and conduct outreach and readiness services for potential buyers of NONDC's homes. After learning there was no adult basic education provider in the neighborhood, Urban Strategies partnered with the YMCA to provide those services. Urban Strategies also obtained a \$1 million grant from the U.S. Department of

Health and Human Services and regranted three-quarters of it to help 21 local non-profit service providers reopen; the rest of the money covered technical assistance to the organizations on financial practices and board leadership.

When residents said they wanted a new neighborhood school, Richard Baron, Moore and partners from Casey advocated on their behalf with the school district. The deal took time to negotiate, as the first two proposed sites fell through, but the partners persisted, and Harmony Oaks eventually got its new school on a site provided by the school district, with a health care suite funded by the Kellogg Foundation. Meanwhile, Urban Strategies and NONDC facilitated resident involvement in the school planning process and, working with residents, established a partnership with the Knowledge Is Power Program (KIPP, a charter school model already used by an area elementary school) to operate the new school.

“In a place where there was such distrust, where people don’t necessarily believe something good is going to happen or that what they say will have impact on the final outcome, something like [the school project] is especially important” for building a sense of community, NONDC’s Una Anderson says.

Another amenity partners developed with significant philanthropic contributions is the multipurpose Mahalia Jackson Early Childhood and Family Learning Center (see p. 14), which contributes to the goal of developing a full spectrum of supports and opportunities for children from early childhood through high school. And, with backing from Rockefeller, JPMorgan Chase, Living Cities and GNOF, NONDC purchased multiple residential lots and property along an adjacent commercial strip and is developing a commercial strip next to the Harmony Oaks apartments.

“There are lots of resources out there, and you just have to figure out how to make them work for you.”

Use of Civic Resources

Private funders multiplied the impact of their dollars in Harmony Oaks and connected residents with valuable organizations outside the neighborhood by making use of civic resources. For example:

- The Foundation used its connections with the Kingsley House Walkers and Talkers (formerly from Plain Talk) community health program, the school system and Casey-funded early childhood programs to bring leaders from the city’s school and health departments, the Ashé Cultural Arts Center and the early childhood center to the same table, at the same time, with resident leaders.
- Urban Strategies partnered with the New Orleans Recreation Department to provide youth programs in the park.
- The foundation of the New Orleans Hornets basketball team fixed up the basketball courts.
- The Chase Foundation leveraged a multimillion-dollar gift from Chris Paul, who played for the Hornets, for young children’s after-school recreation in Central City.
- When Williams learned the U.S. Tennis Association was trying to raise money for a community-based youth tennis program, he talked the association into refurbishing a court in the park next to Harmony Oaks and providing lessons to resident children.

“The sense I always had was that there are lots of resources out there, and you just have to figure out how to make them work for you,” Williams says.

A Gradual Phase-Down of the Investment

In 2010, Casey began to slowly phase down its investment in Central City and Harmony Oaks. The Foundation’s leadership had changed, and the transition involved some realignment of its portfolio of community change investments across the country, including in New Orleans. Because of the redevelopment’s success, Casey leaders committed to continuing investments in Harmony Oaks through 2014, but they reduced their geographic footprint and began to wind down specific grants.

Investing in people is somewhat riskier than investing in things, but the cost of not investing in residents is much higher, in ethical and practical terms.

The Foundation asked the Center for the Study of Social Policy (CSSP), a policy and technical assistance organization based in Washington, D.C., to assist with reducing Casey’s New Orleans investment in a responsible way. CSSP worked with staff to develop a strategy; administered grants to New Orleans grantees, and others in Casey’s responsible redevelopment portfolio, for three years; and restructured technical assistance. Williams served as a consultant to CSSP in the early stages of this process.

The strategy entailed communicating clearly and transparently with the grantees; developing a results-based plan for the remaining work; reducing the funding gradually so that no one was left in the lurch; continuing hands-on technical assistance during the transition period; and documenting lessons learned.

Foundation leaders had tried, from the beginning, to make the housing and human development work in Central City self-sustaining. Casey and CSSP also tried to communicate well in advance when the phase-down of funding would occur so that no grantee would be surprised. CSSP reduced the size of grants to local nonprofits gradually, over a three-year period, so the organizations’ leaders could adjust to the change in their funding base — either by raising alternative funds or intentionally transitioning from certain activities. Most of these grants were relatively small (e.g., \$75,000 to \$125,000) but still large enough to damage the grantees’ stability if they had ended abruptly.

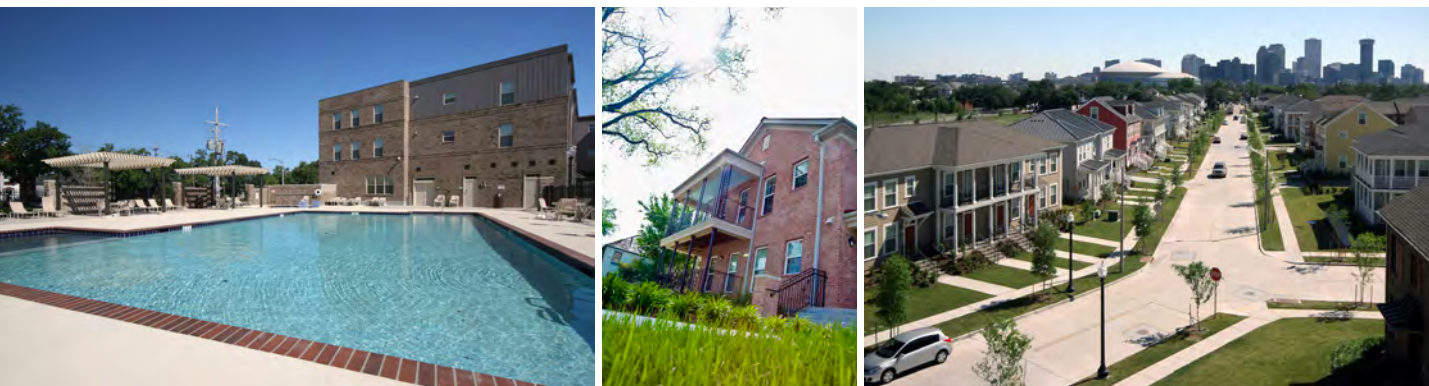
Casey’s New Orleans team had structured partnerships and technical assistance with the goal of leaving local partners on stronger financial ground. Thus, for example, the technical assistance that NONDC received helped that organization shift from selling homes at a loss and soliciting grants for all of its operating costs to becoming 50 percent self-supporting.

The Foundation also asked CSSP to reduce the geographic scope of investments, shrinking down from the broader Central City area to emphasize the resident population and footprint of Harmony Oaks. While the downsizing seems inconsistent with the broader approach to neighborhood revitalization that made C.J. Peete’s redevelopment so successful, it is consistent with the desire to preserve the remaining resources for the people and organizations to which Casey had commitments. Foundation and CSSP leaders also believed that other partners and funders were stepping up to continue developing the neighborhood around Harmony Oaks.

More certainly remains to be done, including finding a way to continue the wraparound services to residents. The

Foundation has helped Urban Strategies attract funding from other sources to continue many core activities: A \$480,000 grant from HUD covered the cost of coordinating resident workforce development for three years. A \$1 million grant from the state of Louisiana covered training 150 residents for employment in construction, health care, oil and gas and “green jobs,” with 20 percent of the slots reserved for Harmony Oaks residents. And some of Casey’s continued funding is allowing Urban Strategies and McCormack Baron Salazar to apply lessons from Harmony Oaks to the redevelopment of Iberville, which is sponsored by HUD’s Choice Neighborhoods program.

From entry to phase-down, the strategies and techniques summarized here helped Casey and other philanthropies contribute to the successful transformation of C.J. Peete into Harmony Oaks. By choosing to apply these strategies, the foundations faced some tradeoffs and made some mistakes. Would philanthropic leaders do it again, and if so, would they do it exactly the same way? We posed these questions to the people interviewed for this report, and their answers shaped the lessons offered in the next section.



The Harmony Oaks community.

TAKEAWAY LESSONS

What does it mean for philanthropies to take on the sort of role that Casey and others played in a community change effort like the transformation of Central City and the redevelopment of C.J. Peete? What implications does their experience hold for future community change efforts? We offer the following insights:

1. Have a long-term strategic vision, and put in place the elements that lay the groundwork for lasting improvements.

This insight encompasses several lessons about long-term, place-based funding that Harmony Oaks reinforced for Casey:

- Progress is not always linear. Even though it may not be possible to foresee exactly what investment needs and opportunities will look like in five or 10 years, the work being done today should create capacity, interest and credibility that can be deployed later.
- Long-term commitments will not always produce quick results. It takes a strong belief in the community and a certain fortitude to keep funding a project while waiting for results and weathering the inevitable ups and downs as other key players, including

political allies, come and go. But the payoff is an ability to take on larger, more complex and, sometimes, more far-reaching goals.

- It's important to define the place to which the funder is making the long-term commitment so that local partners have appropriate expectations. The Foundation could have avoided some disappointment over the phase-down of investment in Central City, for instance, by clarifying up front that the Foundation's long-term commitment was to New Orleans in general and thus subject to change in terms of focus on a specific neighborhood or geographic area.
- Partners should understand that, even when a funder makes a long-term commitment, a variety of factors may affect the investments over time. A change in the funder's organizational leadership, or an economic downturn or upswing, may cause an increase or decrease in involvement, and these changes are not easy to anticipate.

2. Be clear up front about nonnegotiable values.

Nonnegotiable values are a cornerstone of socially responsive investing. One type of nonnegotiable involves the role that the

foundation expects to play and what kinds of projects it plans to support. Casey's involvement in the redevelopment of C.J. Peete was less comprehensive than many other place-based neighborhood change efforts it has supported. The experience demonstrated the value of a very targeted approach in achieving measurable results and the importance of managing the expectation that the Foundation might contribute even more support. While Casey may have been "more present and more actively engaged than some other foundations, their money was not huge," as one observer delicately put it — and some local partners and cofunders continued to expect the Foundation's contribution to grow.

The lesson here may be that it's OK to carve out a few pieces of work — say, housing, resident engagement and capacity building, school improvement and workforce development — and not commit to supporting everything else, but making those boundaries clear from the beginning will help smooth relationships.

Another type of nonnegotiable involves resident voice and leadership. A member of the Central City Funders Collaborative observed that as CCFC matured, its members became distracted by other priorities, and the resident organizations began competing against each other again instead of collaborating. "If we had really done the hard work up front of being clear [about] what we were for and not for, it would have helped to strengthen infrastructure at the neighborhood level, and we wouldn't be seeing that competition now," the interviewee says.

3. Be alert to galvanizing events and use them to promote creative solutions.

Unusual events shake up the status quo and create a context in which people may be willing to try something new — an ap-

proach that is more collaborative, ambitious or risky, for example. The key is first to recognize such opportunities when they arise (even when they aren't as dramatic as an environmental disaster) and then rally people and organizations around strategic, long-term solutions rather than just providing immediate relief.

To do this, the person in charge of the foundation's investment needs to be perceptive and well-informed enough to see the potential for action, and senior enough to command attention from other funders (see no. 11). He or she also needs to have a solid framework for action that others will buy into (in this case, the two-generation approach and responsible redevelopment strategy), plus funding that is flexible enough to move quickly and creatively.

4. Use collaboration to maximize impact.

From informal relationships among funders to structures such as the funders' collaborative, Casey and its partners used collaboration to make sure what got done incorporated diverse perspectives, knowledge and funding sources. The result, interviewees agree, was a response that wasn't always unified but was certainly better informed, more widely discussed and refined, more coherent and more clearly targeted on a set of shared goals.

5. Make long-term financial plans to avoid the drop-off in funding that accompanies the transitions from disaster relief to recovery to rebuilding.

Williams identifies three phases following a disaster: relief, recovery and redevelopment. The largest infusion of public and private money tends to come in right after the disaster to provide immediate relief — what Williams calls the "easy money." Some funding continues to flow during recovery, for efforts to stabilize the community. But the flow starts to diminish until, by the un-

glamorous redevelopment phase — when long-term investment and “patient” money may be needed most — funding is hardest to obtain. Recognizing the inevitable drop-off and planning for it well in advance is crucial for being able to complete and sustain redevelopment.

6. Invest in the “people side” of redevelopment as well as the physical structures, understanding that human capital development is the flip side of physical development.

Safe, affordable housing is necessary but not sufficient to create communities that are socially and economically integrated. It also takes developing residents’ capacity to succeed in school (children) and the workplace (adults); to connect with their neighbors to forge social bonds that can be used to address mutual concerns; and to lead change from within the neighborhood. The Foundation’s experience with human capital development in Harmony Oaks particularly highlights the importance of:

- helping residents learn how to lead their peers and function effectively on a leadership team;
- remaining open to their suggestions rather than imposing a solution; and
- finding a partner or intermediary who can mobilize residents, ensure their voices are heard and respected and connect them with services and supports.

It takes considerable time, money and patience to include residents as authentic partners in community change and to help them develop the skills that enable their families and neighborhood to thrive. Investing in people is also somewhat riskier than investing in things. The cost of not investing in residents, however, is much higher, in ethical and practical terms.

7. If possible, use housing development or a major redevelopment project as the focal point for a neighborhood-wide revitalization strategy.

Just as individuals’ outcomes are influenced by the people around them, so are housing developments affected by the surrounding neighborhood. If the revitalization strategy ends at the property’s border, the development can become an island of transformation in a sea of distress that may, ultimately, undermine the power of good housing to stabilize low-income families. On the other hand, including efforts to strengthen the neighborhood’s schools, family supports, recreational facilities, commercial features and the like creates a better chance that the new housing will become part of a vibrant and mutually reinforcing environment.

8. Invest in developing local organizational capacities.

Community organizations sometimes have limited experience or capacity for large-scale redevelopment efforts, and they may be ill-prepared to absorb grants of the size needed to do the work. Investing in technical assistance to strengthen these organizations’ operational practices, governance and fiscal structures and leadership therefore becomes an essential part of developing the skills needed to build and sustain a strong, capable community.

9. Take a multifaceted approach that encompasses the various components of neighborhood transformation.

Being willing and able to play on multiple fronts (e.g., housing, human capital, commercial and workforce development as well as school reform) enables a foundation to seed neighborhood transformation in many ways. As the many strands of work proceed at different paces, the various components reinforce each other and increase the likelihood that individual residents will receive enough “touches” to make a difference. Moving down multiple paths to success reduces the likelihood that obstacles to one strategy will disrupt the entire process, and it has the greatest chance of producing the array of changes needed to move



The Harmony Oaks community.

the needle for low-income families. Within each strand of investment, however, the specific grant-making plan must be results-oriented, clear and strategic.

10. Take calculated risks to prove the merits of your strategy.

The failure of Casey's PRIs for the Harmony Oaks project illustrates an important point about philanthropic risk taking. Community redevelopment carries risks to a funder's reputation and credibility as well as its financial resources. Philanthropy is uniquely positioned to take risks that are necessary but that other investors cannot or will not take, but it's not uncommon for foundation leaders to fear the risks inherent in loaning money to individuals and organizations in low-income areas, which often lack conventional credentials and capacities. "If you're going to get involved in a devastated environment and you want to build a mixed-use environment, you probably should have a conversation about what your risk tolerance is," an interviewee suggests.

Other strategies for managing philanthropic risks include:

- setting high standards, communicating them widely and upholding them;
- building on previous community change efforts rather than starting entirely from

scratch. This requires acknowledging the work that came before, even if it was led by another organization; taking time to get everyone up to speed on the history of previous change efforts; and finding points of synergy and overlap; and

- being open to techniques that fall outside the usual funding spectrum and to people who have different ways of achieving results. (If Casey had not allowed Urban Strategies to use its grant for skip tracing, for example, hundreds of displaced residents might not have been identified and given the opportunity to return.)

11. Rely on people who have the personal connections and professional capital needed to make things happen across systems and funders.

Neighborhood revitalization efforts like Harmony Oaks need to leverage large amounts of funding from multiple sources and negotiate difficult agreements among government agencies, public funders, national foundations and local power holders — often within a short period of time and sometimes in the face of opposition. A high-level foundation representative who has paid his or her dues in the field and has connections to peers at other foundations is most likely to navigate those waters successfully. For instance, the connections Ralph Smith had established with other foundations as Casey's executive vice president

and as board chairman of the Council on Foundations helped open doors with philanthropic and government leaders in New Orleans. Similarly, Williams' experience in the redevelopment of Bedford-Stuyvesant in New York and the roles he had played for diverse employers gave him a broad perspective and credibility with many types of stakeholders within and outside Central City.

12. Partner with others rather than trying to do it all.

The challenge of transforming a community is too complex and resource-intensive for any one foundation to do it alone. Moreover, without a unified effort, any one player can be defeated by challenges or opposition. A better approach is to create a team environment in which everyone owns a piece of the work and knows how he or she contributes to the outcome. Co-investing and participating in joint leadership vehicles, such as a funders' collaborative, are good techniques for leveraging partnership to achieve common goals.

13. Embrace new roles and relationships.

By "seeding the pot" — making the early and patient investments that attract other money — philanthropies can demonstrate leadership and pave the way for others to play a role. By serving as an agent for developing other organizations' skills and credibility in the community, they also can bolster the collective capacity to achieve results.

By reaching out not only to executives of partnering organizations but also to other foundations' trustees, corporate leaders and unconventional allies within the local community, philanthropies can broaden the network of people who are willing and able to get involved while also expanding the definition of roles a partner might play. By putting a stake in the ground around a result and then working to catalyze others'

involvement, philanthropies can shift from owning a small piece of work to facilitating a more comprehensive response.

14. Respect local partners.

The national-local funder partnership is always a delicate dance. Both parties have important roles in neighborhood transformation, but tensions between them can be disruptive. National funders can help avoid tensions by recognizing that local funders often have a long history of investments and relationships in the neighborhoods. Listening closely to their priorities and concerns, and recognizing that some insights can only come from extended knowledge of local context and stakeholders, is an important step in forming and maintaining the partnership.

15. Anticipate that this work involves more management and finesse than traditional philanthropic endeavors.

Housing, human and neighborhood development isn't something that every foundation can or should take on. Those that do must possess or retain the management skills needed to shepherd a very complex and sometimes contentious process, involving diverse participants, from start to finish. And they must commit the staff, time and resources required to get the job done.

16. Consider using resources in creative and flexible ways.

The spectrum of philanthropic resources that can support housing-centered neighborhood revitalization includes traditional grants, flexible dollars, recoverable grants, loans, program-related investments, technical assistance, access to knowledge and best practices from around the country and staff time and expertise. In fact, given the vast amount of resources required for housing and human development, and the

complexity of the task, a combination of resources may be the only way to get this work done.

I7. Acknowledge that community rebuilding is a very slow process, and adjust internal and external roles and expectations accordingly.

Knowledgeable observers expect it to take 20 more years to finish rebuilding Central City and another 30 after that to rebuild New Orleans' Lower Ninth Ward. In that context, a funder can reasonably expect to catalyze the redevelopment process, demonstrate early accomplishments, "prove" a concept is worth pursuing and build capacities that others can build upon over time. But it probably is not feasible to completely revitalize an entire community within the typical foundation's time frame.

This lesson points to the importance of accepting incremental changes as indicators of progress toward a long-term goal. The trick is to keep pushing toward the ultimate goal while allowing work on the ground to change and grow as needs, resources and opportunities evolve. To some extent, this means recognizing that even though steps along the way may not produce perfect results, they still constitute progress toward long-term targets. Success breeds success until the accumulation of small wins adds up to larger-scale results and a level of achievement strong enough to sustain progress over time.

The challenge of transforming a community is too complex and resource-intensive for any one foundation to do it alone.... A better approach is to create a team environment in which everyone owns a piece of the work and knows how he or she contributes to the outcome.

CONCLUSION

Seven years after Hurricane Katrina and five after redevelopment began in Central City, Harmony Oaks was evolving to become, in many ways, the community that residents, planners and philanthropic partners hoped for. The apartments were fully occupied, and the employment rate for the most vulnerable tenants (those eligible for public housing units) was 71 percent, up from about 50 percent when the redevelopment project began. The building's first tenant, who had lived in C.J. Peete and received case management services from Urban Strategies for three years, set the tone: That resident became certified as a nurse, found stable employment and moved into Harmony Oaks as a market-rate renter.

New and rebuilt affordable homes continue to be built around the Harmony Oaks apartment complex. Along Oretha Castle Haley Boulevard, a small business incubator program is beginning to produce commercial activity. Nearly 200 children from Harmony Oaks played and studied at the Mahalia Jackson Early Childhood and Family Learning Center in 2011-12, and the center's outreach programs reached another 2,500 children and youths in Central City.²¹ The new Carter G. Woodson Middle School, codesigned by residents and constructed in part by people who live in the community, opened in October 2012. McCormack Baron Salazar has been chosen to redevelop two other public housing developments in New Orleans. While Casey is winding down its investments, the funders' collaborative is figuring out how to extend Harmony Oaks' success outside Central City.

The philanthropic approach — marked by a two-generation strategy, socially responsive investing, strategic risk-taking, responsible redevelopment principles, sector-spanning partnerships, links between housing and human development, broad

co-investment, flexible and diverse funding, a dynamic approach, emphasis on resident leadership and participation, provision of leadership and technical assistance, attention to the larger community, use of civic resources and a responsible exit — played a crucial role in C.J. Peete's redevelopment. But despite the dramatic progress, Central City still has a long way to go. The average household income in 2010 was only \$39,200, and 38 percent of residents lived below the federal poverty line.²² An evaluator of Urban Strategies' work noted in 2012 that, since the economic recession of 2008-10, "the competition for career-ladder, living-wage jobs [has been] very tight," and even skilled workers often have to accept low-paying jobs.²³ Meanwhile, two-thirds of Harmony Oaks' adult residents have not graduated from high school or obtained an equivalency diploma.²⁴ A few residents have emerged as strong community leaders, but their numbers are small.

In early 2012, Central City was declared ground zero for the city with the highest murder rate in the country.²⁵ Yet some local investors worry that Harmony Oaks is so attractive that it is vulnerable to gentrification. "It could be that we figure out how to build a deeply integrated neighborhood for everyone. It's also possible that things could slip back the way they were," a long-time local funder notes. "The community is at a decision point."

The strategies that Casey and other foundations used to help transform C.J. Peete enabled Central City to take a big leap forward. Now, the strategies that local partners and neighborhood residents use to address the larger area's continuing blight will determine whether the transformation ends or endures.

NOTES AND REFERENCES

- ¹ A companion report, *The Long Road from C.J. Peete to Harmony Oaks*, by the National Housing Institute focuses specifically on the resident engagement and leadership aspects of Harmony Oaks and goes into more depth about responsible redevelopment from the perspective of residents. It is available on our website, www.aecf.org.
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- ⁵ For more on giving in Louisiana: www.tgci.com/funding/top.asp?statename=Louisiana&statecode=LA.
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- ⁹ Dewar, T. (2002). *Using an investment approach to grantmaking: lessons learned from the Casey Foundation's Jobs Initiative*. Baltimore, MD: The Annie E. Casey Foundation.
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- ¹¹ In June 2012, NONDC's name changed to Harmony Neighborhood Development.
- ¹² NHI funding request to CSSP, October 19, 2011.
- ¹³ *Ibid.*
- ¹⁴ *Ibid.*, citing 2000 Census.
- ¹⁵ NHI funding request to CSSP, October 19, 2011.
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- ¹⁸ From McCormack Baron Salazar's website: <http://bit.ly/1coeDoY>.
- ¹⁹ NHI funding request to CSSP, October 19, 2011.
- ²⁰ SKG Consulting. (2012, July 31). *Evaluation report*. Prepared for Urban Strategies Inc. St. Louis, MO: Urban Strategies Inc.
- ²¹ Learn more about the center at ecflf.org.
- ²² Greater New Orleans Community Data Center analysis of data from U.S. Census 2000 Summary File 3 and 2006-2010 American Community Survey: <http://bit.ly/19uQhZk>.
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- ²⁴ Greater New Orleans Community Data Center analysis of data from U.S. Census 2000 Summary File 3 and 2006-2010 American Community Survey: <http://bit.ly/19uQhZk>.
- ²⁵ Meraji, S.M. (2012, July 25). New Orleans' other "million dollar neighborhood" [Radio broadcast]. In, *Marketplace*. Los Angeles, CA: American Public Media.

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