# COMMUNITY INVESTMENTS

## for Family Economic Success

A GUIDE TO KEY IDEAS, EFFECTIVE APPROACHES, AND TECHNICAL ASSISTANCE RESOURCES FOR MAKING CONNECTIONS CITIES AND SITE TEAMS

*Part of a Series from the Technical Assistance Resource Center of the Annie E. Casey Foundation*

*Acknowledgments*

The primary authors for this guide are Jerry Rubin, Vice President, Building Economic Opportunity, at Jobs for the Future and Claudia Green, a consultant to JFF. Jobs for the Future, a nonprofit research and policy organization, seeks to accelerate the educational and economic advancement of youths and adults struggling in today's economy.

The guide benefited greatly from a group of experts assembled by the Annie E. Casey Foundation to discuss and comment on an early draft. The authors are deeply grateful to those advisors for their thoughtful and comprehensive contributions: Diane Bell, Empower Baltimore Management Corporation; Paul Brophy, Brophy and Reilly LLC; Robin Chesgreen, Annie E. Casey Foundation; Emmanuel Freeman, Germantown Settlement, interim chair for Center for Community Building; Robert P. Giloth, Annie E. Casey Foundation; Gail Hayes, consultant to the Annie E. Casey Foundation; Cinder Hypki, consultant to the Annie E. Casey Foundation; Pat Jackson, The Enterprise Foundation; Mark McDaniel, Annie E. Casey Foundation; Serena Neal, Empower Baltimore Management Corporation; Joe Neri, Illinois Facilities Fund; Miguel Polanco, ReEmerging Markets of America, attending for Joe Pedraza; Victor Rubin, PolicyLink; Nonet Sykes, Annie E. Casey Foundation; Carol Wayman, National Congress for Community Economic Development; and Susan Williams, Development Training Institute.

A list of Technical Assistance Resource Center Resource Guides appears on the inside back cover.

***About the Annie E. Casey Foundation***

The Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. 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 and a copy of this report, visit the Foundation's website at www.aecf.org.

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# preface to family strengthening resource guides

*Children do well when their families do well, and families do better when they live in supportive neighborhoods.*

This simple premise underlies *Making Connections*, the centerpiece of a 10- to 15-year commitment by the Annie E. Casey Foundation to improving the life chances of vulnerable children by strengthening their families and neighborhoods. The Foundation is working in U.S. cities to promote neighborhood-scale programs, policies, and activities that contribute to stable, capable families.

*Making Connections* seeks to improve outcomes for children, families, and communities by tapping the skills, strengths, leadership, and resilience that exist in even the toughest neighborhoods. The initiative is founded on the belief that families and their children can succeed if the people who live, work, and hold positions of influence in tough neighborhoods make family success a priority—and if there are deliberate and sustained efforts within the broader community and at the state level not only to connect isolated families to essential resources, opportunities, and supports, but also to improve the material conditions of the neighborhood.

The Foundation is dedicated to helping communities engage residents, civic groups, public- and private-sector leadership, and faith-based organizations transform the toughest neighborhoods into family supportive environments. *Making Connections* works to enable residents to earn decent wages; interact with family, friends, neighbors, and social institutions; and live, work, and play in a safe, congenial, and enriching environment.

To improve the health, safety, educational success, and overall well-being of children and families, *Making Connections* is a long-term campaign aimed at helping selected cities build alliances and mobilize constituencies at the neighborhood level.

*Making Connections* has identified three kinds of connections that we believe are essential:

+ **Economic Opportunities** that help families succeed economically by securing good jobs, accumulating savings, and accessing adequate goods, services, and community facilities that provide them with the basic necessities of food, clothing, shelter, and health care. To meet this need, communities must address workforce issues, such as job development, employment and training, as well as wage supplements, asset-building strategies, and community investments. All of these help ensure predictable incomes, which in turn bolster healthy child development and help revitalize communities.
+ **Social networks in the community**, including friends, neighbors, relatives, mentors, community organizations, and faith-based institutions that provide neighbor-to-neighbor support and help connect families and residents to each other.

**MAKING CONNECTIONS CITIES**

| | |
|---|---|
| Atlanta | New Haven |
| Baltimore | New Orleans |
| Boston | Oakland |
| Camden | Philadelphia |
| Denver | Providence |
| Detroit | San Antonio |
| Des Moines | San Diego |
| Hartford | Savannah |
| Indianapolis | Seattle |
| Louisville | St. Louis |
| Miami | Washington, D.C. |
| Milwaukee | |

## the *MAKING CONNECTIONS* network

In 1999, the Foundation began to develop a set of ideas about strengthening families with sites in 22 cities across the country. We did not seek to work in only the most stressed and disinvested places, but rather in communities where existing efforts and the policy climate appeared receptive to a long-term family strengthening effort through neighborhood transformation. The initial phase of *Making Connections* was thus exploratory and focused on alliance and capacity building. In mid-2002, *Making Connections* transitioned to a second phase focused squarely on results—meaning measurable improvements in the well-being of children and families and in neighborhood conditions.

Currently ten sites have entered Phase II of the initiative: Denver, Des Moines, Hartford, Indianapolis, Louisville, Milwaukee, Oakland, Providence, San Antonio, and Seattle. Each is engaged in comprehensive family strengthening and neighborhood transformation efforts that are guided by a set of core results used to measure progress, invest resources, deploy technical assistance and make sure work is consistent with local priorities and the goals of *Making Connections.*

Boston, Camden, Detroit, Miami, New Orleans, Philadelphia, San Diego, Savannah, and St. Louis are Family Strengthening Investment sites focused on specific strategies, such as increasing family economic success and helping children enter school ready to learn. The Family Strengthening sites also contribute to cross-site learning exchanges and the Foundation's efforts to improve access among working families to the Earned Income Tax Credit.

The civic sites of Atlanta, Baltimore, New Haven, and Washington, D.C., are important to *Making Connections* because of their special relationship to the Foundation. Baltimore has been our headquarters since 1994. Atlanta is home to United Parcel Service, which was cofounded by Jim Casey, and New Haven is the new home for the Foundation's direct service arm, Casey Family Services. Washington, D.C., is included as a civic site because it is the nation's capital. Although not bound by the formal parameters of the initiative, these sites allow us to partner with local officials, community organizations and residents on a range of flexible investments that strengthen families and neighborhoods.

All of the sites are part of the *Making Connections* Network, which is convened regularly around different issues and topics to share lessons, strategies, and effective approaches to strengthening families.

+ **Services and supports**, both formal and informal, public and private, which provide preventive as well as ongoing assistance, and which work for families because they are accessible, affordable, neighborhood-based, and culturally appropriate. These include high-quality schools, health care, housing assistance, and affordable child care.

**MAKING A DIFFERENCE: CORE RESULTS**

*Making Connections* must demonstrate to residents, communities, policymakers, elected and government officials, other foundations, and the general public that strengthening families and neighborhoods offers a compelling solution to the social isolation, economic disinvestments, and fragmented systems that have ensnared too many lives for too long.

The Foundation is thus using a set of core results to help evaluate progress, gather data, guide investments, and hold itself accountable for producing the evidence that shows how *Making Connections* makes a lasting difference in the lives and life chances of children, families, and neighborhoods.

The following six result areas, and the indicators used to quantify them, were distilled from the broad range of research, assessments of the Foundation's previous investments in multisite community change initiatives, and data gathered to build the evaluation framework for *Making Connections*.

**1. Families have increased earnings and income**

*We'll know we're making a difference when:*

+ More parents and young adults are employed
+ More parents are employed in jobs that provide family supporting wages and benefits, as well as opportunities for career advancement
+ Levels of family income and earnings increase
+ Stable labor force attachment increases

**2. Families have increased levels of assets**

*We'll know we're making a difference when:*

+ The number of families who save and the level of family savings increase
+ More families own homes, cars, and other assets
+ More eligible families file for the Earned Income Tax Credit and the Child and Dependent Care Tax Credit
+ Access to reasonably priced housing, consumer goods, and financial services increases
+ Fewer families have payment-related disruptions in housing status and living conditions, such as utility shut-offs, repossessions, and foreclosures

**3. Families and youth increase their civic participation**

*We'll know we're making a difference when:*

+ More families have adults members that register and vote
+ More residents are prepared for and take up formal and informal leadership roles
+ More families take civic action through formal activities and associations, such as tenant and other civic organizations

**4. Families have strong supports and networks**

*We'll know we're making a difference when:*

+ More families are connected to informal helping networks and natural helpers
+ More families are connected to formal networks, such as resource exchange and mutual aid associations

**5. Families have access to services that work for them**

*We'll know we're making a difference when:*

+ More services and supports that strengthen families meet standards for quality and effectiveness
+ More families are satisfied with agencies, organizations, and institutions and the services they provide

**6. Children are healthy and ready to succeed in school**

*We'll know we're making a difference when:*

+ Pregnant women receive prenatal care in the first trimester
+ All children have access to health insurance
+ More children enter school with the strengths, skills, and good health that enable them to learn
+ More children have developmentally appropriate preschool experience
+ More parents are involved in their children's schools

During Phase I of *Making Connections*, the Foundation encouraged local priorities to shape the work in the sites. Within the Phase II sites, however, the focus on the core results is explicit and resources and time are spent on deliberate and sustained efforts to pursue this set of outcomes.

### CORE CAPACITIES

No single investment, intervention, or entity alone can create and sustain durable change that strengthens families in tough neighborhoods, especially on a large scale. *Making Connections* must help catalyze a mobilized community that can drive and sustain change over the long term. In Phase I of the initiative, we introduced a set of milestones and markers that keyed on building the relationships, alliances, and capacity needed to underpin a broad-based family strengthening agenda.

Given the focus on results in Phase II of *Making Connections*, our proposed theory of change looks to develop certain core capacities within the sites that leverage alliances and capacity in the sites to propel change and achieve results. The Foundation and site teams thus work to support, invigorate, and nurture the development of these core capacities, which include:

+ Develop, achieve, and sustain a **collective vision** for results among residents, institutions, and other stakeholders
+ Develop, promote, and sustain **resident leadership** within the **collective change process** to achieve results
+ **Develop and sustain relationships and partnerships** among residents, institutions, and others in support of a collective change process to achieve results
+ Implement **powerful strategies** to achieve results
+ Promote, lead and sustain the **successful transformation of public systems**
+ Support **collaborative learning and accountability** for results
+ Build capacity to **communicate core messages, ideas, and beliefs** to engage and influence public will and a wide audience

#### What do we mean by "family strengthening"?

Family strengthening policies, practices, and activities recognize the family as the fundamental influence in children's lives. They reinforce parental roles and messages and reflect, represent, and accommodate families' interests. Family strengthening means parents have the opportunities, relationships, networks, and supports to succeed, which include involving parents as decision-makers in how their communities meet family needs.

A family's major responsibility is to provide an optimal environment for the care and healthy development of loved ones. Although basic physical needs —housing, food, clothing, safety, and health—are essential, children also need a warm emotional climate, a stimulating intellectual environment, and reliable adult relationships to thrive.

Threats to a family's ability to manage its responsibilities come from many sources: externally generated crises, such as a job or housing loss, or internal crises, such as child abuse or estrangement among family members. Unexpected events, such as the birth of a child with a disability or a teen's substance abuse problems, as well as everyday stresses such as new jobs, marriages, deaths, and household moves, can cause destabilizing changes. The family's ongoing stability hinges on its ability to sustain itself through these disruptions.

To help families cope effectively with crises and normal life events, communities need a variety of resources. These include adequate and accessible services for children at all stages of their development, effective family supports, and cohesive social networks.

Family strengthening policies and practices consider the whole family, not just individual family members. Often, formal system and agency programs inadvertently create tensions when their focus excludes family needs. A striking example is a well-intentioned nutrition program, which arranged to ensure that homeless children received breakfast, lunch, and dinner at school. The children's parents and other siblings had no source of food, however, and the program participants had no opportunity to share meals with the rest of their families. Once the program leaders recognized the problem, they learned to reconsider their strategies and included parents and siblings in the school mealtimes.





Similarly, many welfare-to-work programs report difficulties in job retention because of stresses often resulting from the jobs themselves. When a family finds better employment, its rituals, daily logistics, roles, and responsibilities often change. More successful programs consider these disruptions ahead of time and develop ways to help families adjust and adapt.

#### What do we mean by "strengthening neighborhoods"?

Families must be helped to thrive within the context of their neighborhoods and broader communities and regions. Workforce strategies, for example, should connect neighborhood residents to specific local or regional businesses and industries that offer family supporting wages. Community investment strategies should connect the assets and resources of each unique neighborhood to the larger regional economy and encourage new investments, new business development, and access to high-quality, affordable goods and services.

*Making Connections* recognizes that the informal social networks most important to people (their friends, neighbors, faith communities, and clubs) almost always exist at the neighborhood level. Time and again, these natural helping networks strengthen families' ability to raise their children successfully. One key component of strengthening neighborhoods is thus to nurture and sustain social capital.

At the same time, *Making Connections* seeks to link families to broader networks both within and outside their own neighborhoods in ways that open up new possibilities for children and parents alike.

Finally, strengthening neighborhoods means placing formal public services in neighborhoods, and making sure those services work for families, not against them. This requires redefining the jobs of public workers so that professionals from separate mainline systems—as well as natural helpers or informal caregivers—work together in teams and are deployed to specific neighborhoods to take the necessary steps to help families succeed.

#### The Technical Assistance Resource Center

The Foundation's Technical Assistance Resource Center (TARC) helps the *Making Connections* Network access powerful ideas, skillful peers, proven practices, and opportunities to increase the leadership skills of local residents. TARC provides assistance to the *Making Connections* cities on a range of topics, from building alliances that lead to stronger families in healthier, more stable communities, to diverse strategies that community leaders may pursue in terms of jobs, housing, safety, schools, and health care. TARC responds to the sites' priorities through a "help desk" approach that works to meet site requests for assistance with real time "peer consultations," in which colleagues who have addressed a particular problem successfully share their learnings. In this way, *Making Connections* cities are building a wealth of practical know-how that's emerging from on-the-ground innovators.

Another component of the Foundation's technical assistance strategy is a set of Resource Guides, including this one. These guides summarize trends in the field, highlight effective examples, and point to the people, organizations, and materials that can provide additional help. Resource Guides allow Foundation staff to create a common fund of knowledge across a broad range of issues, and also support community leaders, residents, and other local partners who want to learn more about specific subjects.

The number of Resource Guides will fluctuate as demand changes, but approximately 12 to 15 will be produced *(see the inside back cover for a list)*. All guides address topics aimed at both supporting individual families and strengthening neighborhoods. They fall into four categories:

- Family Economic Success;
- Enhancing Social Networks;
- Building High-Quality Services and Supports; and
- Techniques for Advancing a Family Strengthening Agenda in Neighborhoods.

The guides in the first three categories address substantive areas in which activities can lead directly to better outcomes for children and families, while also strengthening neighborhoods. For example, the first Family Economic Success Resource Guide focuses on jobs. It offers strategies that can help connect low-income, working families to local and regional labor markets, and thus secure better wages and benefits. The guide also shows how family supporting jobs fortify tough neighborhoods, making them more attractive as places to live and providing strong incentives for younger residents to participate in the labor force.

The Resource Guides in the second and third categories similarly affect both individual families and their neighborhoods. The guide on child care can help communities develop plans for increasing the supply of this critical family support, especially the notoriously hard-to-find care for infants and school-age children and care during nontraditional work hours. Achieving this goal not only would improve the developmental preparation of young children, it also would help stabilize parental employment, enhance the viability of neighborhood enterprises, and promote safer, better-connected communities.

The guides in the fourth category address techniques for advancing neighborhood-based family strengthening work, such as how to develop a communications strategy and how to use data and maintain accountability for specific outcomes.

Additional guides will be developed as our learning and experience in the sites deepens. By the same token, this and other guides are works in progress; they will be updated periodically as we continue to share effective strategies and practice. We view these guides thus not as an end unto themselves but as a first step in posing and answering some of the most difficult questions about how to strengthen families in tough neighborhoods. We encourage you to share your thoughts with us about what works, and point us to additional sources of expertise. And we thank you, again, for your commitment to securing a better future for children and families most in need of better connections to opportunity, support, and help.

# executive summary

Despite working hard and playing by the rules, millions of American families struggle to make ends meet because they pay more—both proportionately and absolutely—for basic necessities: automobile loans and insurance, goods and services, child and health care, rent, and mortgages. Contributing to this high cost of being poor is the fact that too many families live in communities and neighborhoods where mainstream banks, grocery stores, retailers and other mainstream businesses are a distant memory, not to mention quality child care and affordable housing.

*Community Investments for Family Economic Success* offers strategies that can work to level the economic playing field for low-income families by helping their communities and neighborhoods plan, secure, and direct new investment. These ideas, approaches, and resources can help *Making Connections* site teams, neighborhood residents, and community leaders work with businesses and other partners to realize the often-untapped market strength of low-income neighborhoods.

The **Introduction** describes the challenges facing disinvested and gentrifying neighborhoods and the benefits of connecting neighborhoods to the larger regional economy. And it explains components of a successful community investment process: planning, gathering market "intelligence," identifying appropriate development strategies, securing investment sources, and structuring partnerships for sustained development.

**Potential Questions, Requests, Opportunities, and Challenges** lists questions that might be raised about connecting neighborhoods to the regional economies and seizing investment opportunities. Three current trends that offer important learning for *Making Connections* sites are discussed:

+ A growing capacity among community organizations to collect, analyze, and utilize data;
+ Public and private reinvestment in inner cities that are showing real results; and
+ The enhancement of community development intermediaries and investment streams.

The section identifies four challenges:

+ The difficulty of community investment in the face of economic cycles;
+ The challenge of understanding, attracting, and managing multiple sources of investment and funding for projects;
+ Finding the right balance between being comprehensive and "sinking the ship" with an agenda that is too ambitious or diverse; and
+ Prioritizing investment opportunities in the face of limited resources.

**Promising Approaches and Resources** describes strategies for identifying investment opportunities, securing financing, and putting investments to work in development projects. This section provides examples of innovative, successful strategies in six topic areas:

+ *Planning for Community Investment* describes how coalitions of residents, community development groups, service providers, businesses, and government can use a comprehensive planning process to identify community concerns and needs, prioritize opportunities, and build synergies among different projects.
+ *Uncovering Market Opportunities* shows how traditional demographic and market data often understate investment and business opportunities in inner-city communities. This section provides an overview of approaches that communities use to capitalize on regional markets and improve neighborhood access to goods and services, housing, quality jobs, and community facilities.

- *Community Development Strategies* includes strategies to help catalyze housing and commercial development, new business, and community infrastructure.
- *Investment Sources and Tools* details both traditional and new sources of capital that can be used for community development, including: the Community Reinvestment Act, community development financial institutions, the New Markets Tax Credit, community development entities, "brownfield" programs, government resources (federal, state, and local), and a range of private capital sources, such as program-related investments.
- *Development Entities* describes how communities can leverage new investment for priority projects through new and existing organizations, including community development corporations, non-profit groups, private developers, public and quasi-public economic development agencies, universities, hospitals, and other local anchor institutions.
- *Intermediaries* explores how national, state, and local organizations can help communities plan, secure and broker new investment; provide training and technical assistance; and help structure public-private partnerships.

# introduction

Many low-income families live in neighborhoods that either have been left behind by the recent economic prosperity or have become unaffordable to families with modest incomes. For these "disinvested" neighborhoods, the location decisions of retailers, financial institutions, employers, investors, and other anchor institutions frequently fail to take account of inner-city assets, such as (1) a strong labor force, (2) a high density of consumer demand, and (3) transportation efficiencies.

As a result, residents often must purchase and use expensive, limited, and inappropriate retail and financial goods and services.

This is also true for the supply of affordable housing in metropolitan markets that suffer from disinvestments, scarcity, and high costs. In the case of gentrifying neighborhoods, working poor families are pushed to the margins, unable to remain in places where they have built up networks of social support and access to social services. And too often, the voices, concerns, and expertise of residents, families, and local leaders play too small a role in decision-making about how best to combat these trends and reverse historic patterns of disinvestments.

The *Making Connections* Family Economic Success (FES) framework is thus centered on a broad set of values that will guide not only decisions about physical investments but also the process by which they are undertaken. The emphasis is on community investment strategies that:

+ Are based on the input and participation of a broad spectrum of the community, including residents, local business owners, and representatives of government agencies and other local nonprofits;
+ Value and build upon the community's physical and social assets;
+ Enhance the skills and capacity of community members to implement and sustain future development work;
+ Take into account and address the potential positive and negative impact of investment on different sectors of the community; and
+ Support long-term affordability and the development of equity as a hedge against displacement and gentrification.

Each community must discuss and articulate what values will guide the decision-making process and hold it accountable to concrete results.

The FES framework emphasizes the need to help families and communities better link to the mainstream economy. It also recognizes the tension inherent in improving specific neighborhoods while also working to connect communities to regional economies. This guide shows ways to do both.

*Community Investments for Family Economic Success* presents many of the tools and resources that *Making Connections*/Family Economic Success sites will need to plan, implement, attract, and finance new investment. The focus is not on replacing the market but on better connecting to it. It's important, therefore, to recognize and affirm a community's inherent assets and strengths.

Each section of this guide begins with a set of questions a community should answer as it embarks on a community investment strategy. Across the field of community economic development, practitioners are becoming experts on both the regional economy and their own neighborhood marketplace. This guide will help community leaders understand why their intelligence will help link communities to economic opportunities *outside* the neighborhood and promote new investment within them.

Through its planning process, a community will identify key investment opportunities, including the development of housing, commercial properties, businesses, and community facilities. This guide describes strategies to pursue each of these opportunities and suggests how combining them might be synergistic—producing a greater impact than each opportunity would on its own. The strategies provide substantial neighborhood multipliers and anchor additional development. They are tangible, visible signs of a neighborhood moving in the right direction. Together, they are significant enough to improve the quality of the neighborhood for residents and potential investors.

Finally, neighborhood groups will find value in the descriptions and analyses of the types of partners they can turn to, the intermediaries available to provide assistance, and the actual financial and policy tools they might use in promoting community investment.

All of the methods, models, tools, and resources in this guide have a common purpose: to improve the neighborhood economic environment by strengthening linkages to the region around it, while promoting investment within it. Families gain through enhanced opportunities to reside, work, and buy fairly priced goods and services in their neighborhoods.

# potential questions, requests, opportunities, and challenges

**WHAT ISSUES MIGHT NEIGHBORHOOD RESIDENTS AND LEADERS RAISE ABOUT REVITALIZING INVESTMENT IN THEIR COMMUNITY?**

Community groups trying to promote investment and economic development may face a steep learning curve on particular technical aspects of this process, but they may also raise broader challenges of how to walk the line between residents and investors—and how to improve the local market without pricing residents out of it. These challenges include:





+ **Ensuring community engagement**

This guide offers links to national intermediaries, technical assistance providers, and printed materials to help community groups build capacity to engage residents, families, neighborhoods, and community leaders in the complicated and technical process of securing new investment. Residents can, and should, play a key role in strategic and comprehensive planning, advocacy, and, eventually, project design and implementation. The section on planning for community investment shows that when planning is an ongoing, iterative process, residents stay involved.

+ **Getting buy-in from private and public investors**

Outside investors may only see empty lots and boarded-up buildings in some tough neighborhoods. Yet neighborhood and city leaders can use data to develop a much more accurate picture of a neighborhood's market strength, one that makes a winning case to investors that strong housing, retail, and labor markets do exist in central cities. Further, communities can use the Community Reinvestment Act to increase their impact on how, where, and to whom financial institutions provide loans and retail banking services.

+ **Protecting low-income communities from gentrification**

The most successful strategies to bring investment to a neighborhood could end up displacing the very residents they were designed to help. Moreover, low-income community advocates and planners often face the challenge of trying to assist low-income residents of thriving, higher-income neighborhoods. There is no single or easy solution to gentrification. But community organizations can stake out ground by forming trusts, buying housing, and creating better access to capital. Community development corporations and local community development departments can use creative ownership structures, such as land trusts and resident ownership, and develop rental and low-cost homes with provisions for long-term affordability. By developing their own commercial spaces and establishing relationships with lenders, they can also help to ensure that neighborhood entrepreneurs have access to low-cost space, capital, and technical assistance.

+ **Connecting to policy**

Groups undertaking a community investment strategy will need to understand, and often become, actors in the city, regional, state, and federal policy arenas. In some cases, new or existing policies—such as those provided in the Community Reinvestment Act—give communities new opportunities to acquire land or attract new private investment. In other cases, local policies, such as an exclusionary zoning law, may hinder a community investment strategy.

Policy work presents numerous opportunities for resident involvement, yet it does not have to mean a community organization must take on every issue. As opportunities and challenges arise, community leaders need to seek strategic public- and private-sector partners with whom they can create, implement,

## getting STARTED: the UPFRONT QUESTIONS

- What are resident priorities for development?
- What local planning capacity exists within the neighborhood, city, or region to assist stakeholders in analyzing and implementing investment opportunities?
- How can public and private data sources be tapped to help make the case for investment in the neighborhood?
- Are there existing land-use studies or maps that suggest possible uses?
- What is the history and level of public investment in the neighborhood?
- What investment sources already exist, such as local lenders with a history in the neighborhood and community development financial institutions in the city or state?
- What do Community Reinvestment Act reviews of local financial institutions reveal about local lending patterns, and how do these compare to trends that neighborhood groups are trying to promote?
- What community development corporations, local development agencies, or anchor institutions could serve as development partners in pursuing local investment opportunities?

test, and amend existing policies. [For a fuller discussion of the relationship between communities, policy, politics, and structural issues, see *Voices from the Field II: Reflections on Comprehensive Community Change* (Aspen Institute 2002).]

Potential areas of interest include:

- Legislation covering investment and financial services, such as the Community Reinvestment Act, can be used by community groups to expand private investment and banking services. Increasing lending activity not currently covered by the CRA will also concern community groups.
- Property tax policies should be analyzed for their impact on developing stable, mixed-income neighborhoods.
- Economic development and housing policy should be analyzed at the regional level to better understand how it may encourage the movement of capital, jobs, and people from one area to another.
- Communities should be kept updated on policy that governs the use of federal funding at the state and local level—such as Community Development Block Grants—and be aware those programs are open to change.
- Local policies can be adopted and, once instituted, analyzed for enforcement and equity issues.
- Zoning laws may present an obstacle or an opportunity in the development of housing or commercial space.

### WHAT TRENDS AND OPPORTUNITIES CAN SITES BUILD ON?

Three trends offer important opportunities that *Making Connections* sites can build on to promote community investment:

**A growing capacity among community organizations to collect, analyze, and utilize data is demonstrating that good information can help guide and promote investment in low-income neighborhoods.**

At the local level, neighborhood groups are increasingly analyzing who shops where and for what, and which banks provide loans and retail banking services to whom. They are also studying the mix of local businesses and the relevance of each to the neighborhood economy. At the regional level, they are collecting data on untapped purchasing power and learning about which industries and sectors can be linked and leveraged for neighborhood job seekers and businesses.





**Public and private reinvestment in inner cities is producing results.**

While private investment has not increased in some inner-city neighborhoods even during the largest waves of economic revival over the last decade, many observers note that neighborhood revitalization efforts, coupled with renewed interest among private investors, are transforming a significant number of low-income communities. While not a wholesale turnaround, these successes help make the case that new public and private investments in tough neighborhoods will generate a positive return. For example, Paul Grogan and Tony Proscio (2000) attribute the slow but steady revival of American inner cities to several factors they see operating in harmony.

Community groups have not only strengthened their presence through sheer numbers, they have also become increasingly savvy in capitalizing on their own assets and forging new partnerships with the private sector. They have built and renovated housing, improved the physical and financial climate of business districts, attracted new businesses, and helped to bring new or improved health care, child care, and schools to neighborhoods. And Grogan and Proscio show that beyond improving target neighborhoods, such efforts also lift up good practice, sound models, and hard evidence of success. As community groups become data and market experts, they are playing a key role in leading investors to overlooked and underestimated inner-city markets. Retailers large and small, as well as start-up companies, are finding that urban locations are cheaper than the suburbs and that businesses are welcomed by an eager labor force and consumer base. Grogan and Proscio further note that regulatory and structural changes in financial markets have led to improved capital flow in low-income neighborhoods. This facilitates residential and small business development.

**Through the enhancement of community development intermediaries and investment streams, it has become easier for neighborhood groups to gain access to training, technical assistance, and capital.**

Some intermediaries operate between investors and community development financial institutions; others work directly with community development groups involved in project implementation. Often funded by national foundations, who view them as a critical component of the community development infrastructure, intermediaries offer networking and resource sharing and help bring private dollars to community priorities. (Community development intermediaries are discussed in greater detail later in this guide.)

Further, as a result of the advocacy efforts of local and national community development organizations, funding streams have been institutionalized and made available for community revitalization. These include, among others, the New Markets Tax Credit and federal and state brownfield cleanup programs.

### WHAT CHALLENGES MIGHT SITES FACE?

While some of the barriers to bringing investment to inner-city and low-income communities have been lowered, numerous challenges confront local leaders and residents. They include the following:

**Any development is subject to the ups and downs of the economy**.

Low-income communities are often hit hardest by economic downturns. When recession limits employment opportunities for residents, it also impacts the operating income of nonprofit housing management groups, which may no longer be able to count on as many tenants as it had planned for when times were good. Likewise, the pool of eligible candidates for homeownership programs may dwindle. When the economy dips, a community group putting a commercial real estate development project together might find that the ability or willingness of a particular partner to invest may cool, that construction costs change, or that potential tenants can no longer afford rents. A once-enthusiastic municipal partner may divert its attention to issues and expenditures it deems more pressing. Although there is no way to completely avoid these setbacks, they do not have to doom a project. But a slower economy will likely result in a slower timetable.

**A second challenge for community groups is understanding, attracting, and managing multiple sources of investment and funding for projects**.

Although this guide provides numerous strategies for attracting investors to low-income neighborhoods, community groups must develop solid relationships with bankers, lenders, developers, and entrepreneurs. Sometimes conflicting interests must be tended to, much the same as those that arise during other forms of community organizing. Cobbling together multiple investment streams requires careful attention, and gaining proficiency at working in financial markets takes time.

**A third challenge is to find the right balance between being comprehensive and "sinking the ship" with an agenda that is too ambitious or diverse**.

Although community investment strategies aim to be holistic and thus bring multiple stakeholders to the table, an organization must have a clear mission and find balance to be productive. Community organizations, their partners, and their supporters need to recognize the time and resources necessary to sustain a comprehensive agenda.

**As neighborhood groups will find through their planning processes, investment opportunities are many and resources are limited**.

Setting clear, realistic priorities, therefore, can be critical. Using the following criteria can help communities put their goals in place.

+ **Urgency, such as potential loss of site control or physical deterioration**: Rather than lose valuable resources, it may be necessary to break ground earlier rather than later on a particular project.
+ **Duration of the project**: To show results and build support, it may be best to start with projects that can be completed more quickly. Rehab, renovation, and cleanup, for example, are better starters than new construction.
+ **Potential for building residents' trust and their confidence in the revitalization process**: Again, it is important for residents—both those who are involved and those taking a wait-and-see approach—to see efforts rewarded in meaningful ways. Addressing everyday needs, such as for a new playground, expanded banking services, or enhanced public transportation access, will go a long way in building confidence in the process.

- **Potential for creating synergies, such as job opportunities, opportunities to support asset development, and availability of high-quality goods and services**: Housing renovation or new construction can provide residents with construction jobs as well as permanent management and maintenance jobs. Likewise, developing a site for a health center alongside or above new retail space brings the neighborhood needed services. Training residents to provide child care addresses both employment and family needs.

- **Project visibility and impact that will help spur further investment**: Anchor businesses and institutions are obvious high-visibility projects, but even smaller projects and victories that represent an investment turn-around or are well-covered by the media will go far in generating broader investor interest. For example, bringing a franchise to the neighborhood—preferably under the sponsorship of a community development corporation—can build investor confidence. Similarly, enhancing the appearance of a commercial district through façade improvements is a good way to encourage other commercial and infrastructure investment.

- "**Bankability**": While most community investment projects will require some work to demonstrate that they are financially sound, those that promise the fewest hurdles might be good first projects. A commercial property with tenants already committed would be a strong sell, for example, because it has a secure income stream.

# promising approaches and resources

The methods, strategies, and resources in this chapter share a common approach to community economic development that has evolved during the last decade. Each orients to reconnecting neighborhoods with mainstream markets and, where appropriate, this guide provides helpful examples of these strategies. We summarize the following:

**Planning for Community Investment**: Planning and analysis methods are geared toward not only what a neighborhood needs but also what it offers—how can existing assets be turned into investment opportunities and bring needed housing, employment, facilities, and financial services into the community? Stakeholders develop realistic goals and objectives and set priorities based on their own expertise and by data gathered through neighborhood surveys, local planning departments, and other methods.

**Uncovering Market Opportunities**: As they aggressively seek investors, neighborhood groups use both simple and relatively sophisticated techniques of data gathering and analysis to demonstrate the value of urban markets for retail, financial services, housing, and employment. National and local organizations also have developed methods for looking at how to build sustainable links that connect thriving industrial subsectors with local businesses and the local labor force.

**Community Development Strategies**: Comprehensive and mutually reinforcing community development strategies can make the market perform better in low-income communities. Among their goals: improve the quality of life and the local business environment; extend residential and commercial lending and development; provide assistance to local entrepreneurs; attract and retain businesses; and promote the expansion of consumer retail and financial services and commercial real estate development. Some of these strategies, such as development of limited equity housing cooperatives, are crafted to give residents a financial stake and a voice in their and the communities' future.

**Investment Sources and Tools**: Investment sources and tools range from financial intermediaries to policy approaches (e.g., the Community Reinvestment Act, the New Markets Tax Credit) that can help sites redirect existing local investment patterns and attract new funds that support the community's interests.

**Development Entities**: These entities are the development partners that community organizations might look to as they plan, finance, and implement community investment strategies. They include community development corporations, municipal economic development agencies, and anchor institutions, such as universities and hospitals.

**Intermediaries**: The ever-expanding range of community economic development intermediaries can assist with planning, technical assistance, and training for community economic development, and often function as a link to the private market. Local funders, in addition to their traditional roles, can also act as intermediaries, helping to plan for, and link to, funding and resources.

## Planning for Community Investment

Many *Making Connections* sites are engaged in ongoing comprehensive community planning processes. Their efforts are based on the recognition that a coalition—of residents, local development groups, service providers, and government—is best able to determine how a community should direct investment. Some communities begin with an assessment of neighborhood strengths and promising investment opportunities. But to be effective, most planning efforts must involve a broad cross-section of stakeholders, primarily residents (from youth to seniors) but also bankers and other businesspeople, clergy, representatives of local government and schools, and neighborhood development and service agencies.

While broad participation is essential, so too is leadership from an effective steering committee and/or community organizations. Effective leadership not only helps articulate and refine a vision for the neighborhood, but should also work to coordinate multiple strands of work and measure projects against the communities' values and vision. This group is what has been called the "vision keeper" for comprehensive community initiatives (Aspen Institute 2002). Finally, there is a need for planners willing and able to play the role of technical assistants. Community leadership, staff, and planners, as well as community institutions themselves, must have the wherewithal to conduct planning and implementation simultaneously (Miller 2002).





### strategic questions for planning for COMMUNITY INVESTMENT

+ What values define and shape the overall community investment strategy and all of its component parts? For example, how does the strategy:
  - → Help build community capacity to do and sustain future development work;
  - → Recognize and build on the assets of the community; and
  - → Anticipate and address potential negative impacts of gentrification?
+ How can these values be used to assess progress?
+ How do local and state politics affect the neighborhood economy and how will they affect the selection of appropriate strategies and partners?
+ What roles do race, class, and power play in the local and regional market? To what extent can the community address these broader issues?
+ What policy issues bear on the community's ability to promote investment?
+ What are the roles of residents, the private sector, public agencies, community-based organizations, service providers, and others in planning and implementing community investments?
+ How can one-year, three-year, and five-year benchmarks help in determining the appropriate course and assessing progress?
+ What assets do the physical and social communities bring to the market? What is their value in conducting development?

With a broad set of stakeholders, leadership, and technical support in place, the neighborhood can determine its needs and investment opportunities, identify the strategies that can best accomplish those goals, and determine how to attract resources to the neighborhood. To identify the best uses of land parcels, the planning process might include resident surveys and focus groups, visioning sessions, community mapping, and market studies—that is, it might identify opportunities for new retail and business development, commercial and residential real estate development, or new facilities and infrastructure investments.

A successful community investment strategy will involve planning at the outset and as an ongoing, integrated process that takes into account changes in the community and the environment around it. Planning will also allow a community to gain synergy from individual investments.

**Broad-Based Planning for Investment: The Comprehensive Community Revitalization Program**

The Comprehensive Community Revitalization Program (CCRP) in the South Bronx was launched in 1992 with initial funding from the Surdna Foundation. Comprised of five community development corporations operating within distinct communities, the CCRP was formed to plan and implement the revitalization of what had become one of the nation's most blighted urban areas. While redevelopment had already begun when the CCRP emerged, it had mainly consisted of housing and projects undertaken because land or funds had become available.

CCRP began by engaging residents, local development groups, service providers, and government in a *Quality of Life Physical Planning Process* that used data gathering, resident surveys, and visioning sessions to articulate the neighborhood's assets, strengths, weaknesses, and priorities. CCRP aimed to develop an overall physical/land use plan that dealt with both the physical and social aspects of the neighborhoods.

Each of the community development corporations involved in the CCRP formed a task force that represented a wide range of stakeholders to lead the physical planning process and gain input from the broader community through surveys, focus groups, community workshops, and other organizing. Consultants assisted with additional research, data, maps, facilitation, and keeping the planning groups realistic and on-task. They developed 50-page reports for each neighborhood, covering history, data, analysis, and specific projects to be implemented, accompanied by a visual "poster plan" depicting the process and the main recommendations. The plans have been the basis for seeking and directing both public and private investment in the area, including financial services, infrastructure, and housing, and for the formation of partnerships with major institutions. Resident groups continue to revisit and revise what



**REBUILDING COMMUNITIES INITIATIVE: LESSONS ON BUILDING CAPACITY**

The Casey Foundation's Rebuilding Communities Initiative (RCI) offers leaders of comprehensive community initiatives lessons on the value and challenges of resident engagement, leadership building, and community organizing. Although RCI differs slightly in focus from *Making Connections*, the resources RCI developed for documenting the process of building community capacity to affect neighborhood change are invaluable.

CCRP Executive Director Anita Miller appropriately calls “living documents.”

Today, four of the community development corporations remain united through CCRP Inc. Together, they have leveraged some $80 million (not including housing tax credits) for job creation and training programs, new primary health care practices, immunization programs, schools, youth and Head Start/child care programs, neighborhood safety efforts, and several economic development ventures, including a supermarket and shopping center. Residents continue to be at the core of CCRP’s planning and institution building, spurred by their ability to shape their community and families’ lives.

Sources: de Souza Briggs, Miller, and Shapiro (1996); CCRP, Inc. (2002); Schorr (1997); Miller (2002)

The planning model employed at CCRP has been replicated in other cities. Other neighborhood groups across the country use planning processes similar to the one employed in the South Bronx.

### Neighborhood Survey Pro™

Community-based organizations and local governments need timely, accurate information about neighborhoods for the purpose of planning. Information about residents’ attitudes, capacities, and needs or data on such physical attributes as building conditions and land use can provide a baseline that can be updated to track progress toward planning goals.

The old-fashioned way to collect information required stacks of paper forms that had to be completed, collected, and compiled. The Enterprise Foundation’s Neighborhood Survey Pro™ allows community groups to collect information on a handheld computer and download the data automatically into a secure database.

*Ideal for Volunteers*

Neighborhood Survey Pro™ is easy to learn and use. This method of data collection provides an opportunity to train residents to use accessible technology, and it builds survey skills, increasing their employment potential. The Enterprise Foundation has developed a curriculum to train users to operate hand-held computers and to conduct interviews and electronic surveys. The product is also useful for staffs of governmental agencies and other planning and housing professionals.

*Types of Surveys*

- Building condition and land use
- Household demographics
- Resident attitudes
- Neighborhood needs
- Resident skills and abilities (asset mapping)
- Youth demographics, needs, and interests

*Links to Databases and Photos*

Neighborhood Survey Pro™ automatically downloads data collected with the Palm® OS handheld computer into a Microsoft Access database. Parcel data from a GIS system, or another city or neighborhood database, can be used to initially load information for specific addresses, by the city block or individually, onto the handheld computer. The Kodak Palm Pix® camera can be added on to specific Palm® OS handheld computers, allowing groups to associate photographs taken while surveying with the survey data.

Source: The Enterprise Foundation

## RESOURCES FOR PLANNING FOR COMMUNITY INVESTMENT

The **Enterprise Foundation** offers sample community surveys and other valuable resources through its Enterprise Resource Database, at www.enterprisefoundation.org (under neighborhood and community planning).

***Contact:***
*The Enterprise Foundation*
*10227 Wincopin Circle, Suite 500*
*Columbia, MD 21044*
*410.964.1230*
*Fax: 410.964.1918*
*www.enterprisefoundation.org*

**Rebuilding Communities,** a seven-year initiative of the Annie E. Casey Foundation, is designed to provide the supports needed to help transform troubled, economically disenfranchised neighborhoods into safe, supportive, and productive environments for children, youth, and their families. Working in partnership with established community-based organizations in five cities, the Foundation sought to: maximize the capacity and impact of neighborhood resources and institutions; establish effective neighborhood-based service delivery systems for children, youth, and families; develop capable and effective neighborhood collaboratives to which state and local resources and authority could gradually be devolved; improve housing and social and physical infrastructure; and increase public and private investment in the neighborhoods. The five sites are Denver; Washington, D.C.; Boston; Detroit; and Philadelphia. RCI publications include:

+ Comprehensive Community Initiatives: Redefining Community Development to the RCI
+ Reflections on Community Organizing and Resident Engagement in the Rebuilding Communities Initiative
+ Learning from the Journey: Reflections on the Rebuilding Communities Initiative
+ Paths to Leadership in Community Change: A Review of Leadership Development Models in the Rebuilding Communities Initiative
+ The Rebuilding Communities Initiative Toolbox
+ RCI Lessons Learned Conference: Celebrating Our Communities, Sharing Our Lessons, August 1–3, 2002

***Contact:***
*Sherece West*
*The Annie E. Casey Foundation*
*701 St. Paul Street*
*Baltimore, MD 21202*
*410.547.6600*

## Uncovering Market Opportunities

One of the most serious barriers to promoting investment in inner-city neighborhoods is a lack of investor information about new markets. For the outside investor, the local entrepreneur, and the neighborhood group alike, information about potential markets can assist in uncovering opportunities and making decisions that will benefit the neighborhood as a whole.

For example, while traditional market research tools tell investors what they need to know about new suburban or thriving urban markets, these tools do not work well for inner-city, lower-income communities. The data itself and the way it is collected and analyzed, together with negative stereotypes about urban neighborhoods, often cause developers, retailers, and employers to overlook low-income consumer and labor markets.

One way communities can address the gap in "market intelligence" is to use new models of data compilation, analysis, and forecasting. Social Compact, Metro Edge, and the University of Wisconsin-Milwaukee Employment and Training Institute have created good examples that demonstrate the strength of urban, central-city markets to potential investors, businesses, small retailers, large chains, and lenders. Another way for a community group to analyze and develop its neighborhood economy is to map its strengths, and then look at how those assets can be used to attract new neighborhood business activity. The Initiative for a Competitive Inner City's Neighborhood Business Development Methodology is one example of how to accomplish this. It uses a series of information-gathering and classification tools, followed by analysis and a community planning process.

Finally, some groups have developed a means of analyzing the regional economy to identify linkage opportunities for neighborhood small businesses and workers. The National Council of La Raza's *Subsector Approach* looks beyond the neighborhood itself and views the research process as a means of establishing and building relationships with targeted industry players. Both the subsector approach and the ICIC model are oriented toward resident and local business




### strategic questions for uncovering MARKET OPPORTUNITIES

+ Which strategy best addresses our neighborhood's particular market conditions and strengths?
+ Which strategy is best suited to our capacity for collecting and analyzing data?
+ How will residents be involved in making decisions about what data are gathered and how they are used, and how will residents be involved in actual data collection?
+ What data, analysis tools, knowledge, and capacity will remain with the community?
+ What will the data and consultant services cost? Will this cover one "snapshot" or ongoing data gathering and analysis?
+ How will the analysis directly assist us in attaining our goals?
+ If we succeed in identifying market opportunities, how can we ensure that the businesses we attract do not take advantage of the community, or that investors won't play one community against another?

participation, and they help to lay the foundation for ongoing, community-based economic development strategies.

Each of these research and planning approaches is described below. They are unique but not mutually exclusive. While individual community organizations may not have the capacity to undertake the necessary level of data compilation and analysis to employ these research and planning tools, they can contract with a technical assistance organization, such as those noted in this guide. In some cases, groups may want to encourage city leaders to take on a similar brand of market analysis, using planning and research staff or an outside firm.

### Social Compact

The "drill down" market analysis model developed by Social Compact helps encourage business investment in traditionally undervalued, inner-city neighborhoods (Almada 2000; Social Compact n.d.; Social Compact 2002). Social Compact has shown that traditional market studies often miss the mark when they seek to analyze population size and density, spending power, and spending trends. The drill-down approach adapts suburban market models to the inner-city context by culling "on the street" knowledge of household and consumer patterns from community leaders and local entrepreneurs. It replaces zip codes with real neighborhoods and supplants measures of overall median home prices and incomes with *micro-market* measures that capture economic diversity.

Blending over 50 public, commercial, and proprietary data sets, including utility and cable bills, home insurance policy sales, and revenues of existing companies, Social Compact presents a business-oriented profile of a neighborhood's market strength. In contrast to traditional market analyses, the drill-down approach shows that: a) inner-city neighborhoods have larger populations, with higher household and aggregate incomes; and b) their residents spend disproportionately outside their own neighborhoods due to lack of retail options.

Indeed, a drill-down analysis in Washington, D.C., found a 51 percent higher population and spending power in the Columbia Heights/Petworth neighborhoods than reported by Census 2000 (Government of the District of Columbia 2002). By using comparison measures, such as the number of residents that pay their utility bills with cash versus checks, the Social Compact model also can reveal a shortage of basic banking services. Analysis of the movement and flow of cash in low-income neighborhood economies (e.g., for child care, housecleaning, babysitting, auto work) also indicates much stronger spending power than is detected through an analysis of tax returns, Census data, or even credit card records. Comparing crime data over time can help to illustrate the growing safety of neighborhoods.

Comprised of business leaders, Social Compact helps communities make the case that investment in their neighborhoods pays dividends. The drill-down approach has been used in neighborhoods of Harlem, Chicago, Houston, and Washington, D.C., serving municipalities, service companies, retailers and developers, and residents.

### University of Wisconsin-Milwaukee Employment and Training Institute

Some private marketing data is inaccurate and even detrimental to neighborhoods seeking new commercial investment. Ill-conceived projections, the improper transfer of models from one neighborhood to the next, and race- and class-based stereotypes about lifestyles can encourage retailers to overlook lower-income communities as potential locations. In its "Milwaukee Initiative," the University of Wisconsin-Milwaukee Employment and Training Institute (ETI) has developed a model for cities to "fact check" private marketing companies' profiles

## data STRATEGIES

| DATA TYPE AND SOURCE | WHAT IT SHOWS |
| --- | --- |
| **Income and Income Density**<br>Annual state or federal income tax returns, including those related to Earned Income Tax Credits* | + Adjusted gross income per square mile<br>+ Tax filers per square mile<br>+ Availability and concentration of labor pool<br>+ Percent of housing that is owner-occupied and 1- and 2-family homes<br>+ Resident investment in neighborhood; market for home-related goods and services<br>+ Resident work ethic<br>+ Resident purchasing power |
| Census | + Population Density = Strong Market |
| U.S. Health Care Financing Administration** | + Elderly and disabled populations |
| **Expenditures**<br>BLS Consumer Expenditures Survey, tied to adjusted gross income from tax returns | + Percentage of household income on various retail purchases |
| **Homeownership and Financial Leverage**<br>City property files:<br>New home and home repair mortgages, refinancing*** | + Resident investment in neighborhood; market for home-related goods and services<br>+ Resident purchasing power |
| **Vehicle Ownership/Access to Employment**<br>Vehicle ownership<br>Drivers' licenses<br>Vehicle registration (age and type of cars) | + Population well-being<br>+ Ability of workers to travel to work<br>+ Strength of market for auto sales and repair |
| **Local Business Activity**<br>Enhanced business phone listings, mapped by neighborhood and matched to population density by neighborhood | + Market opportunities in target neighborhoods |

**Some states have an EITC, in addition to the federal one*

***Undercounts immigrants and other elderly residents ineligible for Medicare*

****Available through the Federal Reserve Bank's Federal Financial Institutions Examinations Council, under the Home Mortgage Disclosure Act* of their neighborhoods (Pawasarat and Quinn 2001). Cities further use the ETI model to substitute the private profiles with locally grounded ones that show real purchasing power and available labor pools per square mile. ETI also takes into account neighborhood change efforts, which may be key in convincing potential investors.

The Milwaukee model relies on low- or no-cost, publicly available, local, state, and federal data, sometimes involving specific requests to record-keeping agencies. The Employment and Training Institute uses the zip code as the unit of analysis and combines annual income tax data, current estimates of different age segments of the population, and federal Bureau of Labor Statistics Consumer Expenditure Surveys. While ETI does incorporate the U.S. Census into its model, authors John Pawasarat and Lois Quinn caution about the "handicap" dealt to inner-city populations and neighborhoods by the Census and recommend the use of other data sources (see table on the previous page).

### Metro Edge

Like Social Compact and ETI, Metro Edge uses data collection to address the failure of traditional market studies to capture the assets of low-income neighborhoods. It maintains a specialized national database, with a focus on the 25 largest urban areas, that is valuable to corporate, public, and community-based customers alike. Yet Metro Edge (formerly Urban Logic), a business of Chicago-based Shorebank Corporation, has also developed sophisticated

#### ATTRACTING A MAJOR GROCERY CHAIN TO INNER-CITY NEW HAVEN

New Haven provides a striking contrast between wealth and economic distress. In 1994, community activists formed a community development corporation, called the Greater Dwight Development Corporation (GDDC), to improve the economic and social well-being of low-income residents in three New Haven neighborhoods: Dwight, Edgewood, and West River. That same year, a Yale University School of Management study estimated that $150 million of New Haven's annual food consumption dollars were being exported to the suburbs where food prices were 10–20 percent lower. For 20 years, the communities had been without a full-service supermarket; most inner-city residents left the city to do their grocery shopping. The Yale study identified the level of unmet consumer demand, and formed the cornerstone for the GDDC's plan to market a 6.2-acre parcel of land it had assembled with the assistance of the Retail Initiative (TRI) to prospective large grocery chains.

A market research team at Shaw's Supermarkets considered the Greater Dwight location "a bull's eye." Particularly appealing was the absence of competition (no supermarkets within two miles) and the "captive" customer base (only 20 percent of the residents owned cars), estimating weekly trade area sales at 1 mile = 1 million dollars and 2 miles = 3 million dollars. The GDDC's leadership and the community's commitment to making a new store work also impressed Shaw's. In 1995, Shaw's Supermarkets, signed a 20-year guaranteed lease on a proposed 55,000-square-foot store, which would later become the Whalley Avenue Shopping Plaza. Shaw's and New Haven's success can be credited to a productive business-community partnership, the engagement of a retailer interested in urban expansion, and valuable inner-city specific market research. (Initiative for a Competitive Inner City 2002).

models to forecast sales, market share, and market penetration for corporate customers contemplating urban locations (Metro Edge/Shorebank Corporation 2002).

Metro Edge has gathered data showing that despite lower median incomes, inner-city neighborhoods have high, concentrated levels of spending power simply due to their dense population. Metro Edge also has conducted surveys that show low-income households account for nearly one-third of all consumer expenditures in the United States—reason enough for corporations and small businesses to reconsider their attitudes about investing and/or locating in tough neighborhoods. (Urban Logic/Shorebank Corporation 2002).





Metro Edge's data illustrate "leakage" or "float"—a comparison of the total amount neighborhoods residents spend on goods and services to the volume of sales within the *neighborhood* (Weissbourd and Berry 1999). As most neighborhood leaders know, residents often have to travel great distances to buy groceries and other household items. This should raise awareness of everyday problems, such as limited access to transportation, the lack of job opportunities, and the limited ways that dollars can be spent inside the community. Good data on what local consumers actually do purchase and are willing to travel for help make a compelling case to corporate and business leaders. Data are also a good basis for strategic planning around neighborhood business opportunities.

The home-lending and home-improvement markets illustrate how good data and modeling developed by Metro Edge serve multiple purposes and multiple stakeholders. Data on homeownership rates and renovation lending demonstrate that inner-city residents work on and invest in their homes just like their suburban counterparts. Community organizations can use this information to help plan for business development and retention. Metro Edge helps CBOs house data and use community information systems. By then modeling the data itself, Metro Edge can be used to guide location decisions by home-furnishing and home-improvement retailers, as well as financial or lending institutions. Indeed, Metro Edge's clientele includes several major national retail chains (Urban Logic/Shorebank Corporation 2002; Weissbourd 2002).

### The Neighborhood Business Development Methodology

The Neighborhood Business Development Methodology (NBDM) is based on the idea that private business development must be at the core of neighborhood revitalization efforts and drive positive changes in housing markets, educational attainment, and public safety.

This framework advances an appropriate public-sector role in enhancing the business environment to unleash the market potential of and business productivity and growth within disinvested urban neighborhoods. NBDM emphasizes the competitive advantages of inner-city neighborhoods, including strategic location, an underutilized workforce, underserved local markets, and linkages to regional economic engines such as higher education, health care, and media.

The Initiative for a Competitive Inner City (ICIC) provides NBDM as a how-to guide for community development practitioners. They can use it to assess and use neighborhood assets to generate business activity. The process involves collecting, analyzing, and using data about local businesses, consumers, and economic infrastructure. It begins by creating an inventory of and classifying all enterprises within the target area. The next step is determining their economic relevance and links to the region, identifying non-performing economic assets (e.g., land, buildings, underperforming companies).

The process culminates in the development and implementation of a strategic plan based on the opportunities identified, potential and existing links to regional industries, and the neighborhood's strengths as a business location. The guide, which can be accessed online provides the survey, two case examples, and data collection tools needed to complete the analysis.

*Applying the Neighborhood Business Development Methodology*
The Dudley Street Neighborhood Initiative, well known for its landmark success in gaining eminent domain over privately held land in the economically disadvantaged Roxbury/North Dorchester section of Boston, engaged with ICIC-Boston to implement the NBDM. Through DSNI's intensive and comprehensive planning process, Dudley residents identified an improved retail district and the expansion of employment opportunities as key priorities.

Together, DSNI and ICIC-Boston gathered and analyzed local and regional data to determine the neighborhood's opportunities, needs, and competitive advantages and disadvantages. Drawing on a year of work, they devised strategies to organize residents, encourage businesses to improve the delivery of retail goods, and enhance residents' skills and access to jobs. The plan includes specific anchor businesses and institutions to support, types of businesses to attract, and employers to target to help link residents with broader regional job markets and economic opportunities. (Initiative for a Competitive Inner City and Dudley Street Neighborhood Initiative n.d.).

#### National Council of La Raza

Recognizing that neighborhoods cannot always support every type of economic activity, community economic development groups also need to look carefully at how they can connect to regional economies. The National Council of La Raza has developed an approach to community economic development that incorporates a regional, industry-focused approach based on good economic data and local knowledge about how industries operate in a given area (National Council of La Raza 1999). The subsector approach developed for grassroots Hispanic organizations serving low-income Latino communities is appropriate for any CBO interested in expanding economic opportunities for marginalized communities. Building on the agricultural extension strategy, it is a way of enhancing organizational and local knowledge about connecting communities to real economic opportunity. Community-based organizations learn about and link residents and business strategies to regional subsectors: chains of suppliers, producers, and distributors of niche goods and services. The CBOs take on the roles of researcher and facilitator—between the private sector, economic development players, and community residents—laying the groundwork for integrated workforce and enterprise development interventions.

This process begins with conducting an industry scan that identifies promising subsectors and analyzing publicly available employment and production data using a regional rather than local net. Practitioners interview entrepreneurs, managers, workers, and others to learn how subsectors work and the relative sizes and relationships among their different parts. Interviewers also ask about ways linkages might be strengthened or how the availability of certain inputs to production could be increased. The interviews are informational, but some also help form the long-term relationships needed for project development. The attention to detail in learning about a subsector also enables community economic development practitioners to learn the language and mindset of industry players.

Potential projects using the subsector strategy might include: developing an agreement for joint purchasing from a local input supplier by several firms in order to lower costs; technical assistance toward expansion or quality improvement of a local input supplier; subcontracting a particular element of a larger production process that can best be accomplished by a small firm; or the creation of a training program tailored to the needs of several firms and residents.

## RESOURCES FOR UNCOVERING MARKET OPPORTUNITIES

**Social Compact** offers a set of "drill down" market analysis tools to help uncover the hidden market potential of low-income inner-city neighborhoods. Social Compact conducts analyses and education with potential investors and other community stakeholders.

***Contact:***
*Lynn Reilly, President and CEO*
*Social Compact*
*7201 Wisconsin Avenue, Suite 650*
*Bethesda, MD 20814*
*301.961.4982*
*Fax: 301.961.4990*
*www.socialcompact.org*

**Metro Edge,** a business of Shorebank Corporation, operates specialized data, metrics, and models designed to capture the potential of urban market segments. For corporations and public-sector organizations, Metro Edge generates reports, maps, and forecasting models showing area buying power, expenditure leakage, and predicted sales. The analysis can aid in comparing and demonstrating the relative strength of particular markets and in analyzing the market for particular types of commercial activity in targeted areas.

***Contact:***
*Metro Edge*
*Shorebank Corporation*
*7054 South Jeffery Boulevard*
*Chicago, IL 60649*
*773.420.4924*

**Initiative for a Competitive Inner City-Boston/ Neighborhood Connections** is a structured, how-to guide for generating business development strategies. It offers inner-city economic development practitioners a Web-based tool designed to maximize the effectiveness of neighborhood-level business development efforts.

***Contact:***
*ICIC-Boston*
*727 Atlantic Avenue, Suite 600*
*Boston, MA 02111*
*617.292.2383*
*Fax: 617.292.2380*
*www.neighborhoodconnections.org*

The **National Council of La Raza** (NCLR) provides capacity-building assistance to support and strengthen Hispanic community-based organizations and conducts applied research, policy analysis, and advocacy. NCLR has developed the Subsector Approach to community economic development, and it can provide assistance to groups interested in learning more. Through the Raza Development Fund, the only national Hispanic community development financial institution, NCLR also serves as a national community development intermediary.

***Contact:***
*Jorge Jinojosa, Director of Workforce and Economic Development*
*National Council of La Raza*
*1111 19th Street, NW, Suite 1000*
*Washington, DC 20036*
*202.785.1670*
*www.nclr.org*

## Community Development Strategies

The planning and research methods discussed above build neighborhood capacity to determine how to best meet goals and opportunities identified by the community. This section describes four types of community development strategies that require new investment: housing and homeownership, commercial real estate development, business development, and community facilities development. These strategies are often overlapping, and are nearly always mutually reinforcing. As with each of the steps described in this guide, project development must be closely linked to community planning and organizing processes and provide ongoing opportunities for resident involvement.

To successfully undertake those strategies involving physical development, community groups will need to pay serious attention to land assemblage, particularly in neighborhoods with underused real estate. Strategies for land assemblage range from gathering good data on land ownership and drafting and promoting practical plans for parcel assembly to securing land for development. Community groups have also found "brownfield" programs, described later under "Investment Sources and Tools," to be helpful in acquiring needed parcels for development. Land assemblage is typically undertaken by municipalities and developers, in partnership with community organizations. For example, the Dudley Street Neighborhood Initiative successfully lobbied the city of Boston to give them eminent domain authority over abandoned or underused properties.

### Integrating Strategies

Increasingly, community groups integrate community development strategies with job training and other economic support programs, as discussed in other guides in this series. For example, local economic development groups may help residents secure jobs building and maintaining the residential and commercial properties they develop. Alternatively, these groups may work with companies in a particular subsector to secure needed capital *and* to design customized training programs for resident employees.





### strategic questions for COMMUNITY DEVELOPMENT strategies

+ How does each component of our overall community development strategy move us toward our goals and support our values?
+ How will decisions about the target income levels for housing rehab and development affect the community?
+ What positive or negative impact will commercial development have on immediate neighbors and on various sectors of the community, such as seniors, low- and moderate-income property owners, or small business owners?
+ What specific steps can we take to ensure the neighborhood remains viable for low-income residents?
+ How can we achieve real economic value that stays in the community?
+ What role will residents play in implementation?

#### Housing and Homeownership

The community development field has a rich history of rehabilitating existing housing stock and developing affordable homeownership opportunities. As organizers, advocates, developers, managers, and realtors, community organizations often work to channel investment to provide stable, decent, attractive housing for neighborhood residents.

Early on, communities need to determine the overall and specific goals of a housing strategy: what types of housing are needed, for whom, and at what income levels. For instance, projects that aim to stabilize an existing resident base will differ from those seeking to attract new residents or do both. Communities will also want to consider whether they should provide a continuum of options for residents whose housing needs and economic status evolve over time. From a community perspective, these choices have immediate implications for the planning process, financing, and political support, as well as long-term implications for the community's social and economic composition.

The Technical Assistance Resource Center's guide on housing development will be useful to sites planning specific housing activities. This section addresses the choices sites must make regarding *who* the strategy will assist, goals and implications, and how housing can be linked to other community investment strategies.

Preserving and developing *rental housing* may take many forms. Community organizations may need to advocate and organize for the preservation of affordable housing, such as federally subsidized developments in danger of losing restrictions for low-income use. They may also become involved in rehabbing or building new rental units for either a low- or mixed-income population.

*Homeownership opportunities* may also be available through conversion of previously affordable rental housing. If it is appropriate for current tenants, groups may decide to advocate for the conversion of existing subsidized housing into permanently affordable ownership opportunities.

Aside from conversion, there are three general options for developing homeownership opportunities: new construction, rehabilitated market housing, and standard market housing. Promoting them requires a special development infrastructure and a different set of participants from rental housing (ReEmerging Markets of America 2002). New construction and rehab involve:

+ Identifying and gaining control of vacant land or underutilized units;
+ Securing financing for land or property acquisition for the construction phase and for the mortgage for the family or individual that will buy and occupy the home;
+ Contracting, coordinating, and managing the development process through completion; and
+ Carrying out the marketing and sale of the housing units.

Entities such as Fannie Mae, Freddie Mac, and regional and national banking institutions have a series of programs to fit each stage of the financing of new construction and rehab. The section of this guide on investment sources and tools has further information about them.

Many families that would like to purchase new homes face difficulties because of problems with credit, inadequate income, insufficient savings for a down payment, unstable work history, or simply a language barrier (ReEmerging Markets of America

2002). Neighborhood groups can tap into homebuying programs to help mitigate some of these circumstances through assistance with down payments, closing costs, and second mortgages, as well as through informational courses.

Community groups can also help narrow the information gap between first-time homebuyers and sellers of standard market housing (ReEmerging Markets of America 2002). So that families are treated fairly and equitably, community groups can provide much-needed assistance, information, and guidance to first-time homebuyers, advocate on their behalf as they navigate the private market, or simply become an intermediary between the market and the families seeking affordable housing.

When the goals are to protect housing from speculative markets and to promote community control and leadership, neighborhood groups may wish to pursue one or more forms of resident-controlled housing. Limited equity housing cooperatives, mutual housing associations, co-housing, and community land trusts each serve in different ways to protect land and housing from gentrification, and they give residents a voice in how land and housing are utilized, managed, and maintained. Limited equity housing cooperatives, for example, offer residents a share in ownership and limit the resale price, while also teaching residents about the democratic process and supporting them in it. For example, cooperatives can be created by tenants wishing to purchase their building for new construction or when an owner is selling because of a loss of public subsidies (PolicyLink 2002).

In developing rental or homeownership units, groups may want to consider creating mixed-use residential and commercial space to help ensure the success of both. By adding retail or human service tenants to the first floor of a development, for example, a community group can help provide accessible goods and services, maintain rental income, and provide new and existing businesses with a solid clientele and added safety.

Whether community organizations seek to direct investment into rehab or new housing development—either in the form of rental or ownership housing or for mixed-use purposes—investment resources may be available through the intermediaries described later in this guide, as well as from private, federal, state, and local housing development financing programs. The actual development work can be performed by community development corporations, development intermediaries, private developers, or joint ventures between the community and tenants and private or nonprofit developers.

#### Commercial Real Estate Development

In response to resident demand for expanded and improved retail options, community groups engage in strategies to revitalize local markets by bringing new goods and services to the area. This helps to make neighborhoods more affordable and desirable as places to live, and it prevents "leakage" of hard-earned dollars. Having demonstrated the viability of the target neighborhood, organizations will become engaged in planning, securing partners and financing, and negotiating terms beneficial to private and public interests. Rebuilding the consumer market will involve strengthening the neighborhood's existing anchor and ancillary businesses, as well as attracting new ones.

As community and nonprofit groups become more active in commercial development, they can exercise greater control over which land is brought into productive use, when, and for what purposes. In partnership with private and other nonprofit investors and development organizations, community groups can take on the redevelopment of existing facilities or the development of new ones to house retail, service, or industrial operations; community facilities; social services; etc.

When they are development partners—and even when they are not—community groups can help ensure that commercial development meets community goals by exerting control over the choice of tenants and actual uses of commercial space. As noted in PolicyLink's tools to support commercial stabilization, "Whoever controls this process controls the future of not only the commercial district but, perhaps, the surrounding residential property as well." An organizing and advocacy campaign can make a difference between a bakery and a liquor store, or a bank and a check-cashing outlet, particularly when public dollars are involved.

As noted, in many cases, putting a property to mixed use—say housing and retail or health and financial services in the same building—is the best way to achieve synergy. The sections on financial tools, development entities, and intermediaries will help sites understand how to begin putting together the needed resources for commercial development.

### Business Development

Business development strategies aim to create and retain jobs and to bring capital into the community. Community groups engage in a wide range of business development strategies, from assisting microenterprises and providing loans to small- and medium-size firms to creating business incubators and helping rejuvenate business districts to make them more attractive or accessible to customers. They use community planning processes and methods like subsector analysis and neighborhood business development methodology to help determine which kinds of businesses to target, then develop the knowledge and capacity to provide the services and financing assistance needed.

In some cases, the task is to build management capability or help find new markets within, or outside, the region for an existing business. In addition to business-by-business assistance, most groups take a comprehensive neighborhood approach of trying to maximize available resources, expand markets, and make physical improvements that will stimulate retail and other commercial activity overall.

Many communities have developed joint marketing campaigns, for example, to better attract new customers and encourage residents and other businesses to shop locally. In Pittsburgh, the Lawrenceville Corporation and the Pittsburgh Partnership for Neighborhood Development publish the *16:62 Design Zone*, a guide to shops, galleries, showrooms, manufacturers, and sources for home and office furnishings, architectural and interior design, renovation, and construction located within their target area. Community organizations also become involved in addressing the demand for small loans that traditional banks might avoid or in helping devise training for businesses located within the neighborhood that are retooling or expanding.

### Community Facilities

Community planning processes should address the need for improved family supports and facilities that increase quality of life in the neighborhood. These include child care centers, health care facilities, playgrounds, and community centers. Sometimes these can be developed as part and parcel of housing or commercial development sites; other times they will be stand-alone facilities. As discussed in greater detail in the next section of this guide, community facilities can be financed through numerous means, including public investments, public-private partnerships, linkage policies, and community benefits agreements.

## RESOURCES FOR COMMUNITY DEVELOPMENT STRATEGIES

**PolicyLink's Equitable Development Toolkit** is an online set of tools designed and successfully tested by community development groups. The tools are aimed at: ensuring equity and democracy in community investment, expanding access to affordable housing and financial services, and protecting communities against displacement and gentrification. The user-friendly site includes definitions, why and how to use each strategy, how to finance them, challenges, examples, resources, etc.

***Contact:***
*PolicyLink Equitable Development ToolKit Team*
*101 Broadway*
*Oakland, CA 94607*
*510.663.2333*
*Fax: 510.663.9684*
*www.policylink.org/EquitableDevelopment*

**www.knowledgeplex.org** is a comprehensive, interactive, online resource of the Fannie Mae Foundation for affordable housing and community development practitioners, policymakers, and scholars. It provides resources and analysis, and allows for exchanges among users.

***Contact:***
*KnowledgePlex*
*c/o Fannie Mae Foundation*
*4000 Wisconsin Avenue, NW*
*North Tower, Suite One*
*Washington, DC 20016-2804*
*877.363.PLEX*
*Fax: 202.274.8100*
*www.knowledgeplex.org*

The **Center for Community Change** provides on-site assistance to grassroots groups on a range of topics, including community economic development, housing, and capacity development. The center helps community groups find financing for housing, economic development, and employment projects, and it supports groups working to launch businesses and create new jobs. The center addresses industrial retention and expansion, as well as sectoral economic development strategies.

***Contact:***
*Center for Community Change*
*1000 Wisconsin Avenue, NW*
*Washington, DC 20007*
*202.342.0567*
*Fax: 202.333.5461*
*www.communitychange.org*

The **Local Initiatives Support Corporation** (LISC) supports resident-led, community-based development organizations in the development of local leadership and the creation of affordable housing, businesses, jobs, and commercial, industrial, and community facilities by providing capital, technical expertise, training, and information. LISC has local program offices across the country. The LISC Online Resource Library includes distance learning opportunities for community development practitioners.

Rural LISC provides 70 rural CDC partners (and other rural CDCs indirectly) with training, technical assistance, and financial support to increase their production and impact and to demonstrate the value of investing in rural CDCs. It also supports them through resources and policy.

***Contact:***
*LISC Headquarters*
*733 3rd Avenue, 8th Floor*
*New York, NY 10017*
*212.455.9800*
*Fax: 212.682.5929*
*www.liscnet.org and www.ruralisc.org*

The **National Congress for Community Economic Development** (NCCED) is the trade association and advocate for the community-based development industry. NCCED represents the 3,600+ CDCs across the country. It has two new resources for using the New Markets Tax Credit Program: *How to Form a CDF: Getting Ready for the New Markets Tax Credit Program* and *Taking Advantage of the New Markets Tax Credit Program: Case Study Scenarios.*

***Contact:***
*Roy Priest, President*
*NCCED*
*1030 15th Street, NW, Suite 325*
*Washington, DC 20005*
*202.289.9020*
*Fax: 202.289.7051*
*www.ncced.org*

Sponsored in part by NCCED, **Faith & Community @ Work** is designed to address faith-based organizations' involvement in community economic development (CED) from a broad faith perspective. It provides faith-based CED practitioners, both beginning and intermediate, with information on training and resources on faith-based CED. It provides practitioners of faith-based CED with online CED-related information, access to technical assistance providers, and training tools to assist in implementing CED projects.

***Contact:***
*Billy Terry, Faith-Based Community Development Coordinator*
*202.289.9020, ext. 133*
*Fax: 202.289.7051*
*www.faithandcommunityatwork.com*
*bterry@ncced.org*

The Urban Institute's **Metropolitan Housing and Communities Policy Center** conducts research and analysis on urban communities—housing developments, neighborhoods, cities, and suburbs—investigating forces affecting quality of life, access to opportunities they offer residents, the impacts of public policies, and the development of new interventions.

***Contact:***
*The Urban Institute*
*2100 M Street, NW*
*Washington, DC 20037*
*202.833.7200*
*www.urban.org*

The Aspen Institute's **Economic Opportunities Program** (EOP) produces information and encourages dialogue on innovative community-based strategies for employment and income generation in disadvantaged communities. EOP has several projects focusing on microenterprise development, including the development and testing of performance measures, grants for documenting best practices, and demonstration projects aimed at linking poor microentrepreneurs to new markets.

***Contact:***
*The Aspen Institute*
*One Dupont Circle, NW, Suite 700*
*Washington, DC 20036-1133*
*202.736.5800*
*Fax: 202.467.0790*
*www.aspeninst.org/eop*

With more than ten years of experience in housing in the public and private sectors, **ReEmerging Markets of America** (RMA) knows what works and what does not. RMA principals, given their experience and connections to industry leaders, help clients find solutions tailored to their needs that incorporate the best in current practices. RMA introduces market-based solutions to single-family affordable housing issues. These strategies are designed to assist organizations in their quest for effectiveness and self-sufficiency.

***Contact:***
*George V. Pedraza, President*
*ReEmerging Markets of America, LLC*
*220 West Mulberry Avenue*
*San Antonio, TX 78212*
*210.373.7248*
*Fax: 210.568.4482*
*george@reemerge.net*

## Investment Sources and Tools

Financial institutions and their investment decisions are critical to neighborhood market restoration. However, distressed areas often lack adequate access to the services of financial institutions—which include retail banking services, mortgage financing, commercial lending, small business financing, housing and rehab loans, and financing for community facilities. The out-migration of financial institutions from urban areas is often a first sign of neighborhood disinvestment, leaving residents at the mercy of overpriced secondary and tertiary financial markets (e.g., pawn shops and check-cashing operations) and local businesses without access to competitive financing.

Historic patterns of lending discrimination in poor communities are also well documented. Two federal efforts have helped improve these imbalances. The Community Reinvestment Act (CRA) offers incentives to private financial institutions to increase their lending activity in underserved areas. The U.S. Department of the Treasury's Community Development Financial Institutions Fund provides capital and technical assistance to support the expansion of private and nonprofit financial institutions in economically distressed communities. This section discusses policy and regulatory tools communities can use to promote private investment, such as the CRA, as well as actual public funding sources at the federal, state, and local levels and from the private sector.

### Community Reinvestment Act

The Community Reinvestment Act, enacted in 1979, outlawed discrimination by banks on a neighborhood or geographic basis; as modified in 1995, the act emphasizes actual lending *performance*, as opposed to plans. Regulators evaluate large banks based on their lending, investments, and services. Of particular interest to communities seeking to leverage new investment is that banks are also evaluated based on their grants and investments to community organizations for affordable housing, economic development, and other community projects. The extent to which banks provide technical assistance and support to communities is also reviewed. Banks

strategic questions for

INVESTMENT SOURCES and TOOLS

+ Which investment sources or tools help the families, local business owners, or the community to build and maintain equity?
+ What types of investment sources will move us toward our goals and support our values?
+ What trade-offs may arise with a particular tool or type of financing and how can they be mitigated? Could the terms and conditions of certain types of financing support or hinder our goals and values?
+ How can communities affect how particular pools of capital are used and how regulations are implemented to deliver the greatest benefit to low-income neighborhoods?
+ What long-term interests does a particular investor have in the neighborhood, and are those interests compatible with the community's vision? Will a community development financial institution that we are considering support our goals and values?

of varying size are evaluated along such criteria, adjusted to their size and scope of lending. Banks are examined every two years and must obtain regulator approval prior to a merger, acquisition, or opening or closing of a branch.

Communities can organize around CRA with such activities as:

+ Analyzing bank lending, service, and investment data;
+ Forming a community CRA team;
+ Developing their own needs analysis and goals;
+ Establishing relationships with key bank staff; and
+ Aligning with other coalitions.

"The public comment period required for every bank application is a critical time for community groups to make comments to regulators," according to the Woodstock Institute. "By using publicly available information, like data on banks' mortgage and small business lending, and knowledge of their own credit and capital needs, community groups can persuade banks to improve their performance" (Porter and Williams n.d.).

Some banks have established their own community lending departments or subsidiaries to respond to CRA concerns. These departments are active community players, staffed by individuals with community development and banking backgrounds and seeking to build the bank's portfolio in this area. Where such bodies exist, neighborhood groups will want to develop relationships with them.

In the face of mergers and the rapidly changing financial services industry, communities will find that the CRA has lost some of its clout in the last decade or so. For example, mortgage and finance companies are less well-regulated than banks, yet it is within this sector that sub-prime mortgage, refinance, and home equity lending is growing rapidly. Financial institutions can also receive CRA credit for predatory lending, another growing trend with devastating implications for low-income families and communities (Immergluck 1999). Further, megabanks such as Bank of America and First Union are only subject to CRA in the communities where their headquarters are located. This suggests that while CRA remains a powerful tool and can be used as a means to secure investment, communities must press for the broadest CRA regulation possible, as well as for needed changes to CRA and fair lending laws (Immergluck 1999).

### Community Development Financial Institutions

Community Development Financial Institutions (CDFIs) are a particularly important source of capital for businesses operating in disinvested neighborhoods. CDFIs are private-sector entities that have a mission of providing capital to serve low-income communities. The roughly 550 CDFIs nationwide include community development loan funds, community development credit unions, community development venture capital funds, microenterprise development loan funds, community development corporation-based lenders, and community development banks (National Community Capital Association 2002). They often invest in ventures that conventional financial institutions shun.

CDFIs play an important role in supporting microenterprises, small- or family-business development, minority business enterprises, and commercial and community facilities. Some also offer traditional retail banking services. And while CDFIs support much of the physical development activity in low-income communities, their investments are typically linked to other development activities, such as job creation, employment targets, and institution building. They are funded by the U.S. Department of Treasury's

CDFI Fund, as well as by individual and corporate private investors, foundations, and others. Traditional financial institutions sometimes invest in CDFIs or work in partnership with them to channel their resources (Kingslow 1999; Coalition of Community Development Financial Institutions 2002).

#### New Markets Tax Credit

Community leaders seeking to promote investment in their neighborhoods will want to be aware of the federal New Markets Tax Credit (NMTC), enacted in 2000. The NMTC is designed to generate $15 billion in private-sector equity investment to encourage private-sector investment in low- and moderate-income rural and urban communities. Through the CDFI Fund, the U.S. Treasury provides tax credits to investors in a qualified community development entity. In 2002, $2.5 billion was available. The NMTC is worth 39 percent of the amount invested over seven years.

Community development corporations, CDFIs, small business investment corporations, and others are all eligible to participate in the NMTC. Nonprofit organizations can be certified by the Treasury Department as a community development entity (CDE) and apply for credits as long as they have a clear plan of how they will disburse the credits to investors. There is no deadline for CDE certification, but organizations must be certified at least 30 days before receiving an allocation of credits. CDEs then sell tax credits to investors, using the capital generated in targeted distressed areas to provide loans, equity, and other forms of credit to qualified low-income community businesses, such as nonprofit corporations. Thus, a neighborhood organization could technically either apply to become a CDE or apply to a CDE for a particular community investment, but doing the former may be more feasible (National Congress for Community Economic Development 2002).

#### Federal Resources

Numerous federal agencies, from the Department of Agriculture to the Department of Transportation, provide some type of funding for community economic development. Several of the intermediary organizations noted later in this guide provide listings and assistance in accessing these funding sources. This section lists a few key sources.

The U.S. Department of Housing and Urban Development has several community economic development programs. Two of the most important are Empowerment Zones/Enterprise Communities/Revitalization Communities (EZ/EC/RC) and the Community Development Block Grant (CDBG) Program, both administered by the department's Community Planning and Development Division.

First enacted in 1994, the EZ/EC and most recently RC designation assists economically distressed communities to create jobs and business opportunities through technical assistance, tax incentives, grants, and loans. The program is designed to encourage private investment in both urban and rural poor communities. It gives the private-public coalitions receiving the funding considerable leeway in governance and implementation. Community organizations and businesses within the designated areas may be eligible for funds or other forms of assistance.

Under the Community Development Block Grant Program, grants are determined using two needs-based formulas. Local governments automatically get a designated portion of CDBG money and participate in either the Entitlement Program (for cities over 50,000 people or urban counties with over 200,000 people) or the States and Small Cities Program (for communities with less than 50,000 people).

The purpose of CDBG funds is to improve communities by providing decent housing, a suitable living environment, and economic opportunities, principally for people of low and moderate incomes. The CDBG program is probably the most flexible funding available to cities and states from the federal government, providing funding for housing, public works, community facilities, public services, and economic development. Communities can organize through their planning process and ongoing advocacy to steer CDBG resources to priority investment opportunities.

Other federal sources of financing for community economic development are the Department of Commerce's Economic Development Administration and the Department of Health and Human Services' Administration for Children and Families/Office of Community Services (OCS). While both funding sources may be best accessed through local or state intermediaries, they provide flexible and significant support. OCS' Community Economic Development Program, for example, is geared toward job creation and training and business ownership opportunities for low-income people through business, physical, or commercial development (Office of Community Services 2002).

#### State Resources

Most states allow municipalities to implement tax increment financing, or TIF. Using the TIF, all new taxes generated in the designated, eligible area for a specified time period are to be reinvested in economic development within the same boundaries. Existing tax revenue, used for schools, city services, etc., are frozen at the initial rate, while any new tax dollars from new construction, or increased tax rates due to renovation or gentrification, are dedicated to public works projects or private development tax subsidies.

Depending upon state legislation and the priorities established by the municipality, TIF can help provide funding for affordable housing, basic infrastructure improvements, commercial development, and job training for employees of companies within the target area. Cities and towns have used TIF in many ways, not all of them to the benefit of existing residents and businesses. It works best when communities are mobilized to help plan how revenues are generated and put to use, and to provide oversight to the process (Neighborhood Capital Budget Group 2002).

#### Brownfields Programs

Both the federal and state governments have brownfields programs that offer groups located in areas with contaminated former industrial sites a tool for cleaning up such areas and turning them into viable real estate opportunities. The term brownfield refers to any abandoned, idled, or underused industrial and commercial facilities where expansion or redevelopment is complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant (U.S. Environmental Protection Agency 2002). In some cases, community organizations may be able to acquire from the city or a private owner a contaminated property that no one else wants for little or no money, making this a possible strategy for acquiring land for residential or commercial development.

The U.S. Environmental Protection Agency supports revolving loan fund programs in various states, providing low- or no-interest loans for assessment, cleanup, and planning for sustainable reuse. In some states, community organizations may qualify for actual grants, insurance cost matches, and other forms of support.

Federal and state brownfields funds can be used to leverage other sources of housing and commercial development funds. Also, agencies may be able to combine cleanup with environmental employment and training for residents in communities impacted by brownfields.

The Brownfields Site Redevelopment Act, pending in the U.S. House of Representatives, would authorize $60 million for the Economic Development Administration in the Department of Commerce to establish a grants program for brownfields-related economic development activities. The agency currently funds brownfields out of its general authorization, but brownfields must compete with other activities for this funding (Northeast-Midwest Institute 2002).

#### Local Resources

Local public financing resources in the form of capital expenditures for public works allow municipalities to make significant contributions to economic development through infrastructure improvements, such as sidewalks, lighting, parks, and signage. These local investments can play an important role in leveraging private investment and attracting new businesses and housing investment to neighborhoods.

#### Private Investment Sources

Many types of private investment are potentially available for neighborhood development projects.

+ *State and local tax credits* offer important tools for engaging private investors.
+ *State and municipal pension funds* can also be a key source of investment.
+ *Venture capital* for community economic development is a means to promote local equity.
+ *Corporate partnerships* allow nonprofit and private partners to set common goals and contribute in mutually beneficial ways.
+ *Program Related Investments from national and local foundations* are a tool through which foundations invest a percentage of their resources in programs like community economic development projects rather than in making grants. Corporate partnerships are also an excellent means of attracting PRIs, which often include secondary or tertiary loans that strengthen development deals and thus leverage substantial private and public dollars. PRI investments have typically included housing and commercial and business development, as well as capitalization of CDFIs.

### RESOURCES FOR INVESTMENT SOURCES AND TOOLS

The **Coalition of Community Development Financial Institutions** (CDFI Coalition) is a link to CDFIs nationwide. It is also a key access point and primary source of information and knowledge about CDFIs.

The CDFI Coalition publishes a *Directory of Community Development Financial Institutions*. The *Directory* includes 469 CDFIs across the nation engaged in a wide spectrum of community development financing activities. It features organizational and contact information about each CDFI listed; extensive indexing of CDFIs by type, location, and financing activity; and information on training opportunities, publications, and technical assistance vehicles.

***Contact:***
*CDFI Coalition*
*Public Ledger Building, Suite 572*
*620 Chestnut Street*
*Philadelphia, PA 19106*
*215.923.5363, ext. 248*
*www.cdfi.org*

The **National Community Capital Association** (NCCA) assists with CDFI financing; provides consulting and training for CDFI practitioners, investors, and funders; and conducts policy and advocacy work. NCCA has an online CDFI locator and is an excellent source on the New Markets Tax Credit.

***Contact:***
*Mark Pinsky, President and CEO*
*NCCA*
*Public Ledger Building*
*620 Chestnut Street, Suite 572*
*Philadelphia, PA 19106*
*215.923.4754*
*Fax: 215.923.4755*
*www.communitycapital.org*

The **Woodstock Institute** works with community organizations, financial institutions, foundations, government agencies, and others to promote community reinvestment and economic development in lower-income and minority communities. Areas of expertise include the Community Reinvestment Act and fair lending policies, financial and insurance services, small business lending, financial literacy, community development financial institutions, predatory mortgage and payday lending, and economic development strategies, including local employment. The institute assists communities at every stage of their CRA activities, including holding regulators and banks accountable to community needs, as well as trying to strengthen and extend the CRA and its regulation and oppose efforts to weaken this critical legislation.

***Contact:***
*Woodstock Institute*
*407 South Dearborn, Suite 550*
*Chicago, IL 60605*
*312.427.8070*
*Fax: 312.427.4007*
*www.woodstockinst.org*

The **National Community Investment Fund** (NCIF) assists new and existing locally owned and minority financial institutions that are meeting the community development needs of underserved communities. NCIF will serve as a wholesaler of New Markets Tax Credit investments and is conducting training and outreach on the NMTC to development banks and investors.

***Contact:***
*National Community Investment Fund*
*7053 South Jeffery Boulevard*
*Chicago, IL 60649*
*773.420.4910*
*Fax: 773.753.5880*
*www.ncif.org*

The **National Community Reinvestment Coalition** (NCRC) is at the vanguard of a growing community reinvestment movement in which community leaders from across the nation, in urban and rural areas, are becoming educated about, and active in, efforts on how to affect the flow of credit and the provision of banking services in their neighborhoods. NCRC has worked to make community reinvestment activism a common local occurrence and to promote increased community-lender partnerships.

***Contact:***
*National Community Reinvestment Coalition*
*733 15th Street, NW, Suite 540*
*Washington, DC 20005*
*202.628.8866*
*Fax: 202.628.9800*
*www.ncrc.org*

The **National Housing Conference** is a nonprofit membership association dedicated to advancing affordable housing and community development causes. NHC has been at the forefront of the fight for decent housing for all Americans. NHC has continued to develop a consensus on innovative ways to preserve and produce communities that are free of discrimination, where people can live and grow with opportunity and hope. NHC, the United Voice for Housing, has significantly influenced national policies and legislation that promote the preservation and production of suitable housing for all Americans.

***Contact:***
*National Housing Conference*
*1801 K Street, NW, Suite M-100*
*Washington, DC 20006-1301*
*202.466.2121*
*Fax: 202.466.2122*
*www.nhc.org*

The **Community Development Venture Capital Alliance** (CDVCA) promotes the use of venture capital tools to create jobs, entrepreneurial capacity, and wealth for low-income people and communities. CDVCA promotes best practices and provides training programs, publications, networking opportunities, and direct consulting services. CDVCA also operates a Central Fund that invests in member funds and co-invests with other funds in businesses to create jobs for low-income people.

***Contact:***
*Community Development Venture Capital Alliance*
*330 Seventh Avenue, 19th Floor*
*New York, NY 10001*
*212.594.6747*
*Fax: 212.594.6717*
*www.cdvca.org*

The **National Development Council** (NDC) provides technical assistance, training, financing, and other services to institutions and communities interested in affordable housing and related economic development and job creation strategies. NDC will help evaluate and structure local economic development and affordable housing projects, leverage private investment, create local development finance programs, and bridge the gap between public-sector and private-sector investment.

***Contact:***
*National Development Council*
*51 East 42nd Street, #300*
*New York, NY 10017*
*212.682.1106*
*Fax: 212.573.6118*
*www.ndc-online.org*

The **Neighborhood Capital Budget Group** is a watchdog and information source on tax increment financing, as well as financing for infrastructure, school construction and repair, and public transportation.

***Contact:***
*Neighborhood Capital Budget Group*
*407 South Dearborn, Suite 1360*
*Chicago, IL 60605*
*312.939.7198*
*Fax: 312.939.7480*
*www.ncbg.org*

The **Federal Home Loan Bank** (FHLB) operates an Affordable Housing Program and a Community Investment Program to support low-income communities. Through its 12 regional banks, FHLB extends low-rate "advances" to member financial institutions, which in turn make community investments.

***Contact:***
*Council of FHL Banks*
*2120 L Street, NW, Suite 208*
*Washington, DC 20037*
*202.955.0002*
*Fax: 202.835.1144*
*www.fhlbanks.com*

The **CDFI Fund** was created by the U.S. Treasury Department to promote economic development in distressed communities through capital investments by private and nonprofit financial institutions. The fund seeds CDFIs, builds capacity of financial intermediaries, and provides technical assistance.

***Contact:***
*Community Development Financial Institutions Fund*
*U.S. Department of the Treasury*
*601 13th Street, NW, #200 South*
*Washington, DC 20005*
*202.622.8662*
*Fax: 202.622.7754*
*www.ustreas.gov/cdfi*

The **National Federation of Community Development Credit Unions** is a trade association of community-focused credit unions, which play an important part in the CDFI network and in serving the credit and capital needs of small businesses and residents of low-income communities. The organization can provide information about community development credit unions generally and about specific programs and lenders.

***Contact:***
*Clifford Rosenthal, Executive Director*
*National Federation of Community Development Credit Unions*
*120 Wall Street, 10th Floor*
*New York, NY 10005*
*212.809.1850*
*Fax: 212.809.3274*
*www.natfed.org*

The **EPA's Brownfields Economic Redevelopment Initiative Office** has information on resources for assessment, cleanup, and redevelopment, as well as assistance, existing partnerships, and program models.

***Contact:***
*U.S. EPA*
*Office of Brownfields Cleanup and Redevelopment*
*1200 Pennsylvania Avenue, NW*
*Washington, DC 20460*
*202.566.2777*
*Fax: 202.566.2757*
*www.epa.gov/brownfields*

The **Northeast-Midwest Institute** is an excellent source of information, publications, and links regarding federal and state brownfields policy and programs. The institute is private, nonprofit, nonpartisan research organization dedicated to economic vitality, environmental quality, and regional equity. Publications include:

*Lessons from the Field: Unlocking Economic Potential with an Environmental Key* (1997);

*Guide to Federal Brownfield Programs* (2000);

*Links to Federal Programs* (2000);

*Brownfields: State of the States* (2001);

*The New Brownfields Law—Focus Shifts to Implementation* (2002); and

*Community Participation and Brownfield Revitalization* (forthcoming).

***Contacts:***
*Charlie Bartsch and Barbara Wells, Senior Policy Analysts*
*Northeast-Midwest Institute*
*218 D Street, SE*
*Washington, DC 20003*
*202.544.5200*
*Fax: 202.544.0043*
*www.nemw.org*

## Development Entities

As neighborhood groups begin charting the kinds of investments needed and how to best channel them, they will need to find good partners. Successful relationships between neighborhood groups and these development partners will be established around trust, open communication, and mutual understanding of needs and interests.

Various types of entities can act as development partners, including community development corporations, private developers, public and quasi-public economic development agencies, and local anchor institutions.

### Community Development Corporations

Community development corporations (CDCs) are nonprofit, community-controlled organizations that seek to revitalize and empower low- and moderate-income communities through such activities as affordable housing development and rehabilitation, commercial real estate development, employment training, small business development, and community planning and organizing.

In the last decade or so, community development corporations have diversified their traditional housing approach. They now use the planning, research, and financial tools described in this guide to advance a comprehensive community development agenda. Neighborhood organizations wishing to form a CDC will find valuable resources through national and state coalitions and trade organizations. Since many areas already have a CDC in or near their neighborhood, it will be important for any group to consider carefully the pros and cons of collaborating

strategic questions for

**DEVELOPMENT ENTITIES**

- What values shape your work? Are they similar, compatible, or incompatible with ours?
- What experience do you have in working with groups of similar racial or ethnic background, mission, and size to ours?
- What is your development track record?
- What services, support, information, resources, etc., can you provide to make this project a success? How can these be adapted to meet our particular conditions?
- How can residents be involved in this work?
- What kinds of knowledge, skills, and resources will you leave us with after the task at hand has been completed?
- What do you expect and need from our organization?
- How will our concerns be heard and integrated into the work of the development entity or partner?
- How will decisions be made?
- Does your organization have ties to other entities that might influence your work?

## an ANCHOR in HIGHER EDUCATION: the UNIVERSITY PARK partnership

The University Park Partnership in Worcester, Massachusetts, is a nationally recognized model for neighborhood development involving higher education. Clark University and the Main South CDC established the partnership in 1995 after six years of working together on housing and storefront rehabilitation. Mutual trust built between the university and community has led to strategic, comprehensive planning for revitalizing the Main South neighborhoods.

The project, which now also includes residents, local churches, government, public schools, and the business community, has been responsible for: the renovation of affordable rental housing and first-time homebuyer properties; educational partnerships between the public school system and the university, including professional development, tuition programs, and the construction of a new K-12 school; and $6 million worth of investment by the university. Additional housing, a Boys and Girls Club, new athletic facilities for shared use by the community and Clark, and planned conversion of a brownfields site into a light industrial development park are in the works (Clark University 2002).





versus forming a new institution that may in the end compete for resources, support, and territory.

#### Private Developers

It may be in a community's interest to partner with or attract a private developer. A community-based organization brings resources to the table that will be attractive to a private developer. A CBO can help secure financing that a private entity on its own might be unable to access. A community group can also design, provide, and help secure funding for customized workforce development strategies, including job training, matching, and recruitment. A mobilized neighborhood group can also bring value to the table through safe-streets and cleanup programs. These capacities should be articulated and assessed as the partnership is formed.

#### Public and Quasi-Public Economic Development Agencies

Municipal or quasi-public economic development departments can serve as key resources to sites. Though it may sometimes fall to community organizations to demand the support they need, these agencies can provide planning assistance, facilitate access to capital, and help bring appropriate partners to a particular project. In addition, as noted earlier, municipal planning departments or other departments that gather data can be helpful in providing access to, organizing, and analyzing data. In other situations, community groups can play key advocacy roles vis-à-vis city economic development agencies, helping to ensure that local large-scale economic development projects include neighborhood amenities such as community centers, parks, and retail space for local entrepreneurs.

#### Local Anchor Institutions

Local anchor institutions, such as hospitals, health centers, and colleges, often serve as important partners in neighborhood economic development. They can even act directly as developers. They not only have self-interest in improving the physical and social conditions of their neighborhood, they also have unique training, fundraising, and project management capacities.

An example is SEEDCO's Historically Black Colleges and Universities Project, which promotes the formation and support of relationships between institutions of higher education and community development groups. Initially, the partnerships focused on education and training, but they have come to include investment in affordable housing, commercial development, and more (SEEDCO 2002).

Both private and nonprofit institutions sometimes become community investors through local or state policies that require their participation or through political pressure. For example, as new development is planned or an institution expands, encroaching on community turf, it may be subject to linkage policies or to the need to appease vocal resident groups. Neighborhood organizations can use this leverage to strengthen or establish community programs and facilities or to guarantee space for low-cost housing or businesses. Groups should take care in negotiating community benefits deals, ensuring that they secure legally binding agreements.

### Other Nonprofit Organizations

Faith-based organizations sometimes act as development partners, as do community organizing groups. Philadelphia Interfaith Action (PIA), for example, is a coalition of religious and community institutions that addresses housing, employment, and urban blight. PIA has built 135 Nehemiah Homes—affordable, single-family, owner-occupied town houses—in West Philadelphia and plans to build more as land becomes available (Philadelphia Interfaith Action 2002). Similar organizations exist in other major cities.

### RESOURCES ON DEVELOPMENT ENTITIES

The **Corporation for Enterprise Development** (CFED) promotes microenterprise and development finance to expand access to business training, technical assistance, and capital in low-income communities and distressed regions across the nation. CFED is creating an information intermediary for the CDFI (community development finance institutions) field as well as providing consulting and training services to communities and institutions in all sectors.

***Contact:***
*Corporation for Enterprise Development*
*777 North Capitol Street, NE, #800*
*Washington, DC 20002*
*202.408.9788*
*Fax: 202.408.9793*
*www.cfed.org*

The **Calvert Foundation** is a community development financial intermediary making loans to community development organizations that focus on affordable housing, small business, microcredit, and other community development efforts. The foundation lends to community development financial institutions, community development corporations, community loan funds, community banks and credit unions, social enterprises, and micro-finance institutions. Calvert's website allows the user to conduct industry and investment research and view lending criterion and applications.

***Contact:***
*Calvert Foundation*
*4550 Montgomery Avenue*
*Bethesda, MD 20814*
*800.248.0337*
*Fax: 301.654.7820*
*www.calvertfoundation.com*

## Intermediaries

It can be daunting for a community organization that is young, or for one that is switching gears from other forms of community development, to break into the world of real estate and commercial development. They need not go it alone. On some issues, technical assistance from an individual or peer-to-peer support from another community organization may best fit the need. In addition, a growing number of national, statewide, and even local intermediaries help create new institutions and investment mechanisms, provide training and technical assistance, help develop new models, and broker relationships with government and the private sector (Local Initiatives Support Corporation 2002). Many have CDFIs associated with them.

As intermediaries, these organizations work both to encourage private- and public-sector investment in tough neighborhoods and to help community organizations secure capital. Among the important investment-related intermediaries that operate nationally are the Local Initiatives Support Corporation, the Enterprise Foundation, SEEDCO, and the Development Training Institute.

### Local Initiatives Support Corporation

The Local Initiatives Support Corporation provides grants, loans, and equity investments to CDCs for neighborhood redevelopment. National LISC matches locally raised funds; a CDC then designates the funds to a variety of projects that will best suit the neighborhood. LISC also has three affiliated intermediaries:

+ *The National Equity Fund (NEF) Inc.* is the nation's largest nonprofit syndicator of low-income housing tax credits. In collaboration with CDCs and community-focused investors, NEF Inc. has provided billions of dollars in equity to help develop 46,000 affordable homes nationwide.



### strategic questions for INTERMEDIARIES

+ What values shape your work? Are they similar, compatible, or incompatible with ours?
+ What experience do you have in working with groups of similar racial or ethnic background, mission, and size to ours?
+ What services, support, information, resources, etc., can you provide to make this project a success? How can these be adapted to meet our particular conditions?
+ How can residents be involved in this work?
+ What kinds of knowledge, skills, and resources will you leave us with after the task at hand has been completed?
+ What do you expect and need from our organization?
+ How will our concerns be heard and integrated into the work of the intermediary or partner?
+ How will decisions be made?
+ Does your organization have ties to other entities that might influence your work?

+ *The Retail Initiative* helps CDCs design large-scale commercial developments that qualify for equity investments.

+ *The Community Development Trust* is a real estate investment vehicle that channels private capital into affordable housing and other community development projects.

In addition, LISC provides technical assistance and other resources to support housing, economic development, rural development, and community building. Through LISC's retail and franchise initiatives, it brings partners to the table and helps community organizations structure appropriate community benefits (Local Initiatives Support Corporation 2002).

#### The Enterprise Foundation

The Enterprise Foundation provides loans, grants, training, and technical assistance to nonprofit organizations involved in building and revitalizing local neighborhoods. It supports housing initiatives, workforce development, community planning, and nonprofit management.

In housing, for example, the foundation can help a group assemble a development team and assist with planning, design, marketing, and financial and property management. The foundation's subsidiary, the Enterprise Social Investment Corporation, raises private-sector funds that are channeled into affordable housing projects (Enterprise Foundation 2002).

#### SEEDCO

SEEDCO assists anchor institutions and communities in building local assets. It helps foster partnerships, diversify funding, conduct strategic planning, develop model projects, and measure and improve project performance. SEEDCO also provides bridge loans and gap financing to new community investments. The Non-Profit Assistance Corporation (N-PAC), a SEEDCO subsidiary, provides technical assistance to organizations on workforce and youth development (SEEDCO 2002).

#### Development Training Institute

The Development Training Institute (DTI) provides a continuum of services and technical assistance, including comprehensive training, personalized consulting access to information, and online skill building tools and training. Relevant to the promotion of community investment, DTI offers services in the following areas, among others:

+ Planning, financing, and managing housing and economic development projects;

+ Understanding principles in underwriting community development projects;

+ Community-based program planning, delivery, and evaluation; and

+ Strengthening the support environment in a locale for community development projects.

### RESOURCES ON INTERMEDIARIES

**Shorebank** is a full-service commercial bank designed to promote community development by providing commercial, consumer, and real estate loans and retail banking services to neighborhood residents. Shorebank works to restore market forces, stimulate new business, and increase residential property values in target low- and moderate-income communities by attracting outside investors and aggressively investing its own resources. Shorebank has regional affiliates in the Midwest and Pacific Northwest and is the parent company of Metro Edge.

***Contact:***
*Shorebank*
*7054 South Jeffrey Boulevard*
*Chicago, IL 60649*
*773.753.5760*

*Fax: 773.753.5607*
*www.sbk.com*

**SEEDCO** assists anchor institutions and communities in building the assets of a community. It helps them foster partnerships, diversify funding, conduct strategic planning, develop model projects, and measure and improve project performance. SEEDCO also provides bridge loans and gap financing for new community investments. The Non-Profit Assistance Corporation (N-PAC), a SEEDCO subsidiary, provides technical assistance to organizations on workforce and youth development.

***Contact:***
*SEEDCO and the Non-Profit Assistance Corporation*
*915 Broadway, 17th Floor*
*New York, NY 10010*
*212.473.0255*
*Fax 212.473.0357*
*www.seedco.org*

The **Neighborhood Reinvestment Corporation** (NRC) assists community-based organizations with capacity building, affordable housing, resident leadership, and economic development. NRC has nine regional district offices nationwide. It has 220 neighborhood affiliates through *NeighborWorks*. NRC's *Neighborhood Housing Services of America* is the specialized secondary market for the NeighborWorks organizations and their communities.

***Contact:***
*Neighborhood Reinvestment Corporation*
*1325 G Street, NW, Suite 800*
*Washington, DC 20005*
*202.220.2410*
*Fax: 202.220.2160*
*www.nw.org*

The **McAuley Institute,** founded by the Sisters of Mercy, provides technical assistance and financial resources to grassroots organizations that work to expand housing and economic opportunities for low-income women and their families. McAuley focuses on less-experienced organizations and on communities in which community development infrastructure is minimal.

***Contact:***
*The McAuley Institute*
*8300 Colesville Road, Suite 310*
*Silver Spring, MD 20910*
*301.588.8110*
*Fax: 301.588.8154*
*www.mcauley.org*

The **Housing Assistance Council** (HAC) provides loans, technical assistance, research and information, and training to organizations involved in housing development in rural America. HAC emphasizes empowerment of the poor and a self-help "sweat equity" method. The organization puts priority on high-need groups and regions: Indian country, the Mississippi Delta, farmworkers, the Southwest border colonias, and Appalachia. HAC has four regional offices.

***Contact:***
*Housing Assistance Council*
*1025 Vermont Avenue, NW, Suite 606*
*Washington, DC 20005*
*202.842.8600*
*Fax: 202.347.3441*
*www.ruralhome.org*

The **National Community Building Network** (NCBN) is a national network that serves as a hub for brokering information and connections among community builders. NCBN focuses on integrating community development and human service strategies, and building on community and cultural strengths, community participation, and racial equity.

***Contact:***
*National Community Building Network*
*1624 Franklin Street, Suite 1000*
*Oakland, CA 94612*
*510.663.6226*
*Fax: 510.663.6222*
*www.ncbn.org*

The **Community Builders** (TCB) is a multicity, nonprofit, development corporation providing training and peer consultation to local groups and serving as a private developer of mixed-income housing. TCB also offers an integrated model of property management and human service delivery. TCB assists community groups to assemble funding sources, including private and public debt, equity syndication, public and private grants, public housing funds, and programs for first-time homebuyers.

***Contact:***
*The Community Builders (headquarters)*
*95 Berkeley Street, Suite 500*
*Boston, MA 02116*
*617.695.9595*
*Fax: 617.695.9805*
*www.communitybuilders.org*

**Living Cities: The National Community Development Initiative** receives funding from foundations, financial institutions, nonprofit organizations, and the federal government, and channels it through *LISC* and the *Enterprise Foundation* to support the work of community development corporations in 23 cities. Living Cities also draws on funder initiatives and local CDC experience to help shape national urban policy. Individual organizations may access them through LISC and Enterprise.

***Contact:***
*Living Cities: The National Community Development Initiative*
*330 West 108th Street*
*New York, NY 10025*
*212.663.2078*
*Fax: 212.662.1369*
*www.ncdi.org*
*The Development Training Institute*

The **Development Training Institute** (DTI), founded in 1981, trains leaders in community development. DTI believes that a comprehensive, community-building approach to community development is vital. Consequently, it strives to integrate this philosophy into all its services. It offers comprehensive services to individuals and organizations working in the field, including professional development for the staff of community-based organizations, private employers, local and state governments, and foundations.

***Contact:***
*Development Training Institute*
*2510 St. Paul Street*
*Baltimore, MD 21218*
*410.338.2512*
*Fax: 410.338.2751*
*www.dtinational.org*

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## resource GUIDES

The following Resource Guides are available from the *Making Connections* Technical Assistance Resource Center. Copies can be printed or ordered by visiting the Casey Foundation TARC website at www.aecf.org/tarc. In addition, the TARC Resource Bank provides an online database for all information contained in the printed Resource Guides. Updated regularly, the Resource Bank allows easy searching across all guides simultaneously.

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701 St. Paul Street
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410.547.6624 fax
www.aecf.org