Community Development in Distressed Market Communities

MAY 7, 2015

LEARNING OBJECTIVES

• Informing strategy with reliable, up-to-date information
• Developing a common language around community development
• Making collaboration a way of thinking
• Encouraging community-based planning for neighborhood change
• Using and leveraging resources strategically
• Understanding policy and putting into practice
AGENDA

- CDC Linked to Broader Community Capacity
- Understanding Distressed Market Neighborhoods and Policy Priorities
- Emerging Local Community Capacity Models (The Ville & Hyde Park)
- Emerging Community Development System in the St. Louis Region
- Speaking the Same Language
- Public Policy Priorities
What is Community Development?

- Encourage and promote the industrial, economic, entrepreneurial, commercial and civic development or redevelopment of a community or area, including the provision of housing and community economic development projects that benefit low-income individuals and communities. – Missouri Department of Commerce

- It can help to bring resources together in a concerted manner to change how we live, learn, work and play.

What is the Role of a CDC?

- Link investment with community resources so that partnerships can create a favorable environment for improved living conditions.
### DISPARITY IN INCOME

Household income, 2012

<table>
<thead>
<tr>
<th>Ratio of white to black</th>
<th>WHITE</th>
<th>BLACK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Median income (dollars)</td>
<td>Median income (dollars)</td>
</tr>
<tr>
<td>1 Minneapolis</td>
<td>70,721</td>
<td>29,522</td>
</tr>
<tr>
<td>2 Milwaukee</td>
<td>61,617</td>
<td>26,381</td>
</tr>
<tr>
<td>3 San Francisco</td>
<td>89,789</td>
<td>41,276</td>
</tr>
<tr>
<td>4 Cleveland</td>
<td>55,572</td>
<td>26,403</td>
</tr>
<tr>
<td>5 Cincinnati</td>
<td>57,721</td>
<td>27,486</td>
</tr>
<tr>
<td>6 Chicago</td>
<td>70,881</td>
<td>35,274</td>
</tr>
<tr>
<td>7 Philadelphia</td>
<td>71,672</td>
<td>35,982</td>
</tr>
<tr>
<td>8 St. Louis</td>
<td>59,041</td>
<td>30,479</td>
</tr>
<tr>
<td>9 Pittsburgh</td>
<td>52,129</td>
<td>27,052</td>
</tr>
<tr>
<td>10 Detroit</td>
<td>57,463</td>
<td>30,021</td>
</tr>
<tr>
<td>11 Kansas City</td>
<td>61,225</td>
<td>32,105</td>
</tr>
<tr>
<td>12 Houston</td>
<td>75,494</td>
<td>40,403</td>
</tr>
<tr>
<td>13 Memphis</td>
<td>61,839</td>
<td>33,131</td>
</tr>
<tr>
<td>14 Indianapolis</td>
<td>57,960</td>
<td>31,224</td>
</tr>
<tr>
<td>15 Columbus</td>
<td>59,536</td>
<td>32,083</td>
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</table>

### DISPARITY IN HOMEOWNERSHIP

Owner-occupied housing units, 2012

<table>
<thead>
<tr>
<th>Ratio of white to black</th>
<th>WHITE</th>
<th>BLACK</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent of white households</td>
<td>Percent of black households</td>
</tr>
<tr>
<td>1 Minneapolis</td>
<td>76.7</td>
<td>24.1</td>
</tr>
<tr>
<td>2 Milwaukee</td>
<td>69.6</td>
<td>31.3</td>
</tr>
<tr>
<td>3 Cincinnati</td>
<td>73.9</td>
<td>34.3</td>
</tr>
<tr>
<td>4 Boston</td>
<td>68.4</td>
<td>32.9</td>
</tr>
<tr>
<td>5 Phoenix</td>
<td>69.7</td>
<td>33.8</td>
</tr>
<tr>
<td>6 San Diego</td>
<td>61.2</td>
<td>28.7</td>
</tr>
<tr>
<td>7 New York</td>
<td>66.7</td>
<td>32.7</td>
</tr>
<tr>
<td>8 Portland</td>
<td>64.6</td>
<td>31.7</td>
</tr>
<tr>
<td>9 Seattle</td>
<td>65.0</td>
<td>32.1</td>
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<tr>
<td>10 Pittsburgh</td>
<td>73.7</td>
<td>36.4</td>
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<tr>
<td>11 Columbus</td>
<td>68.5</td>
<td>34.3</td>
</tr>
<tr>
<td>12 Louisville</td>
<td>74.2</td>
<td>37.8</td>
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<tr>
<td>13 Cleveland</td>
<td>75.4</td>
<td>38.7</td>
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<tr>
<td>14 Indianapolis</td>
<td>73.3</td>
<td>38.2</td>
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<tr>
<td>15 Chicago</td>
<td>76.1</td>
<td>40.8</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>71.4</td>
<td>38.5</td>
</tr>
<tr>
<td>16 San Francisco</td>
<td>60.5</td>
<td>33.2</td>
</tr>
<tr>
<td>17 St. Louis</td>
<td>71.4</td>
<td>42.8</td>
</tr>
</tbody>
</table>
### CDCs LINKED TO BROADER COMMUNITY CAPACITY

#### DISPARITY IN HOME VALUE

Median value of owned-homes, 2012

<table>
<thead>
<tr>
<th>Ratio of black to white</th>
<th>WHITE Median value (dollars)</th>
<th>BLACK Median value (dollars)</th>
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</thead>
<tbody>
<tr>
<td>1 Detroit</td>
<td>2.2 134,400</td>
<td>61,100</td>
</tr>
<tr>
<td>2 Milwaukee</td>
<td>2.1 210,800</td>
<td>100,200</td>
</tr>
<tr>
<td>3 Philadelphia</td>
<td>2.0 260,700</td>
<td>129,300</td>
</tr>
<tr>
<td>4 San Francisco</td>
<td>1.9 631,500</td>
<td>336,100</td>
</tr>
<tr>
<td>5 Memphis</td>
<td>1.8 162,400</td>
<td>89,200</td>
</tr>
<tr>
<td>6 Cleveland</td>
<td>1.8 151,300</td>
<td>85,900</td>
</tr>
<tr>
<td>7 St. Louis</td>
<td>1.8 164,300</td>
<td>93,800</td>
</tr>
<tr>
<td>8 Pittsburgh</td>
<td>1.7 126,400</td>
<td>74,100</td>
</tr>
<tr>
<td>9 Kansas City</td>
<td>1.7 163,400</td>
<td>98,400</td>
</tr>
<tr>
<td>10 Chicago</td>
<td>1.6 241,400</td>
<td>149,300</td>
</tr>
<tr>
<td>11 Baltimore</td>
<td>1.6 301,200</td>
<td>188,300</td>
</tr>
<tr>
<td>12 Los Angeles</td>
<td>1.6 537,100</td>
<td>336,100</td>
</tr>
<tr>
<td>13 Miami</td>
<td>1.6 211,900</td>
<td>136,000</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1.5 240,165</strong></td>
<td><strong>164,494</strong></td>
</tr>
</tbody>
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### CDCs LINKED TO BROADER COMMUNITY CAPACITY

#### DISPARITY IN RENTAL HOUSING COSTS

Households paying over 30 percent of income on rent, 2012

<table>
<thead>
<tr>
<th>Ratio of black to white</th>
<th>WHITE Percent of white rental households</th>
<th>BLACK Percent of black rental households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Milwaukee</td>
<td>1.4 47.4</td>
<td>65.7</td>
</tr>
<tr>
<td>2 Houston</td>
<td>1.4 41.2</td>
<td>57.1</td>
</tr>
<tr>
<td>3 St. Louis</td>
<td>1.4 45.6</td>
<td>62.3</td>
</tr>
<tr>
<td>4 Memphis</td>
<td>1.4 45.7</td>
<td>63.6</td>
</tr>
<tr>
<td>5 Charlotte</td>
<td>1.3 44.2</td>
<td>56.6</td>
</tr>
<tr>
<td>6 San Francisco</td>
<td>1.3 46.6</td>
<td>62.1</td>
</tr>
<tr>
<td>7 Kansas City</td>
<td>1.3 45.1</td>
<td>59.5</td>
</tr>
<tr>
<td>8 Portland</td>
<td>1.3 51.1</td>
<td>68.9</td>
</tr>
<tr>
<td>9 Atlanta</td>
<td>1.3 45.8</td>
<td>59.9</td>
</tr>
<tr>
<td>10 Minneapolis</td>
<td>1.3 47.1</td>
<td>61.5</td>
</tr>
<tr>
<td>11 Dallas</td>
<td>1.3 42.7</td>
<td>55.6</td>
</tr>
<tr>
<td>12 Chicago</td>
<td>1.3 47.5</td>
<td>61.7</td>
</tr>
<tr>
<td>13 San Antonio</td>
<td>1.3 42.4</td>
<td>54.2</td>
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<tr>
<td>14 Denver</td>
<td>1.3 46.8</td>
<td>59.6</td>
</tr>
<tr>
<td>15 Washington DC</td>
<td>1.3 42.6</td>
<td>53.9</td>
</tr>
<tr>
<td>16 Cleveland</td>
<td>1.3 47.8</td>
<td>60.2</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>1.3 47.8</strong></td>
<td><strong>55.7</strong></td>
</tr>
</tbody>
</table>
CDCs LINKED TO BROADER COMMUNITY CAPACITY

Figure 4: Activities of CDCs (percent engaging in each activity)

Source: Swanstrom, Todd & Guenther, Karl (2011) Creating Whole Communities: Enhancing the Capacity of Community Development Nonprofits in the St. Louis Region
Collective Impact: A long term commitment by a group of representatives from different sectors to a common agenda for solving a specific social problem.

UNDERSTANDING DISTRESSED MARKET NEIGHBORHOODS AND POLICY PRIORITIES

MATTHEW MOURNING
CITY OF ST. LOUIS
DEPT. OF PLANNING & URBAN DESIGN

EMERGING COMMUNITY DEVELOPMENT SYSTEM IN THE ST. LOUIS REGION
Origins of Strengthening Neighborhoods Task Force

Formation of Community Builders Network
Creation of Metropolitan St. Louis CRA Association
Interest from United Way and Greater St. Louis Community Foundation in strengthening place-based work in the St. Louis region

Goal is to align assets in a system for better results, and that the system will require new investment. Desired result is that a stronger system will attract more investment, especially from local and national foundations. How does that system look?

Eight Key Objectives:

1. Conduct a coordinated and thorough community economic development needs assessment that identifies the gaps in services and capacities in the current system
2. Maintain a thriving network of public, private, and nonprofit community development actors to focus on continually strengthening the community economic development system
3. Support the growth and sustainability of community economic development nonprofits with strong staff capacity that deliver on a core set of responsibilities and competencies
4. Commit investors, policy makers, and practitioners to a set of community building strategies
5. Coordinate community economic development efforts across sectors, including education, health, and transportation
6. Support community building initiatives at sufficient scale to stabilize and revitalize neighborhoods, fund objective evaluations, and provide professional development training when needed
7. Evaluate levels of impact and add depth of knowledge about implementing successful community economic development strategies
8. Communicate with the broader St. Louis community about the importance of strong neighborhoods for regional economic prosperity
Elements Needed to Achieve Objectives:

1. Active Champions (especially among civic and corporate leaders)
2. Enhanced and Coordinated Investment by Lenders, Philanthropy, and the Public Sector
3. Improved Use of Intermediaries (organizations that can provide services to and connect the various actors in the community development system)
4. Enhanced Networking (regular methods of communication and face-to-face meetings to develop trust and spread best practices)
5. Improved Human Capital/Professional Development
6. Increased Capacity for Objective Evaluation of Community Development Initiative
7. Stronger Community Building Nonprofits

Proposed Community Economic Development System (Horizontal Relationships)

Figure 1: Proposed Community Economic Development System (Horizontal Relationships)
Roles in the System

**Community Building Organizations:**
- Connecting the neighborhood sector with other sectors
- Implementing effective actions
- Measuring effectiveness
- Thought leadership
- Marketing neighborhoods

**Champions:**
- Advocating for neighborhoods
- Garnering resources
- Connecting the neighborhood sector with other sectors
Roles in the System

Investment/Resource Collaborative:
- Generating and allocating philanthropic resources
- Lending and investing
- Marketing the importance of neighborhoods
- Thought leadership
- Setting investment strategies
- Fostering alignment with public sector investment

Intermediary:
- Allocating philanthropic resources
- Implementing effective actions and investment strategies
- Connecting the neighborhood sector with other sectors
- Marketing neighborhoods
- Thought leadership

Evaluators:
- Measuring effectiveness
- Thought leadership

Professional Development:
- Building human capacity
- Thought leadership

Cross-sector Network:
- Advocate for community economic development
- Marketing the importance of neighborhoods
- Thought leadership/forum for continuous improvement of the system
- Connecting the neighborhood sector with other sectors
- Coordinating action across sectors (e.g. community needs assessment and service gaps, policy, training)
Recommendations for a new CD system for STL Region:

1. Public policy, community investment, and community development initiatives should be guided by a commitment to two broad strategies (ALIGNMENT AROUND APPROACH/STRATEGIES):
   I. a comprehensive community development approach tailored to more distressed communities (today’s session)
   II. targeted community improvement grants and activity, marketing, and below-market rate lending approach to middle neighborhoods (March 27 session)

2. Funders, investors, intermediaries, government, and professional development entities should intentionally support community building organizations (CBOs) in developing the following competencies and capacities for the purpose of developing and carrying out community improvement initiatives: strong executive director, real estate expertise, service coordination and partnership management, community building, administrative financial management, and resource development (CDC ORGANIZATIONAL CAPACITY)

3. Community building organizations should work towards the following competencies and capacities for the purpose of developing and carrying out community improvement initiatives: strong executive director, real estate expertise, service coordination and partnership management, community building, administrative financial management, and resource development (CDC ORGANIZATIONAL CAPACITY)

4. Support from funders, investors, intermediaries, governments, and professional development entities for increased capacity of current CBOs, strategic growth of new CBOs, and/or the expansion of current CBOs where community capacity is needed and the community expresses interest (FUNDING SUPPORT; SUPPORT for INCREASING CDC CAPACITY)

5. Create an investment/resource collaborative comprised of lenders, philanthropy, and the public sector that build a pooled grant fund, set and maintain agreement on investment/grantee selection criteria, recruit new actors to the pooled fund, look for alignment with government investment, coordinate philanthropic investment and lending, and champion community building to other civic leaders (FUNDING SUPPORT)

Recommendations (continued)

6. Invest pooled funds through a community building intermediary that will manage the relationship and processes between funders and organizations as well as support grantees with content knowledge and check on community progress (FUNDING SUPPORT)

7. Maintain a sector-wide network that continues to support relationship building among actors, support/connect members to capacity building, facilitate cross-sector conversations, and advocate for policy improvements; coordinate community needs assessment, provide thought leadership to the region, and champion community building in the region (BUILD THE NETWORK)

8. Establish a team of researchers and evaluators to measure the impact of community building initiatives and study new insights to build the field of knowledge around community revitalization (PROFESSIONAL, SYSTEMIZED EVALUATION)

9. Convene professional development providers to map out capacity building programs, capacity building needs, and develop a plan to cover gaps in professional development (STRATEGIC, PROFESSIONAL CAPACITY BUILDING)

10. Develop a core group of leaders as champions, advocating and messaging on the importance of place-based community development and creating an outreach plan to champion this work among civic leaders throughout the region (BUILD LEADERSHIP, CHAMPIONS)

11. A strong neighborhoods council derived from the cross-sector network should come together to create a budget for implementation of the recommendations, develop agreed upon goals for strengthening neighborhoods, and key metrics for measuring progress on these goals (this step should look to align with One STL’s goals and outcomes) (COORDINATED LEADERSHIP, PRIORITIZATION of GOALS, SYSTEMIZED EVALUATION)
EMERGING LOCAL COMMUNITY CAPACITY

THE VILLE & HYDE PARK NEIGHBORHOODS

SPEAKING THE SAME LANGUAGE
SPEAKING THE SAME LANGUAGE

Environmental Scan

Who is out there?

What are they doing?

How can we collaborate?

SPEAKING THE SAME LANGUAGE - FPSE

Then

- Sustainable Neighborhood Initiative
- Sustainable Neighborhood Activities
- PSEDC
- Property Acquisitions
- HUD Community Development Grant
- Historic District Survey
- Historic Preservation Services LLC
SPEAKING THE SAME LANGUAGE - FPSE

Now

SPEAKING THE SAME LANGUAGE - WELLSTON

Then
SPEAKING THE SAME LANGUAGE - WELLSTON

Now

SPEAKING THE SAME LANGUAGE – HYDE PARK

Last Year

Clay Elementary  Holy Trinity  Alpha Phi Alpha

Backpack Drive  Backpack Drive  Backpack Drive

Other Organizations in Hyde Park  Back to School Celebrations
SPEAKING THE SAME LANGUAGE – HYDE PARK

Future

Clay Elementary

Alpha Phi Alpha

Holy Trinity

ND&S

LINKSTL

Back to School Celebration & Backpack Drive

PUBLIC POLICY PRIORITIES

COLLEEN HAFNER, ST. LOUIS EQUITY FUND
Latest in Community Development Research

• Presented at Federal Reserve’s biannual research conference in April
• Focus this year is on economic mobility and how an individual’s circumstances reflect their ability to move up the socioeconomic ladder
• Explored policy objectives that had the goal of increasing mobility
• Reflects post-recession data – not just “it was bad”, but how have policies put into place afterwards begun to have an impact (or not)

Research on Place-Based Solutions

• Raj Chetty – Harvard Economics professor studying intergenerational mobility
• Katherine Newman – U-Mass-Amherst longtime scholar of mobility
  – Geographically, mobility in the US ranges wildly
  – Social policy at a very local level matters, and improving a child’s environment leads to measurable improvements in mobility
  – Moving To Opportunity is limited in scalability
  – Strengthen the community from the inside out
Research on Place Based Solutions

- Overall economic growth in a community is key
- Increase higher education attainment
- Family structure – increase cohabitation or marriage, Increase ratio of earners to dependents
- Improve neighborhoods versus having people up and move – “launch-pad neighborhoods”
  - Communities where opportunity to get a stable foothold exist (good housing, safe, affordable)
  - Establish/increase stability within a household

The Geography of Intergenerational Mobility in the United States
Predicted Income Rank at Age 26 for Children with Parents at 25th Percentile

What can we do in STL?

• Wealth-building is crucial
  – Majority of Americans couldn’t sustain an unexpected expense of just $400 (no cash savings)
  – “Near poor” at 100-200% of poverty line cannot sustain any hiccup in their income/expenses
  – Family self-sufficiency via Section 8 – built-in wealth builder that incentivizes increased earnings
  – Matched savings accounts for college, all kindergarteners should have one

What can we do in STL?

• Expand Homeownership while minimizing risk
  – Lower transactions costs for lower-income households
  – No “creative” loan products that end up predatory, unsustainable. Work with lenders to develop functional loan products
  – Reserve savings to cover the rainy days/broken furnace
  – Homeownership training that goes beyond one afternoon
What can we do in STL?

- Focus on increasing school funding – not just for academics, but “soft skills” that come from extracurriculars
- Detach funding from property values (statewide funding policy)
- Measurable impacts for low-income/minority children across their lifetimes when school resources are increased
- Social isolation of poor children leads to lower trust in society