# Renewing People and Places:
# Institutional Investment Policies That Enhance Social Capital and Improve the Built Environment of Distressed Communities

by

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## Introduction: Renewing People and Place

The challenges confronting distressed communities in Michigan and the United States are complex and multifaceted. Michigan communities large and small have been significantly affected by a myriad of social, environmental, and economic forces including a continuing decline in manufacturing employment, uncontrolled sprawl and the transition to a global economy. Older central cities and isolated rural areas continue to lose population, employment, and a public tax base to support needed public services and infrastructure improvements.

Estimates by the National Association of Home Builders (NAHB 2001) suggest that one in four households in our nation face a serious housing affordability crisis, others argue that our civil society is at risk as a result of a serious civic paralysis resulting in social isolation and a loss of "community" (Murphy and Cunningham 2003), still others suggest that 2/3's of the Michigan's residents living outside of central cities are living in communities struggling with social and fiscal stress (Orfield and Luce 2003) thus jeopardizing the public sector's capacity to mobilize the necessary resources essential to a comprehensive revitalization agenda. Regardless of how one describes the scope of the challenges or prescribes the nature of potential solutions, communities in Michigan find themselves at a serious crossroads. They must, in a time of severely constrained economic resources, devise new and creative ways of rebuilding their distressed communities while also reinvigorating their civic society. The traditional choice between a "place-based" redevelopment strategy versus a "people-focused" strategy no longer seems feasible or affordable. This paper outlines an alternative strategy that combines a place-based development strategy, a human development focus, and an

environmentally mindful approach. It argues that there exists a direct positive relationship with the creation of social capital, the redevelopment of the built environment utilizing green building standards (approaches or methods), and community-based organizations in distressed communities. Furthermore we suggest that institutions of higher education can and should facilitate the rebuilding of communities by providing financial capital investment in community development financial institutions and community-based development organizations. A public higher education policy supporting a community reinvestment strategy has the demonstrated capacity to provide much needed access to capital, facilitate community and civic revitalization, stimulate the physical revitalization of distressed areas, and reduce environmental stress, while simultaneously, improving the economic and social well-being of the community and the state.

Social Capital, the Built Environment and Community-based Development; A Comprehensive Community Building Strategya

The term 'social capital' as defined by Robert Putnam in his groundbreaking book Bowling Alone: The Collapse and Revival of American Community (2000), refers to the social networks that exist between people. Putnam maintains that these social networks create value for people who are connected and occasionally for bystanders. He notes that social capital exists in the information flows that occur between residents of a community, the mutual aid that they provide each other, and their ability to act collectively. Social capital can be found in both formal and informal associations including civic associations, friendship networks, schools, churches, bridge clubs and other institutional networks that engage people in collective action (Putnam 2000).

Putnam suggests that one of the major challenges we confront in creating a healthy viable community is overcoming "civic disengagement" and the "lost sense of community." Others suggest that the value of social capital is that "it can produce economic benefits and if neglected, economic disadvantages" (Robison 2002). Robison and colleagues argue that social capital is an important resource in poverty reduction, and efforts to reduce poverty through physical redevelopment, financial investment and human development, depend on social capital (ibid.).

The loss of social capital has severe implications for the quality of life in communities and the broader society. The lack of social capital reduces the ability of people to work together (Fukuyama 1995) and has a detrimental effect on their social and economic condition. Where people do not look out for the interest of their neighbors the community is extremely vulnerable to lawlessness, economic decline, and a decreasing quality of life. Successful communities depend on mutual trust and shared norms (Fukuyama 1995). Where there is a high level of social capital the transaction cost of doing business are less than in communities where there is limited social capital. Additionally, where high levels of trust and social capital exist individuals are more likely to take risk and be innovative in their daily pursuits (Fukayama 1995). The collaborative behavior that is facilitated by a high level of social capital enables communities to address a variety of complex social and economic challenges. As noted by Clay and Hollister (1983) "the neighborhood is a uniquely linked unit of social/spatial organization between the forces and institutions of the larger society and the localized routines of individuals in their daily lives" (Clay 1983). Vibrant, effective neighborhoods support and nurture creative, talented individuals and families who are able to successfully address complex social, environmental and economic challenges.

Daniels, Barbe and Seigle (1981) argue that an essential component of any comprehensive community revitalization strategy that is intended to address the inequities of social and economic structures must derive from a community-based strategy. They note;

*"From the viewpoint of the residents of low-income communities, community-based efforts are necessary to overcome distributional inequities and uneven development in the national economy. These inequities have had obvious results: unemployment rates at levels consistently above the national average; lack of control over and access to the community's economic and financial institutions; and a shortage or absence of the organizational and institutional arrangements that are needed to promote economic growth.*

*Community-based development efforts present a "bottom-up approach that is most responsive to these inequities. A bottom-up approach recognizes that CBO's (community-based organizations) are in a unique position to participate in economic activities: local residents can tailor a development strategy to satisfy their needs and priorities."*

They go on to note that community-based development is *"one of the few methods of harnessing the energy and expertise of residents in local development strategies"* (ibid), or as social capital scholars might suggest, community-based development utilizes the social networks of a community for the improvement of the economic and physical conditions of that community.

The revitalization of the built environment in distressed communities is in part contingent on the social capital of these communities and those social networks that exist in community-based organizations. These CBO's have the capacity to integrate the development of social capital and the revitalization of the built environment. They accomplish this through the utilization of local social networks, the application of sound community economic development practices and by developing collaborative links with the broader society to mobilize resources and expertise.

Those community-based organizations that have explicit missions to revitalize the built environment are often called community development corporations (CDC's). While CDC's vary in their scope, size, and their local structure, they are usually governed by their community based leadership. It is this civic engagement in the management and control of these local institutions, often dedicated to housing redevelopment and community economic development that differentiates them from other types of civic groups.

According to the National Congress for Community Economic Development (NCCED 2003): "CDCs are formed by residents, small business owners, congregations and other local stakeholders to revitalize a low and/or moderate income community. CDCs typically produce affordable housing and create jobs for community residents. Jobs are often created through small or micro business lending or commercial development projects. Some CDCs also provide a variety of social services to their target area."

A 1998 study conducted by NCCED estimated there are approximately 3,600 such groups across the United States in urban and rural communities. Since the emergence of the first CDCs in the late 1960s, they have produced 247,000 private sector jobs and 550,000 units of affordable housing (www.ncced.org). these organizations perform a variety of critical

functions at the local level. Kingsley, McNeely, and Gibson (1999) identify seven themes that define the essence of these institutions. They are:

1. Focused around specific improvement initiatives in a manner that reinforces values and builds social and human capital;
2. Community-driven with broad resident involvement;
3. Comprehensive, strategic and entrepreneurial;
4. Asset-based;
5. Tailored to neighborhood scale and conditions;
6. Collaboratively linked to the broader society to strengthen community institutions and enhance outside opportunities for residents; and,
7. Consciously changing institutional barriers and racism.

These institutions are appropriate local institutions by which society might accomplish the complex objectives of community building. Community-based development organizations as community controlled and responsive institutions are capable of performing the dual functions of revitalizing the built environment within distressed areas while simultaneously creating and strengthening the social capital within these communities. An investment strategy that would facilitate the access of these organizations to much needed development capital would seem to have the potential of not only stimulating a physical revitalization in the built environment of distressed areas but also support the growth of social capital within their target communities. Such a strategic investment policy seems particularly appropriate for publicly responsive institutions like public higher education at a time when other public resources are severely constrained.

Estimates suggest that in Michigan almost all new privately produced housing is unaffordable to many middle and most low-income households (Public Sector Consultants 2001).The production of affordable housing construction is a serious concern to state and local leaders in Michigan. According to the Community Economic Development Association of Michigan,

*"approximately 500,000 Michigan households that are of very low-income — earning less than 50 percent of their county's median income — struggle to find decent housing that is*

*affordable. Almost 75 percent of these families use more than half their income for housing costs — leaving little for food, clothing, health care, transportation, and other necessities. Over 41,000 Michigan households live in substandard housing with severe physical defects — often leading to health and safety problems for children, adults, and senior citizens."* (CEDAM 2003) Access to financial capital is a critical limiting factor in the production of affordable housing in distressed communities.

Since most new construction is built with at least a fifty year life expectancy, investments in building more energy and resource efficient structures provide generous paybacks to residents that get compounded each year. Utilizing "green building standards" like the U.S. Green Building Council's LEED (Leadership in Energy and Environment Design) standards in both new and renovated construction can save not only funds, but improve human health and increase productivity. A just released extensive review of the financial cost-benefit of green building for the State of California found that at two percent upfront investment in construction yields a ten fold benefit over a 20 year period (Kats 2003). For example, additional daylighting and a reduction of potentially hazardous materials had health and productivity benefits as well. Construction and renovation efforts in distressed areas have too frequently avoided those minimal investments in an effort to stretch existing dollars. There is a growing body of practice that provides new and positive directions.

## Investing in Michigan's Communities: a Critical Role for Higher Education

While colleges and universities have long been involved with community and regional prosperity, there has been a growing call for higher education institutions to "spur economic revitalization of communities" (Leveraging 2002). Institutions of higher education can play a vital role in revitalizing the built infrastructure of communities and simultaneously nurturing the development of social capital within these communities by wisely investing their financial resources in community-based development. There are numerous examples of colleges and universities that have become deeply engaged in neighborhood revitalization including the University of Pennsylvania, University of Minnesota, University of Vermont, Yale University, and Allegheny College (Hahn 2002). Most of these efforts have focused on one of six types of

asset leveraging: local purchaser, employer, real estate developer, business incubator, advisor, and network developer. Each type of college and university effort produces economic and social benefits for both the community and the institution.

A recent report by the National Association of State Universities and Land Grant Colleges (NASULGC 2001), “Shaping the Future: The Economic Impact of Public Universities” Washington: indicates that for every dollar ($1) invested in a NASULGC institution, there is a $5 return, and for every NASULGC job created there are 1.6 new jobs created in the community and state. Finally they report that every $100 spent by NASALGC institution generates $166 spent by employees, student, and visitors.

Where university assets have not been fully mobilized has been in the use of institutional endowment and pension funds to spur local community and economic development. Such an investment strategy, called “community investing” is neither a charity nor a risky investment strategy for the institution (Leveraging 2002).

*“Community investing is the practice of providing credit, capital and financial services to create positive social change such as affordable housing, microenterprise and small business development, and other community development initiatives in distressed communities. Through community investing, investors directly place their funds in investments that not only bring them an acceptable rate of return but also produce a visible community benefit. Often investors in community investment make their investments through community development financial institutions such as microenterprise loan funds or community development credit unions.”* (Camis et.al. 2003)

Through community investing, investors can directly enable positive physical and social change in local communities by financing community needs such as affordable housing, small business development and commercial revitalization. Secured investments in community-based financial institutions that support community-based organizations engaged in the revitalization of low-income communities provide access to needed financial capital to create visible short and long-term change. For example, the California State Pension System

CalPERS, the largest pension fund in the country, reported that its affordable housing program was its highest returning investment category over the past ten years (Baue 2003).

In addition to a reasonable 'primary rate of return' community investors can expect what is called in the field a 'secondary rate of return' through an improved business climate, reduced unemployment, and other social costs associated with distress. In the case of public institutions of higher education community investment of endowments has the added effect of improving a state's overall economic base thus improving the general fund capacity of the state to finance higher education. The benefits to a publicly supported higher education institution are obvious and significant. A healthy state economy directly translates into a positive general fund position for the institution.(Camis et.al.2003)

The administration of endowments for higher education institutions have historically been guided by the basic investment practice of "seeking the most prudent and highest rate of return", commonly referred to as the single-bottomline. Over the last decade, a number of studies of community and socially responsible investing (a similar alternative investment strategy) have indicated that there is little or no difference on the economic rate of return on investment between socially screened and unscreened investments. For example in a study published in the winter 1993 issue of Financial Analysts Journal, socially responsible mutual funds do not earn less statistically significant returns and the performance of these mutual funds is not statistically different from that of conventional mutual funds (Hamilton et.al.1993). A similar study published in winter 1997 issue of Journal of Investing (Waddock et.al. 2000) also found no significant differences in the mean returns of socially unscreened and socially screened equity investments for the 1987-1996 period. As noted by Camis, Bustamante, and Karipineni (2003): "Over the last decade (1991-2001), the index (Domini 400) run by KLD Research & Analytics Inc. posted annualized returns of 19.01 percent, while its comparable benchmark, the S&P 500 posted only 17.48 percent returns ".

Data released in 2002 by Lipper, a global leader in supplying mutual fund information, showed that socially responsible mutual funds had their assets increase by 3 percent between January-June 2002, while conventional U.S. funds experienced a 9.5 percent decrease in total assets (Social Investment Forum 2002). Lipper data also indicated that in June 2002, when

the S & P 500 lost more than 13 percent, SRI mutual funds received net inflows of $47 million. Meanwhile, the quarterly mutual fund performance released by Social Investment Forum in July 2002 found that 13 out of the 18 screened funds with $100 million or more in assets tracked by the Social Investment Forum achieved the highest ranking from both Lipper and Morningstar (Social Investment Forum 2002).

The recent modest performance of the traditional investment market might further suggest that a socially responsible investment plan may be a very sound investment strategy for those seeking a prudent and safe investment portfolio. It is equally important to note that these 'rates of return' give no consideration to the 'secondary rate of return' realized as a result of stronger and more vibrant communities. As Camis and colleagues point out:

*"… evidence suggests that university and college trustees who have a fiduciary responsibility to maximize financial returns on their investments can achieve adequate returns through SRI funds. Universities set yearly goals as to the interest earnings they are attempting to earn from their investments. For instance, Michigan State University in 2002 was striving for a return of 10.9%. Since the rate of return is such an important aspect of investment decisions, investors often argue that the nature of socially responsible investing will lower financial returns, which would harm the university's long-term goals. Yet research has begun to consistently prove this argument wrong (Waddock & Graves, 2000; Guerard, 2002; Most, 2002)".* (Camis et.al. 2003)

A 2001 study of the economic impacts of housing development concluded that building 100 multifamily units in urban Massachusetts would result in at least $5.73 million in income for residents, $1.15 million in revenue for state and local governments, and 120 jobs generated in the state. In addition to these immediate impacts, the expected recurring impacts of these 100 units included more than two million dollars in annual income, $834,000 in annual revenue for state and local governments, and 54 jobs (Kotval 2001). An investment commitment of a mere $10 million (less than ¼ of 1% of the estimated 2003-FY endowments of the University of Michigan and Michigan State University) leveraged of a five year period would create an estimated 931 affordable housing units, or help finance an estimated 700 small businesses resulting in 2700 jobs for Michigan residents (Calvert Group

2002). Over a sustained period of time, community investing could have a sizeable impact on the physical and social character of both distressed communities in Michigan and all of Michigan's public universities.

Another potentially powerful source of investment funds for community based development are college and university employee pension funds. Michigan State University and its employees most recent 2001-2002 data indicated they contributed approximately $70 million dollars annually to a variety of fund options. Much of that money is invested in equities that are for companies located out of state. So while the simple rate of return on investment (the single bottom line) may perform suitably, it adds little to building economic activity in distressed communities within the state which could further enhance the tax base, add jobs, and revitalize local communities. While US pension funds have been slow to invest in local or regional community development, Canadian labor organizations have become some of the largest and most successful community investors. The Quebec Solidarity Fund, begun in 1982 now has assets of approximately $4.6 billion in small and medium sized enterprises that are socially and financially viable and includes employee involvement in decision-making. The enterprises in which the fund holds equity have created nearly 100,000 jobs in the past two years (ILO 2003). Labor sponsored funds have grown to account for more than one-third of all venture capital in Canada (Lincoln 2000).

More recently, as noted earlier, the California Public Employees' Retirement System (CalPERS), the nation's largest pension funds with assets totaling more than $132 billion announced that its Family Housing Program has been its single highest returning investment category over the last decade (Baue 2003). Similar investments in affordable multi-family housing through the General Board of Pension and Health Benefits of the United Methodist Church have seen rates of return of 16%, 8%, and 12.8% in the last three years. The Board currently has about 10% of its $11.6 billion assets invested in affordable housing (Baue 2003).

Tapping 10% of Michigan State University's annual retirement funds for example would have the potential to make available more than $7 million for sound community investment. Offering employees an option to invest some of their retirement money locally could prove attractive especially if they realize it has the potential for improving the overall quality of life for

the area in which they reside. The number of jobs created and the tax revenue generated could be a substantial gain for Michigan. While building affordable housing and rebuilding our distressed areas seems like a good direction to go in to enhance social capital, by including sustainable or "green building" standards into the construction and renovation, the true triple-bottom-line that an emerging business revolution is urging adds additional value to distressed neighborhoods. Besides reducing pollution, waste, energy, water and other resources they improve both human health, local economies, and provide long-term benefits. A recent study prepared by the Lawrence Livermore Laboratory and Capital E, indicates that an investment in green building design will have a 20% rate of return on investment. Thus an investment of $100,000 in green building enhancements on a $5,000,000 building project would return $1,000,000 in savings over 20 years (Kats 2003). Besides the improved use of resources, green buildings provide healthier internal environments with more natural light and cleaner air resulting in increased comfort and productivity. For a small sampling, visit the U.S. Department of Energy "Sustainable Communities Network" success stories at http:// www.sustainable.doe.gov/ .

Implications for State Policy in Michigan:

The state of Michigan Constitution provides for the independent governance of Michigan's public higher education institutions. In the cases of Michigan State University, the University of Michigan and Wayne State University these governing boards are elected, on a partisan basis, in statewide elections by the people of Michigan. The remaining independent governing public higher education institutions in the state are appointed by the governor.

These governing boards (regents and trustees) have overall responsibility for the management of the institutions including the management of the investment portfolios. The separation of powers related to the governance of higher education in Michigan, reduces the direct role of state government in the administration of higher education institutional investment policies. However the direct election of governing board members by the electorate of Michigan does potentially empower the citizens of the state to directly influence institutional investment policies of selected institutions of higher education in Michigan.

It is within the realm of possibility that an organized public campaign to inform the electorate of the potential benefits of a community reinvestment policy by higher education could influence the election of supportive regents and trustees. Such a campaign could result in the implementation of such a public policy. This electoral strategy would require the establishment of a broad public awareness initiative and the development of support from strategic partners within the "body politic" of the state of Michigan. Similarly, a strategy to insure that future governor appointed board members reflect a commitment to implementing such a policy could effect the remaining public higher education institutions in the state.

Notwithstanding the separation of the institutional governance of higher education from state government in Michigan, the state can still play a role in facilitating a progressive investment policy in higher education. For example the State could:

1.) Provide increased incentives through an additional state income tax credit to individuals who donate to institutions of higher education in Michigan that have adopted a community reinvestment policy for their endowments. The state of Michigan currently provides a limited income tax credit for individuals who make a charitable donation to Michigan's higher education institutions. This proposed policy would increase that credit for those individuals who give to those institutions of higher education who have adopted a policy of reinvesting a portion of their endowments back into the state.

2.) Through the general fund appropriations process to higher education, provide direct incentives to higher education institutions that have developed and implemented a community reinvestment policy. Institutions that have adopted such a policy could receive favorable attention in the distribution of state financial resources. Similar policies have in recent years been adopted by the state legislature in regards to maintaining a cap on tuition increases for students.

The role of state government policy on influencing the investment policies of higher education institutions in Michigan while potentially significant, is dampened by the separation of power that exists between higher education and state government. However, Michigan's

rather unique higher education structure suggest that an informed and engaged electorate could have significant direct impact on the investment policies of higher education in the state.

**CASE EXAMPLES:**

The built environment in our urban and rural distressed communities is too frequently in serious disrepair, energy inefficient, home to unhealthy internal environments, and disjointed in relation to other community infrastructure. Many communities are rebuilding their distressed neighborhoods utilizing both local community-based organizations and "green building" standards or approaches. Some, like the Green Institute in Minneapolis have even begun startup businesses from those areas that focus on restoring and rebuilding the community's built environment using green building techniques. The synergy created from this approach is benefiting not only the affordable housing stock, but it is creating livable places that provide training and jobs, and a healthier internal environment in which to live. The following are selected case studies of community based development initiatives that demonstrate the combined advantages of building social capital, improving the built environment and applying environmentally sound principles of development.

Projects include the Houston Habitat for Humanity 'Energy Efficient Affordable Housing Partnership' that includes the local Habitat for Humanity organization, other nonprofits, higher education, and numerous corporate partners. Besides the strong energy-efficiency elements of the housing, there are also water conservation features, waste minimization efforts, and use of low VOC[volatile organic compounds] paints and flooring materials that create healthier indoor air quality. If all 3,000 homes Habitat for Humanity builds each year were to invest an average of $1,000 in these upgrades, they would generate the equivalent of 100 person-years of employment. "Houston Habitat for Humanity Energy-Efficient Affordable Housing Partnership" Smart Communities Network. U.S. Department of Energy. Available online at: http://www.sustainable.doe.gov/success/houston_habitat.shtml accessed August 29, 2003.

Santa Monica, California is home to Colorado Court, a 44 unit low cost social housing development designed for single room occupancy for tenants on low-income. Energy is largely generated by photovoltaic cells that feed the grid when there is excess power generation

(generally during the day). Tenants who can least afford high utility bills, are encouraged to understand and engage with the principles of energy conservation, and receive rebates if they under consume their monthly energy allowance. In addition to the energy efficiency and renewable technology, the building is insulated with recycled newspapers, has a bike store, uses CFC free refrigerators and has a common recycling room. Architects estimate a payback on investment on these energy efficiency and conservation systems of less than 10 years. "Green, Low-Income Housing in Santa Monica". Social Design Notes, May 25, 2003. Available online at:
http://www.backspace.com/notes/2003/05/25/x.html

The Austin, Texas Green Building Program is perhaps the most developed program, aiming to reduce energy and water consumption, minimize building materials waste, and utilize local and environmentally friendly building materials. While this program is run by the city of Austin, it is a partnership between the Chamber of Commerce, Builders Association, Habitat for Humanity, the Center for Maximum Potential Building Systems, and other non-profits and business groups. In addition to the fine homes being built for low-income families and others, they have secured training grants to teach at-risk youth new skills in the building trades. This effort has spawned development of new businesses as well. "Austin Energy Green Building Program". Smart Communities Network. U.S. Department of Energy. Available online at: http://www.sustainable.doe.gov/success/austingn.shtml, last accessed August 2003.

The Green Institute in Minneapolis, Minnesota has redeveloped a brownfield site in a distressed area of the city. A fundamental aspect of their mission is the creation of high-quality living wage jobs for residents of the Phillips neighborhood, an area of concentrated poverty and unemployment. What sets them apart from many similar organizations is their emphasis on sustainable community development: development that simultaneously pursues economic, environmental, and social gains. The Phillips Eco-Enterprise Center, a $6-million state-of-the-art green business center, opened its doors in the fall of 1999. This 64,000-square-foot green commercial-industrial facility is located on the site originally intended for a garbage transfer station. The facility has won high praise from tenants and the community for its sustainable design features, in particular with respect to occupant health and energy and material efficiency.

Representative features include geo-exchange heating and cooling, energy recovery ventilation, active daylighting, energy management system, green roof, 100% stormwater retention, low-emission coatings, and salvaged and recycled materials used in construction. The facility has been awarded Cutting Edge Project of the Year by City Business Magazine (1998) and Earth Day Top Ten by the American Institute of Architects (2000). The facility is also a pilot project of the Green Building Council's Leadership in Energy Efficiency and Environmental Design (LEED) program.

The Green Institute also has developed the ReUse Center which sells salvaged, reusable building materials such as doors, windows, cabinets, plumbing fixtures, lumber, millwork, metals, flooring, every variety of hardware, and more. That equates to hundreds of thousands of tons of reusable construction materials kept out of the alleys, off the streets, and ultimately out of landfills. By offering these materials at reasonable prices they are contributing to the improvement of their neighborhood, regional, and statewide housing stock. A substantial portion of their materials are architecturally significant. To expand the collection of reclaimed building materials, the Green Institute developed another business – deconstruction services. Deconstruction is construction in reverse: dismantling buildings by hand and saving the materials to be reused (instead of sending them to the landfill). Demolition creates waste. Deconstruction creates jobs, reusable materials and environmentally sustainable solutions within the remodeling and demolition industry. Green Institute Home page http://www.greeninstitute.org, last accessed September 2003.

These examples and others suggest that revitalization of our distressed areas can benefit in deep and synergistic ways when a broader approach to design is considered at the planning stage. The initial costs of creating more environmentally sound housing for those most stressed to afford rising utility rates, are quickly recovered in the monthly savings on the utility bills. In addition the healthier indoor environments resulting from a more thoughtful selection of materials, especially flooring and paints are additional benefits. Most of these efforts are also based around partnerships. These partnerships increase the social capital of the local community while relieving potential stress on the environment, health, and employment training.

Conclusion:

The prudent investment of public resources in community based development has the potential to build social capital, rehabilitate the built environment and support environmentally sound practices in some of our most challenged communities. Such a public investment strategy on the part of higher education is both fiscally responsible and consistent with the stated social mission of public universities to apply their talents and resources to the challenges of contemporary society. Ideally the great public institutions of our state will apply themselves fully to the revitalization of our communities. The social contract that the people of Michigan have with their public higher education institutions demands such a comprehensive response.

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