



# A Working Model for Healthy Cities

*Lessons from Living Cities: The National Community Development Initiative's First Decade*



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August 2002





**C**ities are vital to American life. They are our centers of commerce, culture, government, sport and industry, and they harness much of our nation's energy and productivity. They are the focal points for young people seeking fame and fortune, immigrants in search of the American Dream, and everyday folks looking to be awed, excited and entertained. It's hard to imagine what America would be like without its fourscore or more vibrant urban centers.

The start of the 21st century finds America's cities healthier than in the recent past, but far from uniformly so. The economic boom of the last decade has been uneven in its impact. While cities have enjoyed substantial gains, many still lag their suburban neighbors in job and economic growth. For example, while poverty has declined in central cities, urban

poverty rates are still twice as high as in suburban areas—16.1% versus 7.8% in 2000.<sup>1</sup> Business growth in urban areas trails growth in the suburbs by half.<sup>2</sup> Increases in jobs and wage levels have been accompanied by higher costs of living: the price of rental housing in many cities has risen at one-and-a-half times the rate of inflation.<sup>3</sup>

A truly healthy city harbors neighborhoods spanning the full socioeconomic spectrum: affluent, middle and working class as well as those who are struggling. A vigorous city needs people of all stripes, interests, occupations and backgrounds living close to and interacting with one another: teachers as well as financiers; social workers and CEOs; shopkeepers, health-care professionals, construction workers and nurses; students, software engineers and electricians. A healthy city provides a

diverse mix of safe, prosperous neighborhoods for all of these people and a myriad more to make their homes. This is a tall order: cities have long been daunted by how to prevent poorer communities from slipping into the urban decline and decay that has been too much in evidence in recent decades.

The National Community Development Initiative (NCDI) has been working to improve inner cities—often successfully, sometimes not—for the last 10 years. Its experience has shown that community institutions—in this case, community development corporations, or CDCs—are contributing tangibly to the social and economic health of inner-city neighborhoods. Founded in 1991 by a group of private foundations and financial-services corporations, NCDI has provided more than \$254 million in direct financial support from

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*As NCDI launches its second decade, it's clear that the field it helped to grow is working.*

corporate, nonprofit and government funders to CDCs in 23 cities across the United States. This investment has attracted an additional \$2.2 billion in funding for inner-city revitalization from more than 250 state and local partners, including state and city governments, foundations, banks and other corporations.

By conducting the “business of community,” that is, combining expertise in business and finance with community networks and relationships, CDCs have used funds from NCDI and other sources to rebuild and rehabilitate thousands of new homes and rental apartments, as well as spearhead the development of commercial, community and mixed-use facilities in low-income neighborhoods nationwide.

As NCDI launches its second decade, it's clear that the field it helped to grow is working, and can be even more effective in the future. The NCDI model of pulling together the considerable capabilities of diverse entities with a common interest in

urban revitalization—foundations, banks, financial services companies, government agencies—and channeling those resources to local organizations that combine business know-how with community-based self-interest—is a powerful catalyst for combating neighborhood decline.

It's also clear that CDCs, even with the support of NCDI, can't do the job alone. Their success—and the task of turning around poor neighborhoods generally—depends on a host of conditions, such as federal policies and financial support that is flexible and fosters local innovation, leadership and efficient governance at the municipal level, timely and accurate information on urban conditions and assets, and, equally important, more private capital and investment.

Equipped with lessons from the last 10 years, NCDI starts its second decade with more partners, greater resources and a deeper understanding of what works and what doesn't. It recommits with a new name as

well, *Living Cities*, that reflects its focus on both supporting community revitalization and articulating broader approaches that can sustain and contribute to the livelihood of America's urban centers. This paper charts the successes that NCDI has helped produce and the lessons it has learned that will guide its activities in the next decade.

## Strengthening Community Development

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**W**hile the issue of how best to revitalize distressed inner-city neighborhoods remains a challenge, there is promise. The exodus from cities in the 1960s and '70s led to the decline of numerous urban neighborhoods. Attempts to resurrect decaying communities ran headlong into hard economic and demographic realities: as middle-class people migrated out of cities, so too did businesses and private capital, accelerating both physical and social disintegration.

No one image has better represented urban distress than that of blighted, abandoned housing. And the solutions aren't easy. For example, the costs of renovation or reconstruction of housing in poor neighborhoods are often greater than those of working in better-fixed communities because of the difficulties of assembling funding and the need to work with a network of government agencies. There is often little market incentive for private developers to take on such challenges since low rents and resale

prices promise meager returns.

As community-based organizations, CDCs work to overcome these challenges and pursue opportunities that for-profit developers do not find economically feasible. With a combination of government and private support, CDCs produce housing that low-income residents can afford. In so doing, they can also reverse the cycle of decline by demonstrating the economic viability of a neighborhood and over time encouraging private capital to return and reinvest.

Most CDCs were founded by local residents as community self-help organizations. Not surprisingly, in their infancy they faced the challenges experienced by most start-up industries: inadequate financing, staffing, management expertise, leadership and governance. Most had to seek assistance on an ad hoc basis from foundations, city governments or other sources.

From its inception, NCDI has sought to strengthen the community-

### *Attracting Private Investment in Boston*

Perhaps no challenge is more daunting or more important for community development corporations than that of attracting businesses to distressed communities.

The economic challenge faced by CDCs is that the cost of building the physical structure in a poor community is the same as in a dense, thriving, downtown community. Yet the amount of money a developer can charge to tenants of such a property is often 40 to 60 percent less than they can charge at a downtown establishment.

The Dorchester Bay Economic Development Corporation, a CDC that serves the north Dorchester and eastern Roxbury sections of the city, played the role of first mover and developer of the recently completed 65 Bay Street project.

The Bay Street project is a \$13.4 million, 80,000-square-foot office and industrial development. The site of a former manufacturing company, 65 Bay Street was polluted and required an extensive cleanup. After 10 years of work by the Dorchester Bay Economic Development Corporation, the project was completed in June of 2002. The building will soon be occupied by Spire, a high-tech printing company that will employ about 40 people.

[4]

*From its inception, NCDI has sought to strengthen the community-development infrastructure.*

development infrastructure. According to the Urban Institute, a Washington-based nonpartisan policy-research and educational organization,<sup>4</sup> the 1990s witnessed “an institutional revolution” in community development. “Support for CDC initiatives had been largely ad hoc and poorly coordinated before 1990. By decade’s end, support for CDCs had become more rational, entrenched, and effective.”<sup>5</sup>

A portion of this institutional revolution can be credited to NCDI, which was launched with two principal goals: 1) assist the development and maturation of local systems that support community development, i.e., build CDC capacity, and 2) increase the availability of usable long-term financing for CDC-developed projects; that is, channel and attract more money to CDC developments.<sup>6</sup> To ensure that there was on-the-ground knowledge and expertise to make informed funding decisions in multiple locations, NCDI chose to work through two intermediary

organizations with successful track records of funding and providing technical assistance to community-development programs and CDCs: the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation. Additional foundations, financial services companies and the U.S. Department of Housing and Urban Development later joined the original eight NCDI partners. In its first decade, NCDI dispensed \$254 million to support the work of some 300 CDCs.

Working through LISC and Enterprise, NCDI provided two types of support badly needed by CDCs: loans for development activities and grants for core operations, community programs and technical assistance. For example, in 16 of 23 cities, NCDI provided seed money for new operating-support programs.<sup>7</sup> NCDI funds have also been used to engage other participants in the community-development process, using its investments to leverage their support.<sup>8</sup>

NCDI assistance helped many CDCs expand beyond strict housing development into other neighborhood-improvement activities such as economic and work-force development and community organizing. NCDI’s support for capacity-building programs not only enabled hundreds of CDCs to improve their operations, it also helped demonstrate that CDCs can mount sophisticated, multi-pronged attacks on the problems afflicting inner-city neighborhoods.<sup>9</sup>

## High Impact Funding for Affordable Housing

**N**CDI has had a direct, substantial and multifaceted impact on the development of affordable housing in the United States. In the 23 cities in which it financed CDC work, NCDI dollars were instrumental in the development of almost 20,000 units of affordable housing during the 1990s—7,000 new homes and 13,000 rehabilitated or new rental apartments. Moreover, NCDI funding helped produce 1.7 million square feet of commercial, community and “mixed-use” real-estate development. This included 1.3 million square feet of commercial and industrial space and 107,000 square feet of community facilities such as police substations, health clinics, and community and child-care centers. Research by the Urban Institute has found that property values in some CDC-developed neighborhoods have risen by more than they would have absent CDC programs. In at least two NCDI cities, Portland, Oregon, and Denver, property values rose by

### *Restoring an Historic Area*

The area along Auburn Avenue in Atlanta, just east of the city’s downtown, became famous as “Sweet Auburn,” a thriving community of African American businesses and professionals.

But with the demise of segregation came the demise of Sweet Auburn. By the 1980s, the area was marked by a growing number of vacant and dilapidated houses that attracted prostitutes and drug dealers.

The Historic District Development Corporation (HDDC) was started by the Martin Luther King Jr. Center for Nonviolent Social Change to rehabilitate the houses that surrounded the block of the King birth home. Once that project succeeded, residents decided to keep the organization going.

The HDDC has rebuilt 15 full blocks in the historic district. Though there are still abandoned houses in the area, the progress made by the group has been impressive.

50 percent more than they would have otherwise.<sup>10</sup>

Direct development funding is only part of the NCDI story, however. NCDI dollars have been critical in

other ways. Because of the uncertainty that surrounds many inner-city development projects, early property acquisition and pre-construction financing is often the most difficult to obtain. Without this funding, a project cannot get off the ground (and the major government housing subsidy programs—the Low Income Housing Tax Credit and the HOME programs—cannot be brought into play). NCDI has earmarked the lion’s share of its funding, more than 90 percent, to “high-risk acquisition, pre-development and construction phases of projects,”<sup>11</sup> thereby allocating money where more risk-averse funders fear to tread and where it can have the biggest possible impact on the development process.

This funding strategy helps explain the tremendous leverage that LISC, Enterprise and local CDCs have achieved with NCDI funding. The \$163 million directly invested through NCDI has supported development projects with a total value of

more than \$2.2 billion. In other words, in funding some 472 projects over 10 years, NCDI put up 7 percent of the total funding, but that 7 percent was instrumental in attracting the other 93 percent and in making 20,000 units of affordable housing a reality.<sup>12</sup> Moreover, as the Urban Institute found:

In some cities, the LISC and Enterprise funds attracted new predevelopment and construction funds from private lenders, as shown by the extensive field research conducted for this report. In Chicago, for example, NCDI funding no longer needs to be used for predevelopment because local banks now provide it at competitive rates. Field research also suggested that long-term financing for CDC projects became more readily available, i.e., CDC projects that earlier might have struggled to find permanent finance from private banks on affordable terms were in the enviable position of having multiple banks vie with one another to make loans.<sup>13</sup>

NCDI funds have also played a key role in helping LISC, Enterprise and local CDCs enter the ownership housing market in the 1990s. For-sale development in declining communities is a significantly more difficult, complex and high-risk business than developing rental units, since it involves more subsidies, lower densities and marketing that is more intensive. It is not surprising that the results of these undertakings have been mixed.<sup>14</sup> Nonetheless, NCDI funded more than 6,600 for-sale units, or 54 percent of those developed with LISC and Enterprise money, with pre-development or construction financing in such cities as Cleveland, Boston, Seattle, Phoenix, Indianapolis and Kansas City, Mo.<sup>15</sup>

### **Living Cities/NCDI Funders<sup>16</sup>**

AXA Community Investment Program

Bank of America

The Annie E. Casey Foundation

Deutsche Bank

The Fannie Mae Foundation

The Robert Wood Johnson Foundation

W.K. Kellogg Foundation

John S. and James L. Knight Foundation

John D. and Catherine T. MacArthur Foundation

The McKnight Foundation

Metropolitan Life Insurance Company

J.P. Morgan Chase & Co.

The Prudential Insurance Company of America

The Rockefeller Foundation

Surdna Foundation

United States Department of Housing

and Urban Development

United States Department of Health

and Human Services



## What We've Learned: Lessons From NCDI's First 10 Years

**W**ith a decade of support for 300 CDCs working in neighborhoods across the country, NCDI has distilled lessons that point to both the challenges and promising opportunities for rebuilding urban communities. Here are six lessons that will contribute to the future work of *Living Cities*.

### 1 Affordable housing remains a critical issue.

The ability to maintain a comfortable home in a safe community is a cornerstone of the American Dream. Millions of Americans, while they might benefit as owners from the increasing value of their homes, also worry about the impact of rising property values on the makeup of their neighborhoods. They know that if they wanted to buy or rent their homes today, they could not afford to. By the end of the 1990s, more than one in eight households, over 14 million, were severely burdened with housing costs that exceed-

ed 50 percent of their incomes.<sup>17</sup> Affordable housing is not just a challenge of the inner city. It's an issue that affects millions of Americans, and we feel it daily.

The issue of affordable housing remains critical in urban communities and for the many low-income families who call them home. For example, more than 4.5 million low-income people in central cities lacked an affordable or adequate place to live in 1999.<sup>18</sup> Federal assistance remains critical to addressing this challenge, and CDCs are viable entities for turning dilapidated housing stock into livable homes, if supported with financial resources, political will and community buy-in. Community development is not a panacea, and it takes time to work. But we now have the capability and expertise to solve one of the problems that long seemed completely intractable to many Americans.

### *CDCs and a City Partner to Address Blight*

Thanks to a partnership between the city of Cleveland and its community development corporations, significant progress has been made to reduce Cleveland's blight and to revitalize decaying neighborhoods.

In the past decade, CDCs in the city helped attract more than \$308 million in neighborhood investment, according to the Cleveland Neighborhood Development Corporation, a trade group. This includes the construction of more than 4,000 new or rehabilitated homes and rental apartments and 800,000 square feet of commercial and retail space and industrial property.

"The city of Cleveland has been an amazing partner in community development in Cleveland," says Kate Monter Durban, assistant director of the Cleveland Housing Network, which provides centralized services for about 22 local CDCs. "It's not just that the city is efficient—it's proactive and super smart."

During the 1990s, for example, the city increased the amount of Community Development Block Grant money allocated to CDCs by 90 percent. The city also established a Housing Trust Fund, which allocates funds to CDCs on a competitive basis for affordable housing projects.

**② Revitalizing poor neighborhoods is hard work, but it can and is being done.**

The work in 23 cities supported by NCDI provides solid evidence that it is possible to make a difference in poor urban communities: block by block, street by street, a neighborhood, and even multiple neighborhoods in a given city. In 19 of the 23 cities, there is visible and tangible evidence of neighborhood improvement. In eight of them, it happened in multiple neighborhoods. NCDI can point to several ingredients, including funding for local projects, organizational and technical support for CDCs, and efficient city government regulatory and administrative structures.

NCDI contributed two of these ingredients—loans and grants—and they were put to very good use. These dollars were used to spark investments where private capital was lacking. They were used to experiment with new financing tools to expand

home-ownership programs, build child care and health facilities, and start new commercial ventures.

**③ Community development requires government support and cooperation at all levels—federal, state and local—to work.**

The vagaries of economics and the private market do not support community development, so the laws of society need to lend a hand. The costs of development in poor communities are at least as great as that in well-to-do neighborhoods. At the same time, rents are lower, sale prices cheaper, risks greater and the chances of default higher. Even with the assistance of organizations like NCDI, LISC, Enterprise and many other foundations and corporations, CDCs need government help in the form of financial subsidies and cooperation to do their jobs. Federal government housing-subsidy programs such as the Low Income Housing Tax Credit, the

Community Development Block Grant and the HOME program (not to mention HUD participation in NCDI itself) have long proven effective. Their perpetuation is essential to continued success.

At the same time, municipal government cooperation and support is equally critical—but not universally guaranteed. Research shows that CDCs operate most effectively in cities where the municipal government is a cooperative partner supporting the CDCs' activities.<sup>19</sup> However, municipal governments vary greatly in their commitment to community development and their relationships with local CDCs.

Further, many cities continue to face challenges with respect to the disposition of municipally owned or controlled property. Since CDCs redevelop tax-delinquent or otherwise disused real estate, such bureaucratic barriers pose constraints on their ability to develop new housing. While there are certainly exceptions—New

*Real-estate development is a transactional business, but community revitalization requires multiple transactions guided by a common strategy.*

[9]

York and Cleveland are two—many developers cite inefficient procedures and regulations governing public-land acquisition and disposition of tax-delinquent properties as one of their most significant challenges.

#### **4 CDCs need further strengthening.**

CDCs vary widely in their quality of management, financial backing and operational support. While many receive adequate to good ratings from LISC and Enterprise for quality improvements, management and governance, a number of major CDCs collapsed during the decade owing to overcommitment, undercapitalization and poor decision making.<sup>20</sup> Lax accountability and the absence of strong controls also can lead to the possibility of financial mismanagement and abuse.

Some CDCs continue to be highly vulnerable to adverse developments, and their continued progress requires equal attention to project funding

and operational support. CDCs operate in a high-risk business. It is difficult to recruit and retain high-quality management and staff. Funding is in short supply, particularly for non-development-related, administrative needs. There are always more projects than resources, and the temptation is constantly present to take on a new project because of its potential community impact while overlooking the equally high potential for stretching the CDCs limited capabilities past their breaking point.

Moreover, CDCs are most effective when they operate strategically and with a long-term focus. Real-estate development is a transactional business, but community revitalization requires multiple transactions guided by a common strategy. Research shows that “CDCs have achieved the broadest results where they pursued a consistent redevelopment strategy over time, supported by strategic alliances with other neighborhood and citywide actors. Cities that had created the best

community development support systems throughout the 1980s and 1990s had a cadre of multiple strong CDCs able to pursue neighborhood revitalization for the long haul.”<sup>21</sup>

By providing multiyear commitments of support and by funding high-impact projects, NCDI monies can help CDCs follow consistent strategies and maintain a long-term focus. Further investment in capacity building and operating support programs will also help strengthen CDCs as operating entities. Facilitating the exchange of ideas and best practices across the patchwork network that is the CDC industry today can help empower both individual CDCs and the field generally. NCDI is in an excellent position to assist in these areas.

**5 CDCs can and are expanding from their core work of affordable housing development, but success will take time.**

Undertaking such activities as community planning, work-force development and community organizing would appear to be a natural extension for an established community organization such as a CDC, especially one with existing government, business and neighborhood relationships and proven skills in pursuing economic development initiatives. For just these reasons, CDCs are often cast in a community-building leadership role. NCDI has funded a number of broader CDC initiatives including economic-development programs in Boston and Chicago, work-force development in Denver, New York and Chicago, community organizing in Boston and Kansas City, Mo., child-care facilities in New York, health care in Los Angeles, comprehensive initiatives in Chicago and

Cleveland, and community-safety programs in Cleveland and Atlanta.<sup>22</sup>

There are drawbacks, however. The collaboration with other institutions that is required for such activities is both time-consuming and difficult to sustain. Funding is hard to come by, and the goals and parameters of such projects are often poorly articulated and fluid. CDCs that are already stretching their management and financial resources to the breaking point risk undermining their development capabilities by trying to take on broader projects. Moreover, programs such as work-force development require that CDCs develop entirely new sets of skills, management systems, and relationships and funding.

CDCs and their funders should not necessarily eschew such new initiatives. But, they do need to consider carefully what expanded activities they take on, the likelihood of their success and the impact of these additional responsibilities on their core housing-development capabilities.<sup>23</sup>

### *The New Communities Initiative*

In Chicago, IISC's New Communities Initiative is building upon its work in affordable housing in order to assist communities to create the other elements that make for healthy neighborhoods. Access to jobs and job training for residents who need work, the presence of parks and playgrounds, strong neighborhood associations to address challenges and resident concerns, a healthy retail community, and a sense of public safety—these are some of elements that make for thriving communities.

Through collaboration with the Chicago Park District, the Trust for Public Land and KaBoom, six new open space projects are now underway, including new playgrounds, community gardens, and the acquisition of new park land. These projects are expected to leverage over \$5 million in public and private funds.

On the employment front, each neighborhood now has an employment center run by Project Match, which provides informal information for jobs, resume preparation and intensive case management for residents needing long-term assistance adjusting to their jobs.



*It is this unusual mix of reinforcing relationships...that has led the vast majority of NCDI's funders to sign on enthusiastically for a second decade.*

[11]

**⑥ Partnerships like NCDI can be transforming.**

The parties involved in community development through NCDI—foundations, financial institutions, non-profit intermediaries and federal agencies—have long invested individually in urban revitalization according to their own goals, priorities and agendas. But, as they have worked together over the last 10 years, the role of each has underscored and reinforced the involvement of the others and magnified their collective impact.

Foundation support at the early and highest-risk stages of development gives a level of comfort to banks and other financial institutions that a local project has national backing and quality assurance. In their intermediary roles, LISC and Enterprise each bring more than two decades of development expertise at both the local and national levels. The U.S. Department of Housing and Urban Development brings a

different order of financial resources into play; its involvement is facilitated by the private sector already being financially engaged. Local CDCs provide an otherwise hard-to-find combination of capabilities: the business and financial expertise necessary to pull off complex and risky real-estate development transactions and the community-based understanding of neighborhood needs that gives them credibility with local residents and community leaders. And as stated earlier, the grants and loans provided by the partners have leveraged billions for low-income neighborhoods.

It is this unusual mix of reinforcing relationships—and the results they have achieved—that has led the vast majority of NCDI's funders to sign on enthusiastically for a second decade. It is this decade of experience that has encouraged them to commit to a much deeper level of participation and jointly pursue broader aspects of urban conditions.

There is every expectation that *Living Cities* will play a greater role in fostering the health of America's cities in the decade ahead.

**Appendix 1***NCDI Cities*

Atlanta  
 Baltimore  
 Boston  
 Chicago  
 Cleveland  
 Columbus (Ohio)  
 Dallas  
 Denver  
 Detroit  
 Indianapolis  
 Kansas City (Mo.)  
 Los Angeles  
 Miami  
 Newark (N.J.)  
 New York  
 Philadelphia  
 Phoenix  
 Portland (Ore.)  
 San Antonio  
 San Francisco Bay Area  
 Seattle  
 The Twin Cities (Minn.)  
 Washington, D.C.

**Appendix 2***NCDI by the**Numbers:**Intermediary**Outputs in NCDI**Cities 1991–2001*

	Total	NCDI Total	% NCDI
<i>Affordable Housing Production</i>			
Tax-Credit Rental Units	37,647	3,302	9%
Non-Tax Credit Rental Units	32,034	9,370	29%
For Sale Units	12,287	6,614	54%
Total Units	81,968	19,286	24%
<i>Non-Housing Production</i>			
Commercial/Industrial	2,872,828 sq. ft.	1,332,903 sq. ft.	46%
Community Facilities	563,893 sq. ft.	132,843 sq. ft.	24%
Mixed Use	231,900 sq. ft.	208,000 sq. ft.	90%
All projects	3,668,621 sq. ft.	1,673,746 sq. ft.	46%
<i>Development Costs</i>			
Housing	\$6,117 million	\$1,411 million	23%
Commercial/Industrial	\$444 million	\$168 million	38%
Community Facilities	\$148 million	\$31 million	21%
Mixed-Use	\$952 million	\$632 million	66%
All Projects	\$7,662 million	\$2,242 million	29%
<i>Intermediary Funding</i>			
Housing	\$291 million	\$131 million	45%
Commercial/Industrial	\$26 million	\$10 million	37%
Community Facilities	\$23 million	\$9 million	40%
Mixed-Use	\$38 million	\$14 million	36%
All Projects	\$377 million	\$163 million	43%

*Source* Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

*Note* Includes all projects that received loans or grants from local LISC and Enterprise offices, and all projects receiving low-income housing tax credit-generated equity from the National Equity Fund and various state funds (LISC) and the Enterprise Social Investment Corporation (Enterprise) and their various national, state, and specially designated funds and affiliated funds.

*Note* Figures for Housing, Commercial/Industrial, and Community Facilities are for single-use projects only. Any project that contains more than one use such as housing, commercial/industrial, or community facilities have been included in the Mixed-Use category.

**Appendix 3***CDC**Neighborhood  
Development  
Programs*

TYPES OF PROGRAMS AND ACTIVITIES CARRIED OUT BY COMMUNITY DEVELOPMENT  
CORPORATIONS IN 1999

% OF "CAPABLE" CDCS  
REPORTING ACTIVITY\*

Housing Development, including both rental and homeowner housing. CDCs steadily increased their draw from a relatively fixed pool of local housing dollars and other community-development resources.

94 percent

Planning and Organizing, including neighborhood planning, community-organizing and advocacy work, community safety, neighborhood clean-up, and other programs that require active participation of residents and business.

80 percent

Homeownership Programs, including down-payment assistance, owner-occupied housing rehabilitation, prepurchase counseling, emergency repair and other programs to help support or increase the cadre of homeowners in low-income neighborhoods.

69 percent

Commercial and Business Development, including commercial-district improvement and promotion programs, business technical assistance and financing, commercial-building renovation and construction, industrial-loft retention, and others.

60 percent

Work-Force and Youth Programs, including job-readiness training, skills development, youth employment and training, leadership training, and so on.

55 percent

Community Facilities, including health clinics, schools, senior and community centers, homeless shelters, transportation improvements and programs, and other community-use infrastructure.

45 percent

Open Space, including community gardens, parks improvement and maintenance, greenway development and management, etc.

29 percent

Source 1999 Urban Institute Survey of CDCs in 23 NCDI Cities. Number of respondents: 163.

\* The Urban Institute defines a "capable" CDC as one with the capacity to develop 10 or more housing units a year.

**Appendix 4*****NCDI Investments  
City-by-City***

*The Enterprise Foundation or the Local Initiatives Support Corporation (LISC) manages NCDI's investments into each of the 23 cities. Funds are provided to both organizations for CDC work in New York City and Washington, D.C.*

**Atlanta, Georgia**

Prior to 1990, Atlanta was a city without a formal community development infrastructure. But since that time, the community development industry has gained credibility and local recognition, with organizational support and technical assistance from various sources, including NCDI. Enterprise Atlanta, the Atlanta Neighborhood Development Partnership, the United Way of Metropolitan Atlanta and the Neighborhood Reinvestment Corporation have helped CDCs generate tangible results in Atlanta's neighborhoods.

*NCDI has invested nearly \$12 million into CDCs in Atlanta.*

**Baltimore, Maryland**

Baltimore's community development industry is in a state of transition, moving from a government driven system to one that encompasses multiple approaches to rebuilding Baltimore communities—with city government taking a lead. This approach has complemented The Enterprise Foundation's efforts to build strong, durable CDCs and expand their work beyond affordable housing development.

*NCDI has provided more than \$14 million to CDCs in Baltimore.*

**Boston, Massachusetts**

With NCDI's support, Boston LISC sought to increase the ability of sophisticated, mature CDCs to respond in new ways to neighborhood needs. Financial support from NCDI—along with local resources—has enabled the CDCs to build new types of housing and more aggressively foster commercial and retail establishments. NCDI's funds have also promoted initiatives to strengthen neighborhood businesses and increase the staff diversity at local CDCs.

*NCDI has provided more than \$10 million to CDC projects in Boston.*



**Chicago, Illinois**

NCDI has been the primary financier of LISC's New Communities Initiative (NCI), a \$9 million program in Chicago that is helping CDCs in Pilsen, West Haven and Southeast Chicago build on the unique strengths of these neighborhoods. NCI support will enable the CDCs to create new family practice health centers and child care centers, improve parks and playgrounds, provide access to new job training and placement resources, create new housing and refocus on commercial and retail development.

*Beyond NCI, NCDI has provided more than \$13 million to CDC projects in Chicago.*

**Cleveland, Ohio**

NCDI's financial support to CDCs in Cleveland has sought to assist them in becoming highly organized and accountable businesses, capable of linking affordable housing production to broader community development. Today, Cleveland has a core of mature CDCs operating in close partnership with local government, corporations and foundations. Their work is supported by Neighborhood Progress, Inc., (NPI) and the local offices of The Enterprise Foundation and LISC.

*Over the past decade, NCDI has provided more than \$12.5 million to CDCs in Cleveland.*

**Columbus, Ohio**

In recent years, NCDI's funds have been used to strengthen a local funding collaborative that provides operating support, technical assistance and training to neighborhood organizations. In addition, the collaborative has promoted high standards for nonprofit capability, to improve their performance in managing housing, economic development and community safety initiatives.

*NCDI has provided nearly \$6 million to CDCs in Columbus.*

**Dallas, Texas**

NCDI has supported community development in south and west Dallas, with a host of partners that include the City of Dallas, the Foundation for Community Empowerment, the Real Estate Council, Fannie Mae Foundation, Meadows Foundation, Exxon Mobil Foundation, National Council of La Raza, Southern Dallas Development Corporation, Bank of America, Guaranty Federal Bank and Washington Mutual.

*NCDI has provided close to \$5 million to CDCs in Dallas.*

**Denver, Colorado**

A growing affordable housing crisis in Denver in recent years has led local funding partners supported by The Enterprise Foundation to place a higher priority on housing production. Research by the Urban Institute indicates that CDC work in Denver communities has been of financial benefit to homeowners in low-income neighborhoods, with property values rising 50 percent more than they would have absent CDC work.

*NCDI has provided nearly \$8 million to 25 CDCs in Denver.*

**Detroit, Michigan**

With support from NCDI, LISC and local CDCs have sought to strengthen the city government's efforts to rebuild ailing neighborhoods in Detroit, focusing on expediting land transfers from the city to community organizations and targeting five neighborhoods where community organizations could manage large-scale projects. This approach has contributed to neighborhood improvement and increased property values.

*NCDI has provided more than \$4 million to CDC projects in Detroit.*

**Indianapolis, Indiana**

NCDI's support enabled community development to come of age in Indianapolis —with CDCs leading large home ownership and rental projects, launching community-building experiments and capturing the attention and imagination of the city's elected officials. Problems at one large CDC, some of which spilled over onto other organizations, led LISC to refocus its assistance on strengthening the core capacity of CDCs, helping them effectively manage and preserve their newly created neighborhood assets and assisting them to diversify their work to include commercial and economic development.

*NCDI has provided more than \$11 million to CDC projects in Indianapolis.*

**Kansas City, Missouri**

Funding from NCDI led to the emergence of the Kansas City Community Development Initiative (KCCDI), a \$25-million local funders collaborative modeled after NCDI. The primary missions of KCCDI are to increase the capacity of CDCs and encourage comprehensive approaches to neighborhood revitalization. Programs underwritten by both entities have reshaped the Kansas City community development environment, resulting in positive change in several neighborhoods.

*NCDI has provided nearly \$9 million to CDC projects in Kansas City.*

### **Los Angeles, California**

In Los Angeles, the Neighborhood Turnaround Initiative (NTI) was established to help CDCs undertake more comprehensive approaches to revitalizing their communities. Focused on CDCs in seven under-served LA neighborhoods, NTI provided significant grant and loan resources consistently over four years for activities that are designed to have a broad visible impact. The CDCs in the NTI program have increased housing production and built commercial space and community facilities that include childcare centers, youth recreation facilities and cultural centers. CDCs have also tackled community building activities such as community organizing, job training, computer training and business development.

*NCDI has provided nearly \$9 million to CDC projects in Los Angeles.*

### **Miami, Florida**

Four years ago, Greater Miami was still recovering from Hurricane Andrew, and the prevailing wisdom called for spurring large-scale housing development. Seasoned CDCs provided temporary housing for displaced poor residents and then expedited the production of replacement housing. The state's Task Force for a Sustainable South Florida was beginning to develop a regional strategy for sustainable economic development that would redirect development initiatives to urban neighborhoods. LISC in Greater Miami responded to the new strategy by facilitating CDC work in central Miami and other older urban neighborhoods.

*NCDI has provided close to \$11.5 million to CDC projects in Greater Miami.*

### **Newark, New Jersey**

NCDI funding has supported LISC's efforts to increase the number of well staffed and multi-service CDCs that can maintain a pipeline of development projects, foster CDC partnerships with for-profit groups and work with the city to encourage transparency in the development process. LISC has also worked to create more predictable funding pools for housing and economic development projects.

*NCDI provided more than \$6 million to CDC projects in Newark.*

### **New York City**

CDCs have played a major role in strengthening New York City's neighborhoods through the development of affordable housing and addressing such issues as childcare, economic development and job training. Financial support from NCDI, through LISC and Enterprise, has served to complement the sophisticated and massive CDC housing initiatives already in existence in New York City, and contributed to helping New York City become a community development laboratory—a testing ground for a variety of creative ventures based on new ideas and new partnerships. For example, funds provided through LISC helped the St. Nicholas Neighborhood Preservation Corporation manage a concentrated community building initiative that includes operating two Beacon Schools. This effort draws on the skills of many local nonprofits and serves many neighborhood children.

*NCDI has provided more than \$23 million to CDC projects in New York City.*

### **Philadelphia, Pennsylvania**

In recent years, funding from NCDI has helped eight established CDCs in Philadelphia tackle larger projects. These groups are now completing home ownership and rental developments at greater scale and for a wider range of tenant and homeowner incomes. Complementing their housing work, many have undertaken commercial development activities, including improving existing commercial districts and constructing “high impact” projects such as two new supermarkets.

*Over the past decade, NCDI provided more than \$19 million to CDC projects in Philadelphia.*

### **Phoenix, Arizona**

In the early 1990s, a handful of newer CDCs in the Phoenix area began community organizing in the low-income neighborhoods around the city’s downtown district. The CDCs emerged from various neighborhood associations that had sprung up in response to the extreme crime and blight prevalent in their communities. However, their approach offered little respite to the long-term deterioration that had occurred in these neighborhoods. Funding from NCDI helped the CDCs evolve into durable community institutions. LISC focused on the work of six CDCs, working to improve their capacity in real estate development, enhance their staff and board development and improve their links with the public and private sectors.

*NCDI has provided nearly \$8.5 million to CDC projects in Phoenix.*

### **Portland, Oregon**

NCDI’s investments in Portland were instrumental in establishing and strengthening Portland’s community development field. Consistent and targeted education, stable funding and human capital investment were combined to improve the efforts of local CDCs. When NCDI funding first came to Portland, only one CDC was capable of developing large-scale housing projects; now the city has eight such groups. Like Denver, CDCs working in Portland have helped increase property value for low-income residents, according to the Urban Institute.

*NCDI has provided \$13.5 million to CDCs in Portland.*

### **San Antonio, Texas**

With support from NCDI, The Enterprise Foundation was a valued partner in the city’s effort to reshape its housing delivery system over the past two years, examining the local design and delivery of the CDBG and HOME programs. This has resulted in a greater role for CDCs in promoting the revitalization of poor neighborhoods. Prior to NCDI’s funding, city agencies were relied upon to develop housing, often at a high cost. Now at least three CDCs have shown the capability of developing housing at scale.

*NCDI has provided more than \$5 million to CDCs in San Antonio.*



### **San Francisco Bay Area, California**

The “Partners in Community Building” program managed by LISC in the Bay Area has sought to bolster the effectiveness of eight CDCs, providing operating support, technical assistance and access to low-cost loan funds. With NCDI’s support, LISC also helped fund the Unity Council’s Neighborhood Main Street Initiative in the Fruitvale district of Oakland. This initiative focuses on the revitalization of neighborhood business districts through business development, employment, neighborhood safety and security and commercial development. Three other Bay Area neighborhoods are now working with LISC to emulate the Main Street work.

*NCDI has provided more than \$8 million to CDC projects in the Bay Area.*

### **Seattle, Washington**

Recent years have seen the capacity of CDCs in Seattle increase tremendously. A number of local initiatives fostered by LISC reflect the full range of commercial and neighborhood improvement activity underway in the city: the Seattle Community Development Initiative, the Seattle Jobs Initiative, the Seattle Small Business Loan and Technical Assistance Center and the Seattle Capital Fund provide various tools to encourage business and job growth and community building. Additionally, the formation of Impact Capital in 2000 provides a backbone for private-sector support for the community development industry.

*NCDI has provided roughly \$9.5 million to CDC projects in Seattle.*

### **The Twin Cities, Minnesota**

With support from NCDI, LISC has collaborated closely with public and private partners to build the capacity of a core group of CDCs in the Twin Cities. The St. Paul Fund for Neighborhood Development (SPFND) provides core operating support and management assistance to eight CDCs. LISC has partnered with CDCs to implement a commercial corridor revitalization program in two neighborhoods and work towards improving or developing 2,000 affordable homes and rental apartments.

*NCDI has provided more than \$7.5 million to CDC projects in the Twin Cities.*

### **Washington, D.C.**

In the last four years the nation’s capital has undergone a transformation in both local governance and economic outlook. However, redevelopment in the city has further diminished the availability of affordable housing for low-income families. As a result, both The Enterprise Foundation and LISC have worked with several CDCs to develop new housing, help existing tenants purchase affordable multi-family buildings, and improve neighborhood commercial facilities. LISC has recently established a financing program to assist community-based educational, recreation and social service initiatives.

*NCDI has provided more than \$23 million to CDC projects in Washington, D.C.*

**Appendix 5***LISC and Enterprise***The Local Initiatives Support Corporation (LISC)**

LISC was created in 1979 by a team of people from the Ford Foundation who became its first leaders. Today, it is the largest community-development organization in the nation.

LISC concentrates on assisting community-development corporations through grants, loans and equity investments, technical expertise, training, and information. These efforts support the development of local individual leadership and CDC institutional capacity that create affordable housing, commercial, industrial and community facilities, businesses and jobs, community safety, child care, and youth development. LISC currently works with 77 rural CDCs in 39 states and over 300 urban CDCs in 38 cities where LISC has local offices.

LISC has also initiated and manages several national programs. These include financial instrumentalities that mobilize private capital for housing through the federal government's Low Income Housing Tax Credit, for large-scale commercial development, and for community properties. LISC's Housing Authority Resource Center concentrates on revitalizing public-housing properties and its Center for Home Ownership promotes and supports that agenda.

LISC also runs an AmeriCorps program placing volunteers in CDCs and other local community-building organizations. Its Community Investment Collaborative for Kids (CICK) supports the development of community-based child-care facilities as well as home-based child care. And its Community Safety Initiative promotes partnerships between CDCs and police departments.

**The Enterprise Foundation**

The Enterprise Foundation was founded in 1982 by renowned developer Jim Rouse and his wife, Patty, as a vehicle for helping low-income people revitalize their communities. Headquartered in Columbia, Maryland, Enterprise has offices in 18 communities across the nation.

Enterprise works with a network of 2,200 nonprofit organizations, public housing authorities and Native American tribes in 800 locations, a roster that includes over 100 CDCs. The Foundation provides these organizations with technical assistance, training, short- and long-term loans, equity investments, and grants. Enterprise applies these resources to developing affordable housing; training and placing disadvantaged people in jobs; child-care centers and home-based child care; community-safety initiatives; and commercial and mixed-use projects, especially on urban “brownfield” (former industrial) sites.

Enterprise also partners with Habitat for Humanity International, operates a Native American housing initiative and mounts comprehensive community-building initiatives.

Enterprise has created a set of specialized financial instruments that invest private equity in projects using the Low Income Housing Tax Credit and that otherwise provide short-term and mortgage funding for housing. The Foundation also has created related organizations that develop, market, and sell or manage the rental of low-income housing and mixed-use facilities—or that promote home ownership to low-income people and prepare them for that role.

**Notes**

- 1 2001 Current Population Survey, U.S. Bureau of the Census.
- 2 The State of the Cities 2000, U.S. Department of Housing and Urban Development, June 2000.
- 3 *Ibid.*
- 4 During its first decade, NCDI contracted with the Metropolitan Housing and Communities Policy Center of the Urban Institute (UI) for research and analysis on the effectiveness of NCDI-funded community-development programs. The UI reports cited herein were prepared independently but funded by NCDI. UI's reports on NCDI are available from the UI Web site, [www.urban.org](http://www.urban.org).
- 5 Walker, *Community Development Corporations and Their Changing Support Systems*, p. 1, The Urban Institute.
- 6 Walker and Weinheimer, *Community Development in the 1990s*, p. vi., The Urban Institute
- 7 Walker and Weinheimer, *Community Development in the 1990s*, pp. 33 and 34, The Urban Institute.
- 8 *Ibid.*, p. 7.
- 9 Walker, Gustafson and Snow, *National Support for Local System Change*, p. 49, The Urban Institute.
- 10 Ken Temkin, Chris Walker, Diane Levy, George Galster and Noah Sawyer, *The Impact of Community Development Corporations On Neighborhoods: An Analysis of Five Communities*, The Urban Institute, 2002 (forthcoming).
- 11 Walker, Gustafson and Snow, *op. cit.*, pp. 20 and 59.
- 12 *Ibid.*, p. 59.
- 13 Walker, *op. cit.*, p 23.
- 14 Walker and Weinheimer, *op. cit.*, pp. 66-67.
- 15 Walker, Gustafson and Snow, *op. cit.*, pp. 25-26.
- 16 The Fannie Mae Foundation and the U.S. Department of Health and Human Services have recently joined as funders for the second decade of NCDI.
- 17 2001 Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing*, 2001, p.22.
- 18 *Ibid.*, p. 24.
- 19 Walker and Weinheimer, *op. cit.*, Chapter 6.
- 20 Walker, *op. cit.*, pp. 36-37; Walker, Gustafson and Snow, *op. cit.*, p. 13.
- 21 Walker, Gustafson and Snow, *op. cit.*, p. 12. See, also, Temkin, Walker, Levy, Galster and Sawyer, *op. cit.*
- 22 Walker and Weinheimer, *op. cit.*, pp. 73-87 and 89; Walker, Gustafson and Snow, *op. cit.*, p. 42.
- 23 Walker, Gustafson and Snow, *op. cit.*, p. 42.



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