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What's Happening to the Neighborhood?

Summer 2008

National Neighborhood Coalition

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WHAT'S HAPPENING TO THE NEIGHBORHOOD?

Mark Carl Rom, Ph.D., Georgetown University - Project Director

We all live in neighborhoods – for better or worse. For better, when the neighborhoods are affordable, safe, friendly and vibrant. For worse, when the community is deteriorating, or when housing becomes too expensive for those who work there, or when residents become afraid, lonely, and isolated.

Neighborhoods matter. Next to our families, our neighborhoods are often the most important source of our comforts or our woes. Our relationships with other individuals and institutions – our jobs and houses of worship, our trips to the grocery store and bank, our children's friends and their schools – are profoundly affected by the neighborhoods in which we live. If our neighborhood is good, our life is good, but when it's not, all these relationships become more difficult, more tenuous.

We all know these things in our hearts. Millions of individuals and thousands of organizations also put this knowledge into practice as they work to improve the quality of life in our nation's neighborhoods. This project was inspired by them, and also hopes to serve as an inspiration to them as they pursue their missions.

But this project also has another goal: to reach out to the nation's policymakers. Certainly these policymakers – national, state, and local officials alike – are themselves deeply rooted in their communities, care for them, and serve them faithfully. Yet our policies often seem to ignore the neighborhoods which, next to the family, serve as the bedrock of individual and public life. At the national and state levels, our policies often focus either on individuals (through such programs as Social Security, Medicare and Medicaid, and Food Stamps) or larger political jurisdictions such as cities and counties. At the local level, policymakers are likely to be more attentive to the concerns of individual neighborhoods but, perhaps, they may focus this attention on the neighborhoods that are best organized and most active, not necessarily on those most in need of nurture.

This first volume of *What's Happening to the Neighborhood* seeks to bring awareness about the conditions in our neighborhoods and the activities being taken to improve them. It claims neither to be exhaustive nor definitive, but to reveal a series of 'snapshots' on selected issues such as affordable housing, community development, and community organizing and organizations. The volume need not be read from beginning to end, as each chapter makes a unique contribution to our understanding of the challenges – and opportunities – facing our neighborhoods. All offer suggestions for improving neighborhoods through policy and programmatic innovations. These recommendations represent the views of the chapter authors, but are not the official position of the NNC Board; we offer them as a way to generate discussion.

Each chapter also reveals the power of information. With adequate data and persistent smart advocacy, individuals and non-profit organizations, private sector firms and government officials can come together to address – and improve – the problems that neighborhoods confront. Adequate data are a rare and precious commodity, however. Too rarely are the right data collected at the neighborhood level, or made readily available to the public in easily accessible formats. If the nation is to get serious about improving the quality of its neighborhoods, it is essential that it also devotes greater resources and energies to producing, packaging, and distributing this information.

What's Happening to the Neighborhood is divided into four main sections: affordable housing, community development, community organizations and organizing, and neighborhood data. Like the communities they portray, these chapters are diverse and rich in ideas, practices, styles and voices. Individually, they each reveal fascinating accounts of the ideas and activities that can be used to enhance our neighborhoods. Collectively, they convey the message of what is being done, what can be done, and what needs to be done to strengthen our communities.

I. AFFORDABLE HOUSING

Preserving Affordable Housing in Buckingham describes the evolution of a single urban village in Arlington, Virginia. This neighborhood changed dramatically over the years, becoming an enclave for recent, primarily Latino, immigrants living in rental housing. Located along the Metro subway line, the neighborhood's residents became increasingly threatened with displacement by high-priced residential development. Against the odds, the residents organized to preserve affordable housing, as well as the historic character of the Buckingham neighborhood.

Homeownership: Benchmark for a Vital Community broadens the scope to show how community organizations in DuPage County, Illinois – located just west of Chicago – worked together to amplify affordable housing opportunities both by enhancing the ability of individuals to buy homes and by increasing the supply of such homes.

Cooperatives: A Shared Equity Solution outlines one promising approach for affordable housing. In shared equity housing, the resident-owners of housing 'share' any appreciation in housing values among themselves and also future owners. By doing so, they also share the rights, responsibilities and benefits of homeownership with the larger community. The success of the Capital Manor Cooperative in Washington, DC, illustrates the possibilities of cooperative ownership.

The HOPE VI Program examines the federal program that allows for a variety of approaches for revitalizing public housing by using federal funds to attract other public, non-profit, and for-profit financing in developing mixed housing in once blighted areas. These new developments can contain rental units – both subsidized and unsubsidized, privately-owned houses, and public housing units. The design, structure and décor of these new developments are intended to attract a greater mix of households and to conform more closely to the surrounding community.

II. COMMUNITY DEVELOPMENT

Community Redevelopment and Neighborhood Revitalization: The Genesis and Phoenix Projects portrays the strategies and tactics the CityWide Development Corporation of Dayton, Ohio used to recreate two troubled neighborhoods in the city. Through comprehensive plans for developing residential, commercial and social capital in these neighborhoods, these projects have guided the communities toward renewed vitality.

Financial Services in the Nation's Neighborhoods: Bank Branches and Access to Mainstream Financial Services assesses one key component of community development: the ability of neighborhood residents to use neighborhood banks. After presenting data showing the banking disparities across select cities based on the economic and demographic characteristics of their neighborhoods, the chapter offers strategies for improving the equity of branch bank locations.

Community Development Corporations: Drawing Capital into Low-Wealth Neighborhoods considers the roles that CDC can play in promoting affordable housing and employment opportunities in our nation's more distressed neighborhoods. It highlights the new approaches and techniques that the CDCs are using to augment the ability of these communities to tap into the capital markets.

III. COMMUNITY ORGANIZING AND ORGANIZATIONS

Fostering Public Life in the New Suburbia through Community Organizing presents ideas for reinvigorating neighborhood organizations in fast-growing areas where residents face the growing stresses of modern life in America. Emphasizing a personal, one-at-a-time approach to building relationships, it shows how members of diverse communities can come together in common cause to enact change.

Responding to Neighbors' Health Needs illustrates the possibilities for providing neighborhood-based health services to the uninsured with many other needs. Using tools developed by the Catholic Health Association, it describes how organizations can provide 'community benefit' by assessing neighborhood problems and strengths, budgeting to meet community needs and ensuring that programs are effective.

The Generational Transfer of Leadership: Community Building Organizations and Their Leaders in the 21st Century depicts the challenges that non-profit organizations face in the coming years, especially with regard to recruiting, training, and supporting future leaders. A model program for leadership development suggests that such training can produce greater organizational capacity, financial stability and programmatic innovation.

IV. NEIGHBORHOOD PLANNING AND DATA

Neighborhood Planning in the New Millennium delineates the principles for developing and implementing good plans for neighborhood revitalization. Using the Hannibal Square neighborhood in Winter Park, Florida as an example, the chapter also reveals how these principles can be put into practice.

Measuring the Well-Being of America's Neighborhoods: The New Potential identifies the key elements of beneficial neighborhood datasets, the historical difficulties in assembling data in ways that are useful and accessible, and the potential for building new, more constructive databases. Several promising data sources and data collection efforts are identified and assessed.

What's Happening to the Neighborhood? is hardly the final step in finding ways to enrich the communities in which we live. We hope, however, that it is a sturdy first step, and that future editions can move us further down the road to building a nation where vibrant, prosperous and cohesive neighborhoods are ones in which we all live.

National Neighborhood Coalition

What's Happening to The Neighborhood?

Affordable Housing

Preserving Affordable Housing in Buckingham

Lois Athey, Consultant
BU-GATA Tenants Association

PRESERVING AFFORDABLE HOUSING IN BUCKINGHAM

Lois Athey, Consultant, BU-GATA Tenants Association

BACKGROUND

Buckingham is a neighborhood like any other in America: full of working-class families who struggle to make a living and pay the rent. The housing is primarily one and two-bedroom rental apartments, which represents 75 percent of the housing stock in this community. Over the years Buckingham has been home to waves of young people who rented their first one-bedroom apartment in this urban village. But unlike many neighborhoods, its multi-family rental housing stock is quite varied. While the vast majority of the units are composed of older, private, affordable rental housing, the community also includes two small, project-based Section 8 complexes, as well as several affordable senior housing complexes for retirees.

The original Buckingham Village complex, comprising 1800 units built between 1937-1950, was one of the first two-story garden complexes built in this country. It housed workers flocking to World War II-era jobs in Washington, DC. The community also has a smattering of condos, some of which converted from rental housing in the 1980's, and others that are newer high-rises housing a higher income clientele. Surrounding the large garden-style rental complexes are a limited number of owner-occupied, single family homes. A small commercial strip is located at the busy crossroads of this community, and several pre-schools operate within the boundaries of the neighborhood. One public elementary school is located at the far end of Buckingham.

This neighborhood has three notable characteristics. First, it is located in Arlington County, Virginia, a densely populated, wealthy inner-ring suburb that sits within walking distance of a major rapid transit system. Second, the neighborhood experienced a major demographic shift in the 1980's. A majority white population was displaced by a fast-growing Latino population. As the apartments deteriorated, middle-income households moved out and lower-income families moved in. By 1990 Buckingham had become an ethnic enclave where first-generation Latino immigrants made their homes. Third, over the past 20 years it has had two active tenant associations, one led by white renters and the second by (originally) African American and (later) Latino residents – both of which have forced political leaders and county housing staff to develop affordable housing plans that were creative and responsive as waves of gentrification swept this neighborhood. In many ways, Buckingham has been at the center of debate in Arlington about the tools of affordable housing policy and how to use them.

BU-GATA picnic (2005) kids painting at table inside the cul de sac of the Gates of Ballston apartment complex (can see garden-style brick buildings in the background)

BU-GATA: THE EARLY YEARS

Efforts to preserve affordable housing in Buckingham began in the early 1990's with the founding of a tenant association. (The association was renamed BU-GATA, short for Buckingham and The Gates of Arlington, in 2002. African Americans helped create the association, but most of the few living in these complexes eventually moved away. For clarity, the association will be called BU-GATA throughout this chapter.) Led by a Peruvian immigrant, the association primarily recruited Salvadorans and Bolivians from the two major Buckingham complexes: The Gates of Arlington (467 units) and Buckingham Village I and II (981 units). These tenants felt marginalized because the white tenants refused to include them in their meetings or because they felt uncomfortable in meetings organized by white tenants. The white tenants were very connected to the establishment, county officials, and a local housing non-profit organization.

Tenants at the Buckingham Community Festival (2004)-- the Multicultural Mural painted by the Buckingham Youth Brigade teens can be seen in the background on the Glebe Market wall.

The owners of these two complexes were threatening to sell their run-down properties and tear down the brick structures. Efforts were underway in 1992 to have the non-profit purchase some of the buildings and renovate them for existing tenants. To gain leverage with the owners, local activists secured "local historic designation" for several of these buildings. Virginia is a state where property rights are paramount, and developers have a great deal of leeway to demolish and redevelop their properties. (Tenants rights are extremely limited in Virginia. They do not have first right of refusal if an owner decides to demolish or convert rental units to another use. State law requires only that the owner issue a 120-day notice if the complex will be demolished or undergo substantial renovation. Arlington requires a relocation payment only if the owner is applying for county funds or needs site plan approval.) Historic designation forces owners either to renovate the existing buildings or try to sell them to someone who will preserve the units. The elected County Board did designate part of Buckingham as historic, and demolition was stopped. However, the sale of the rental properties to the non-profit fell through at the last minute because the seller ended up in bankruptcy.

This attempt to displace tenants and redevelop several hundred units was only blocked momentarily, however. In 1995, the first wave of renovation took place when a for-profit developer struck a deal with Arlington to renovate 512 units in the Buckingham Village I complex, while agreeing to maintain the historic character of the existing structures. The BU-GATA tenants association had secured outside technical assistance and was prepared to fight for their rights as "vested" tenants. But the relocation plan presented by the developer was full of clauses that kept tenants from receiving adequate benefits or returning to the renovated units.

At that time, the Latino population comprised the largest minority of Arlington's total population, but the county was not responsive to the needs of this ethnic community. The system was dependent on tenants being pro-active, and most of the immigrant households did not know how to solicit help. Even if tenants knew how to contact code enforcement officials, the officials did not speak Spanish, and translation services were non-existent. No housing information was available in Spanish. The receptionist in Arlington's housing division was the only person on the housing staff who spoke both Spanish and English. When code enforcement personnel did inspect apartments, they would frequently cite tenants for overcrowding which in turn would lead to eviction. As one tenant leader commented: "When I found rats scurrying around my apartment, I bought a cat to get rid of the vermin. That was how you dealt with rat infestation in El Salvador."

Arlington did operate a neighborhood outreach center for "newcomers," but the center was not prepared to respond to tenant housing interests or needs, and it was not open on weekends when tenants were home from work. The county also ran a housing grants program that provided tenant subsidies to low-income, working-class households who could not afford the rent. But few of the Buckingham tenants knew about the program, and county staff made minimal effort to assist tenants who were eligible for the funds. From the owner's perspective the Latino renters were good tenants because they were always prompt with their rental payments, and they kept paying the rent even though they were living in moldy apartments where hot water was frequently turned off. But the tenants were frustrated when the rents started to rise and their constant oral complaints about maintenance continued to fall on deaf ears. It was common for tenants to repair their ceilings when major storms caused rain to pour into living rooms, paint their peeling walls, or fix the plumbing when it was leaking or stopped up.

When BU-GATA heard about plans to displace them for a planned renovation of their units, it encouraged tenants from the various complexes to testify at County Board hearings

Gates of Ballston tenant with her child at the BU-GATA picnic held inside the cul de sac of the Gates of Ballston apartment complex (2005)

and attend community planning meetings regarding the future of their housing. But officials were not receptive. Again, translation services were not provided, nor were tenants educated about their rights. Notices were sent in English, and the relocation plan was not available in Spanish.

After months of meetings, in 1995 Arlington finally approved an affordable housing package that would tap several million dollars (a $2.5 million loan) from a county housing fund, together with an allocation of federal Low-Income Housing Tax Credits (LIHTC) to renovate the units. The goal was to preserve 45 percent of the complexes' units for households earning under 60 percent of the Area Median Income (AMI). Despite the fact that the tenants association documented the special needs of households earning 40 or 50 percent of AMI, Arlington refused to craft a more creative and enhanced subsidy program. The for-profit owners' relocation payment did not even meet county guidelines. Finally, many tenants had families and needed two and three-bedroom units which would not be available after the renovation was complete.

To summarize: Latino families who had stabilized a deteriorating neighborhood were now being forced from their homes. In the end, the Latinos had no political clout. They were able to get the support of a local Catholic church, but beyond that, they had little access to other Arlington activists or civic groups. When renovation was complete in October 1997, only 20 percent of the tenants moved back.

Tenants at the Buckingham Community Festival (2004) - the Multicultural Mural painted by the Buckingham Youth Brigade teens can be seen in the background on the Glebe Market wall.

EXPANDING EFFORTS TO PRESERVE THE NEIGHBORHOOD

Forming coalitions with other organizations and activists is critical to gaining support for issues in Arlington. But this was almost impossible for this underserved constituency. Arlington's traditional civic structure is based on civic associations that represent a majority of the county's neighborhoods. But the civic associations have traditionally represented homeowners' interests. Tenants did not participate in these active neighborhood bodies. In fact, because Buckingham was predominantly a renter neighborhood, it did not even have a civic association. While several neighboring civic associations participated in the myriad of meetings regarding the future redevelopment of Buckingham Village I, they were primarily concerned with "cleaning up the neighborhood" and preserving the trees.

After the 1995 experience, BU-GATA continued to meet, and it began to focus on securing resources for other needs and access to county services. The Community Development Block Grant (CDBG) program allocated annual amounts to programs that were supposed to serve Buckingham, but it was clear that many tenants were not benefiting from these programs. In 2000, however, Arlington defined Buckingham as a neighborhood in distress (called a 'Neighborhood Strategy Area' or NSA. The measures used to make this determination included economic status, housing conditions, and other indicators.) As an NSA, Buckingham could receive more targeted CDBG funds.

With technical assistance from the Center for Community Change, BU-GATA used CDBG rules and regulations, including a requirement for community participation in the design of the Consolidated Plan and other forums, to nudge Arlington to do more for the Latino population. In 1998, BU-GATA submitted a proposal for a CDBG-funded after-school program for teenagers. The tenant leaders had watched as teens were often the spokespersons for their families regarding housing code violations. Because many of the parents could not speak English, the teens often filled out forms and helped translate in front of government officials or service providers. However, the county did not fund any programs targeted to Buckingham teenagers. In part because Arlington had not provided CDBG funding to Latino community-based groups, and also because the CDBG director at that time was Latino, BU-GATA received a small county grant to start up the Buckingham Youth Brigade program.

Over the next nine years, the Buckingham Youth Brigade has grown to the point that it has secured foundation funding for a full-time staff person. In addition, by diversifying its activities, BU-GATA was able to secure multi-year regional foundation funding for a multicultural community mural that was designed, planned, and installed by the Buckingham youth at the main intersection of the bustling neighborhood. The tenants association had secured the support of Glebe Market, the local grocery, which was owned by a Korean immigrant but was one anchor of the Latino community. Together with the Glebe Market, BU-GATA established a college scholarship fund for neighborhood youth who were high school graduates. All of these activities brought positive feedback from the mainstream community, including the local government officials.

Finally, BU-GATA created and produced an annual festival during the hot summer months when children have no place to go. One of the complexes had had a community swimming pool, but when the apartments were renovated, the swimming pool was torn down for the extension of a local road. Beginning in 2000, the festival moved to a public street – which is strategically located at the center of this neighborhood. At first, police were reluctant to issue a permit to a Latino-oriented festival. They were worried that if Latinos were allowed to gather at a public event, they would create problems and drink in public. At one point BU-GATA had to appeal to county elected officials to secure the permit for this annual neighborhood event. Once the event was held and hundreds of families enjoyed the music, children games, and food, the police reported back that they were surprised that "nobody was arrested for drinking." The festival, together with the mural and the youth program, created a level of recognition for BU-GATA, as well as the Latino community.

Given the eight year track record of persistent advocacy and successful programs, BU-GATA was included as a partner in county discussions regarding the possible sale and redevelopment of the second large private, rental complex, the Gates of Arlington. By 2000, rents had skyrocketed, and land values began to climb. When the out-of-town owners of Gates decided to sell, they signed an option to purchase with a local for-profit developer. However, when the developer began to do due diligence and realized the buildings had "historic designation" and could not be torn down right away, he withdrew his offer. That gave Arlington and citizen activists time to negotiate a deal that was more favorable to the tenants. In a first for Arlington, elected county leaders, staff and community housing advocates met to define a process whereby the community would develop a list of priorities, and developers would be invited to submit bids. A community housing advocate was able to talk directly to the owner, and the owner agreed to the county's suggestions, as long as he was able to obtain a fair market value for his property. This strategy led to an eventual sale of the Gates of Arlington apartments for $37 million to a local non-profit that promised to keep 75 percent of the units as affordable housing. No units would be torn down, and the existing tenants were offered a relocation package that met Arlington guidelines.

That renovation got underway in 2004 and is scheduled to be finished in 2007. Renovation means higher rents, however. Estimates were that rents would increase by an average of 15 percent. BU-GATA did not want a repeat of the 1995 renovation of Buckingham Village I where low-income tenants were forced out because they could not afford the new, higher rents. Based on survey data, BU-GATA estimated that 100 households would need some rental assistance. With the goal of preserving the community, Arlington approved a project-based Tenant

Assistant Fund (TAF) that would help subsidize rents for tenants who earned 40-55 percent of the AMI. BU-GATA believed that this made the project more viable for existing tenants, many of whom had lived in the complex for 10 or more years.

RECENT DEVELOPMENTS

In the past few years, upscale development in the Buckingham neighborhood has continued at a fast pace. Development around the nearby metro station forced more tenants to be displaced as their dilapidated buildings were torn down. The last large complex left standing was Buckingham Village II with 457 units, many of which were two and three-bedroom apartments. In 2005, maintenance workers told BU-GATA that the owners planned to demolish 84 units (Village 2) and replace them with luxury townhouses. Unfortunately, this complex did not have historic designation, so the owner had the right to demolish the units and build town houses. He did not even have to provide tenants with a relocation package. In February 2005 tenants held a meeting with two elected County Board members, but there was little hope anything could be done to preserve the community. BU-GATA joined together with other local housing activists, including a recently created countywide tenant advocacy group, BRAVO, and called for a "Save Buckingham Coalition." Time was of the essence; the owner was ready to send the required legal notice emptying Village II of tenants. After several anguished meetings and strategy sessions, one of the savvy former Planning Commissioners unearthed a section of the local law that would allow Arlington to designate the Buckingham Village II complex as an historic landmark. Everybody agreed that the complex would qualify for this status. The owner was not pleased with this possibility; historic designation could stop his plans to demolish Village II. After extensive planning and organizing between members of the "Save Buckingham Coalition" and county officials, the owner agreed to participate in a working group to outline common goals.

After several weeks of discussions that included BU-GATA representatives, Arlington signed a memorandum of understanding with the owner. The county agreed not to declare Village II historic, thus allowing the owner to demolish these units and displace all the tenants, one of whom had lived at the complex for 35 years. In exchange, the owner agreed to work with the community and county housing staff to craft a housing plan that would preserve the community and some of the buildings. But the tenants were still a long way from achieving their goals. The tenants wanted to develop affordable homeownership opportunities and not be forced to live in rental housing that is subject to rigorous guidelines, complex certification requirements, and unpredictable annual rent increases. The owner was not interested in selling his property to a tenants group. Even if he were, how could BU-GATA come up with the financial resources? The various community groups and activists, together with BU-GATA, insisted there be a series of meetings to discuss options. A new structure called "The Community Preservation Committee (CPC)" was established to respond to the community's desire to participate in deliberations. Other county commissions would weigh in, but the CPC would become the venue for meaningful participation by tenants. Many meetings were held, and as a result a small miracle occurred. Arlington agreed to purchase one of the villages and declare it historic – thus pleasing various constituencies. The complicated plan calls for the owner to develop two new multi-family buildings over a two-year, phased process, with a certain percentage of units affordable at 60 percent of AMI. Finally, Arlington, together with tenants, will explore options to develop an affordable homeownership program for one of the villages.

When the housing activists discovered the federal New Market Tax Credits (NMTC) program for homeownership opportunities, they learned that Buckingham met the census guidelines for an NMTC investment. This meant that Arlington could perhaps establish a community land trust to keep the land values from escalating yet again. But this whole project is a first for Arlington: never before had the county purchased land for affordable housing. Since Arlington does not have a public housing authority, it is not allowed to own housing complexes. The current plan is for Arlington to purchase the land and turn the affordable housing project over to a qualified developer who will then renovate the units. As part of the package BU-GATA will receive a county-funded contract for housing needs – a first – to aid tenants in their efforts to continue to live in Buckingham. As one County Board member said: "It's the largest investment ever in affordable housing in Arlington."

The tools of affordable housing policy are very limited as the federal government has gotten out of the business of producing low-income housing. As thousands of low-cost housing units have been displaced by luxury townhouses and expensive condos in Arlington, the local government has responded with larger financial commitments for rental housing that is affordable to households earning 60 percent of the AMI. But not all stories have had happy endings. When the Arna Valley complexes were torn town in Arlington in 1999, housing activists blamed the county for allowing the for-profit developer to displace all the families, many of whom were recent immigrants. As a result of this defeat, Arlington tried to put in place new housing policies and targets to produce more affordable units, but the programs themselves do not guarantee that tenants can stay. Only by advocacy and organizing by an active tenant group together with a strong broad-based community coalition has Arlington been able to produce creative housing solutions for its low-income population.

Tenants at the Buckingham Community Festival (2004)

LESSONS LEARNED

***1. Strong Leadership*:** A few leaders who saw the need and provided a vision were critical to the creation of a united and representative tenants association. Persistence and continuity of the same leaders over a period of time was critical to the success of tenants in the Buckingham community.

***2. Multiple strategies and programs led to housing victories*:** By creating a youth program and designing and installing a multicultural community mural, and by organizing an annual, public festival, BU-GATA skillfully raised the visibility of the Latino community in Arlington. A county that was reluctant to fund tenant advocacy has now changed its policies.

3. Access and Participation by the Latino community: Over the years, BU-GATA testified on issues affecting the Latino community. From translation services to fair housing discrimination, BU-GATA made the county aware of the lack of access to services for its Latino residents. Despite the surging rents and ever-rising tide of gentrification, the Latino community has remained the largest minority in Buckingham. Today, Buckingham Village II has the largest concentration – approximately 86 percent — of Latinos in any one complex in Arlington.

***4. Access to financial resources*:** BU-GATA could not have had any success without access to a number of small seed grants for organizing. Since both the local government and community foundation were not supportive of tenant organizing and advocacy efforts, access to grants from national foundations was absolutely critical. Without part-time hired organizers, the tenants could never have achieved their goals. Support from one local business also made a tremendous difference for BU-GATA's success.

5. Other critical changes that contributed to the tenants' success include the following:

a. A growing awareness by elected officials and activist citizens of the critical need for affordable housing in neighborhoods facing gentrification;

b. The continued demolition of older garden apartment complexes near the major transportation corridor;

c. A change in the elected political leadership at the top. In 1992 the five-member elected Arlington County Board had no minority members. First, an African American was elected, and when he died suddenly, a Latino was elected in a special election. Having a bi-lingual County Board member has helped raise the visibility of Arlington's Latino population.

d. The importance of building coalitions: one tenants association cannot achieve much by itself. The growth of an active and committed community of housing advocates has been critical; several churches have been very active leaders in these coalitions. These activists work independently of Arlington's system of civic associations and appointed commissions. Their support for tenant rights and preserving a diverse community have been critical to BU-GATA's successes.

National Neighborhood Coalition

What's Happening to The Neighborhood?
Affordable Housing

Homeownership:
Benchmark for a Vital Community

Dru Bergman, Executive Director, DuPage Homeownership Center

with additional contributions by

Kathy Kregor, Co-Chair, DuPage Housing Action Coalition

Susannah Levine, Senior Policy Analyst

Business and Professional People for the Public Interest

HOMEOWNERSHIP: BENCHMARK FOR A VITAL COMMUNITY

If the DuPage County, Illinois real estate market had an endangered species list, the affordable starter home would be right at the top. Rising land costs, the proliferation of teardowns in established communities and a booming service sector have created an affordable housing crisis for low- and even moderate-income first-time homebuyers. Average working families who just half a generation ago were able to establish roots in the communities they served and move up the economic ladder through equity accumulation are now being priced out of the DuPage market.

Just ask Joe and Linda Smith (their names have been changed to protect their privacy). Joe, a custodian, and Linda, a part-time legal secretary, have a total annual household income of just under $46,000. In 2006, they came to the DuPage Homeownership Center (DHOC), a HUD-certified non-profit housing counseling agency, seeking to purchase their first home. Based on their financial profile, a DHOC housing counselor determined they could afford a house priced at about $175,000. So what options did the Smiths have? As they quickly discovered, not many. A one-day snapshot of the Multiple Listing Service in November 2006 showed only 16 single-family homes in the *entire* county (0.43 percent of all listings) were in their price range.

The Smiths are hardly alone. They are representative of the growing ranks of service-sector workers in this high-cost suburban area located directly west of Chicago. Approximately one-third of DuPage households have a total annual income of less than $50,000 (U.S. Census Bureau 2005).

Recognizing both the moral and economic implications of these facts, a broad-based network of concerned organizations and individuals launched a campaign (*Homeownership: Benchmark for a Vital Community*) to create a paradigm shift in the way people view affordable housing in DuPage. The goal of this multi-faceted grassroots movement is to increase the supply of affordable starter homes (see DuPage Homeownership Center n.d.).

ROOTS OF THE PROBLEM

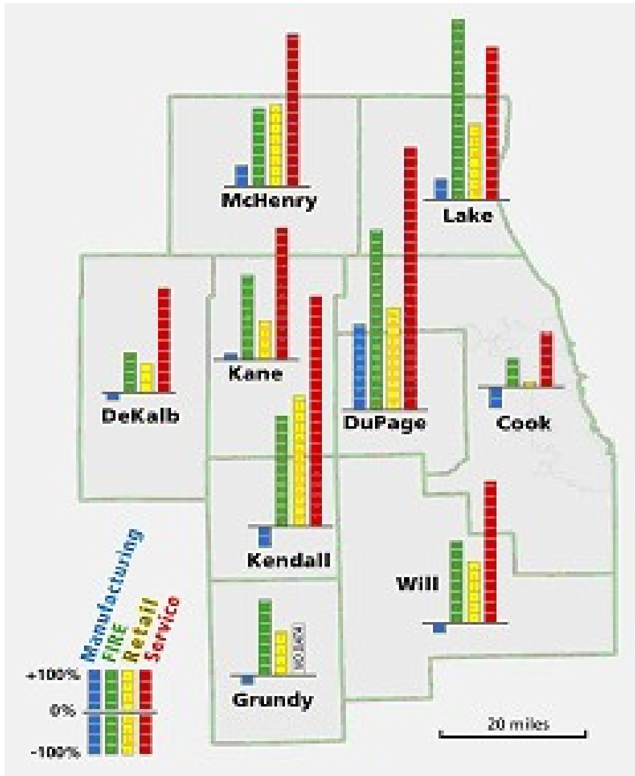
DuPage County encompasses 334 square miles in northeastern Illinois and includes all or part of 39 municipalities, each with its own land and zoning policies, as well as unincorporated areas which fall under county jurisdiction. Since 1970, the county's population has grown 96 percent (from 488,000 in 1970 to 933,000 in 2006), fueled initially by suburban flight from Chicago, and more recently, by immigration (DuPage County 2006; U.S. Census Bureau n.d.).

Over the past 30 years, DuPage has transformed from a string of bedroom communities along the metro rail lines into a major hub for low-wage, service-sector jobs. Such jobs have grown more than three times the rate of higher paying manufacturing jobs. In fact, DuPage County has seen the highest growth in low-wage service jobs of any county in the Chicago region (Brookings Institution 2003).

While the number of low-wage jobs in DuPage continues to grow, the supply of rental housing, which tends to be more affordable, has not kept pace. More than 130,000 new jobs

Dru Bergman, Executive Director, DuPage Homeownership Center *with additional contributions by*
Kathy Kregor, Co-Chair, DuPage Housing Action Coalition
Susannah Levine, Senior Policy Analyst, Business and Professional People for the Public Interest

were created in DuPage between 1990 and 2000, but only about 5,500 new rental units were built during the same period (Chicago Metropolis 2020 2002). The problem is equally acute for working families wishing to purchase housing. While the median income in DuPage increased by just over three percent between 2000 and 2004, the median single-family home value shot up about 40 percent (U.S. Census Bureau 2000, 2004; Multiple Listing Service, Northern Illinois 2000, 2004). In the first quarter of 2007, the median price for an existing single-family home was over $340,000 (the highest of any county in Illinois), 28 percent above the median price for the Chicago metropolitan area and 86 percent above the state median (Illinois Association of Realtors 2007).



Percentage change in employment by economic sector, 1970 2000, Bureau of Economic Analysis. Source: Brookings Institution Center on Urban and Metropolitan Policy

As of 2003, only about six percent of the county's land remained undeveloped (DuPage County 2003) and the construction that has occurred in recent years has been almost exclusively upscale. Municipalities and school districts in Illinois rely heavily on property taxes and impact fees, creating an incentive for policymakers to favor high-end development. And it would be disingenuous to ignore the role that NIMBYism (Not in My Backyard) plays in local development decisions.

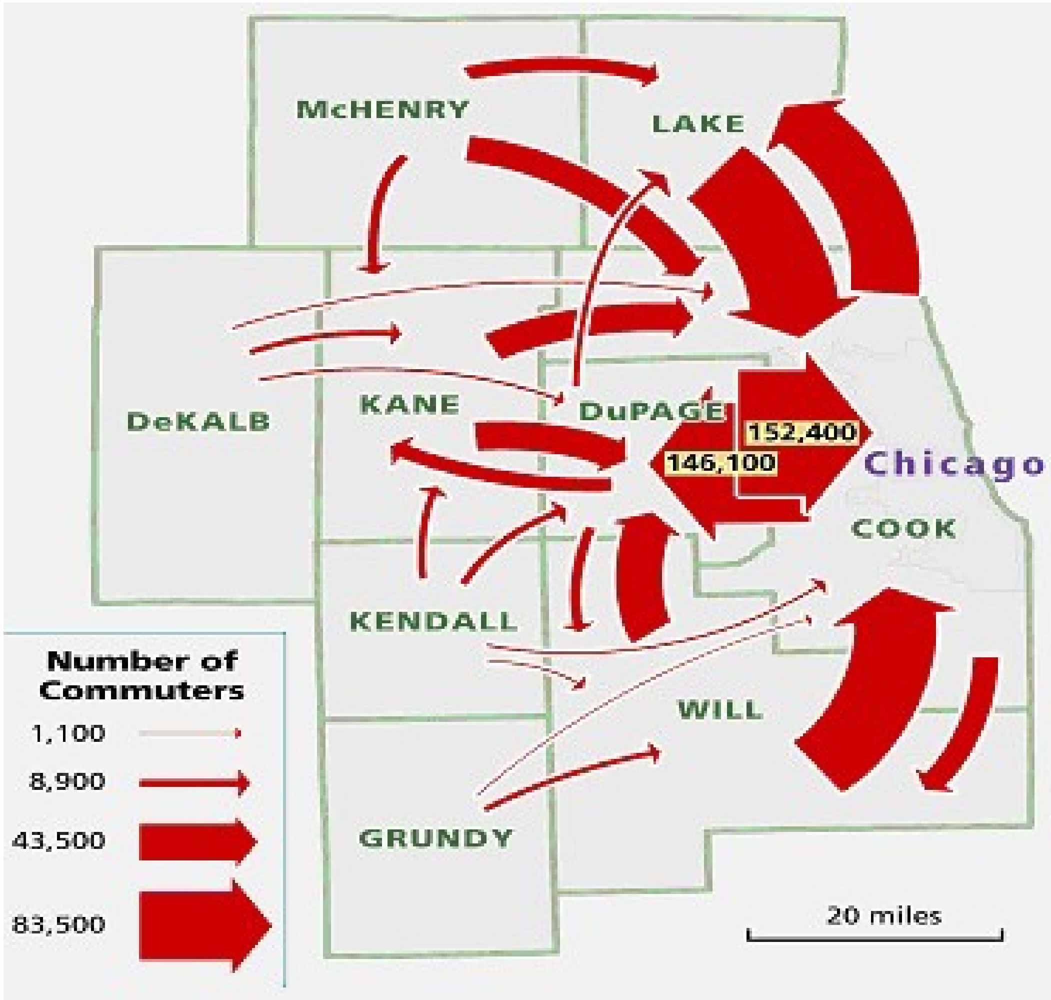
On top of the dearth of new construction, DuPage is facing a loss of its existing affordable stock. In many communities (particularly along commuter rail lines), working-class starter homes are being demolished to make way for pricey "McMansions," driving up property values and real estate taxes.

The City of Wheaton, located in the heart of DuPage County, offers just one example. In 2005, the city had 52 teardowns; in 2006, that number jumped to 76 (Carr 2007). While the community lost 76 relatively affordable properties in 2006, they did see 28 sales of newly constructed homes – at an average price of $812,000 (Multiple Listing Service Northern Illinois n.d.).

As this scenario plays out out in towns through out DuPage, more and more low- and moderate-income families are being priced out of the very communities they serve.

Since 1980, DuPage has seen a 300 percent increase in the number of commuters coming into the county to work. DuPage County is now a net importer of jobs; 256,000 residents of other counties commute daily into DuPage, while 191,000 DuPage residents commute out to other counties (DuPage County 2006).

This trend has implications for all county residents and businesses in terms of traffic congestion, pollution, suburban sprawl, absenteeism and worker recruitment and retention. According to a Chicago Metropolis 2020 report, the direct costs of the jobs-housing mismatch amounts to $200 to $300 million per year in the Chicago region (Chicago Metropolis 2020 2002).



Commuting patterns in the Chicago Metro Region
Source: Brookings Institution: Center on Urban and Metropolitan Policy

CREATIVE FINANCING AND SUPPLY-SIDE SOLUTIONS

Since 1991, the DuPage Homeownership Center (DHOC) has been helping low-income families become homeowners in DuPage County. In order to address the affordability problem, DHOC offers the DuPage Homestead Program, a public/private partnership that provides pre-purchase education and counseling and a special mortgage financing plan that boosts the buying power of income-eligible households by approximately 40 percent. The program supplies a first mortgage for about half of the purchase price of a home using mortgage revenue bond financing offered through an intergovernmental agreement between DuPage County and the Illinois Housing Development Authority. The balance of the purchase is financed with a 30-year fixed-rate second mortgage at 4 percent interest from Harris Bank and deferred, zero-interest third and fourth mortgages from the Illinois Affordable Housing Trust Fund and DuPage County's HOME federal block grant program.

Even with the substantial boost the DuPage Homestead Program provides, DHOC's clients still struggle to find affordable properties. This prompted the agency to team with the DuPage Housing Action Coalition, a network with broad-based grassroots participation that advocates for affordable and fair housing, to convene a symposium in March 2006 that brought together over 160 community leaders and housing industry professionals to identify barriers to increasing and preserving the supply of affordable starter homes in DuPage.

The symposium was designed to promote the productive sharing of ideas among builders, developers, lenders, governmental officials, realtors, social service agency representatives and members of faith communities. To address systemic impediments to affordable housing, the deliberations created four volunteer task forces:

- ***Land/Zoning*** **–** to examine regulatory issues affecting land and development costs
- ***Government Engagement*** – to explore ways to educate local policymakers about affordable housing
- ***Employer Engagement*** – to conduct focus groups with local employers to gauge their awareness of affordable housing issues and to identify messages and opportunities to engage employers as affordable housing advocates
- **Perceptions of Affordable Housing** – to gather research and formulate messages to refute common misconceptions and stereotypes about affordable housing

Each group was chaired by a respected community leader, several of whom had not been involved previously in affordable housing advocacy.

The groups worked throughout 2006 on their respective issues and reconvened in November of that year to share their recommendations (full copies of the reports can be found at www.dhoc.org) and to enlist volunteers committed to fulfilling them.

IMPLEMENTATION

In 2007, the effort moved into the implementation phase, forming a new set of work groups to carry out the recommendations. The foundation of that effort is ***Community Outreach.*** In each of the four original work groups, discussion always seemed to return to the same issue: political will. Participants stressed that there would be no substantive progress on affordable housing until communities developed the political will to make it happen.

It is a generally accepted rule of thumb that any social movement must reach between 1.5 and 2 percent of the population in order to create change; in DuPage County, that translates to about 15,000 to 20,000 people. The Community Outreach team has taken the messages created by the Perceptions task force and, working with staff from Business and Professional People for the Public Interest, developed a PowerPoint presentation on affordable housing in DuPage County. They are training volunteer speakers to spread the message through meetings with local employers, churches, civic groups and other organizations in order eventually to reach a sufficient critical mass to create the political will for substantive policy changes that will facilitate the development of affordable housing. At the end of each presentation, attendees will have an opportunity to register for email alerts on affordable housing issues in their communities.

The ***Government Advocacy*** team will monitor affordable housing issues at the municipal level and send email alerts to all of these newly registered volunteers regarding specific advocacy opportunities. In order to maximize impact, their initial efforts have focused on selected municipalities where organizing efforts and allies already exist, with plans to expand countywide later.

The group is using the expertise of established organizations in DuPage interested in affordable housing. For example, local League of Women Voters chapters are being asked to assist by setting up observers to monitor city council, planning and zoning committee meetings in the selected municipalities for local activities that affect affordable housing.

In order to anticipate potential opportunities, the Government Advocacy group is compiling a list of community projects that might incorporate an affordable component, such as the proposed North-South Metra Star rail line. This allows the group to focus on areas with the greatest potential for development proposals and proactively advocate for the inclusion of affordable housing.

The Government Advocacy group also is contacting DuPage County organizations and individuals interested in affordable housing that have email lists to join the email alert system. This will allow both countywide and targeted mobilization as the municipal meeting observers identify advocacy opportunities.

Finally, the group plans to acknowledge municipalities that further affordable housing goals by recognizing them with a "Blue Ribbon Housing Award." The Government Advocacy team is in the process of gathering ideas for specific criteria by examining successful practices used elsewhere.

While creating political will through education and advocacy, three teams are working on various projects that will show local communities how to create quality affordable housing. The Northeast Illinois Chapter of the American Institute of Architects (AIA Northeast Illinois) has adopted *Homeownership: Benchmark for a Vital Community* as their signature project in celebration of their 150th anniversary. AIA Northeast Illinois members are conducting three ***Design Charrettes*** at actual sites in DuPage County. A charrette is a kind of design forum for developing solutions to specific community issues.

The group held their first charrette in April 2007 in the City of Wood Dale at the behest of the city council. About 35 to 40 AIA Northeast Illinois members and community representatives brainstormed ideas for mixed-use, mixed-income redevelopment of a specific downtown site. The workshop format was designed to facilitate an open discussion between all community stakeholders.

In June 2007, the AIA Northeast Illinois volunteers presented four alternate concepts for mixed use, mixed income retail and residential developments to the Wood Dale City Council. The designs incorporated condominiums, town homes and substantial green space.

The presentation was well-received by community leaders. As reported in *The Daily Herald*, Wood Dale 2nd Ward Alderman Ed Kneip stated, "I personally found this concept very enlightening. Sometimes you get into conversations that are all 'What if? What if?' but our 'What ifs' were being put down on paper. The process has resulted in a real model for us to work with" (The Daily Herald 2007).

The City of Wood Dale is considering whether to create a tax increment financing (TIF) district in the targeted area to encourage redevelopment. The city also will use the charrette concepts to assist in creating new community development guidelines and rewriting its zoning ordinance.

Given that DuPage County has so little remaining undeveloped land, this kind of creative redevelopment can offer a win-win solution for affordable housing advocates and municipalities. Two additional charrettes are being planned in other communities later in 2007.

Other ideas to facilitate development are being explored by the ***Overlay District*** group. Chaired by a developer and a village manager, the team currently is working with a local non-profit, the Community Housing Association of DuPage, to create a model town home project incorporating regulatory accommodations recommended by the Land/Zoning work group.

In addition to nurturing home-grown solutions, another group is compiling a ***Technical Assistance Bank*** with information on best practices from other high-cost areas around the country and available resources for local government officials. Since affordable housing is a relatively new issue for local officials in the Chicago region, they often are not familiar with best practices or available resources. The Technical Assistance Bank will collect, summarize and catalogue information (e.g., housing policies, affordable housing development, housing programs, financing) and make the resources available electronically on a dedicated public web site hosted by the DuPage Mayors and Managers Conference, in collaboration with DuPage County and DuPage housing organizations. While focused on assisting local governments, the information also will be available to other interested parties who wish to access it.

A ***Steering Committee*** composed of the work group leaders and co-chaired by a leading area employer and a prominent local builder is providing guidance, coordination, and oversight to all of these efforts. Although DHOC and the DuPage Housing Action Coalition continue to quarterback the overall process and provide staff support, they have made a very conscious effort to engage new work group leaders at each phase of this initiative to expand support for the cause.

AFFORDABLE HOUSING: NOT YET EXTINCT

Affordable starter homes may be an endangered species in high-cost communities such as DuPage, but we're confident the trend can be reversed. Creative solutions, such as the mixed density overlay districts, are available, but government officials must find the political will to implement them. The ideas described in this chapter – particularly the design charrettes – offer a blueprint for winning community support by engaging stakeholders in both the problems and the solutions. The battle for affordable workforce housing will be won on the ground, one heart at a time, through conversation, education and advocacy that eventually makes it unacceptable for hard-working families like the Smiths to be priced out of the very communities they serve.

LESSONS LEARNED

Homeownership: Benchmark for a Vital Community has broken new ground in DuPage County in terms of grassroots collaboration to solve a pressing community problem. It also has provided a number of lessons that any organization or community working for change might find useful:

• ***Promote conversation between stakeholders***. The dialogue at the initial homeownership symposium was enriched immeasurably by intentionally arranging the seating to encourage people with differing perspectives to interact.

• ***Set a tone of collaboration, not confrontation.*** The moderators and table captains at the initial symposium created a climate of respect that has carried through the entire process and encouraged involvement.

• ***Respect diverse opinions and listen to other viewpoints with an open mind.*** The new people who became a part of this process often challenged the statements and assumptions of the traditional affordable housing advocates, forcing them to reexamine issues from a different perspective, which sharpened their arguments.

• ***Constantly be on the watch for potential new leaders for the cause.*** For instance, former Illinois Attorney General Jim Ryan was not an affordable housing advocate; however, as the head of the Center for Civic Leadership and Public Service at Benedictine University, he was interested in civic engagement and approached the cause from that perspective. His impassioned speech about the importance of citizen action at the November symposium inspired 95 attendees to sign up on the spot to volunteer for the implementation phase of the effort.

• ***Build on existing networks.*** Rather than reinventing the wheel, the groups identified organizations, such as the League of Women Voters, who already had the infrastructure in place to carry out some of the proposed activities.

• ***Research your audiences and tailor your messages.*** For example, the Employer Engagement task force learned through their focus groups that their assumptions were not always correct as to which affordable housing messages would resonate most with employers.

• ***Find common ground by building on each stakeholder's self interest***. For employers, it may be recruitment and retention costs, for builders, it may be regulatory relief. All parties may not agree on all issues, but if you maintain a respectful, inclusive dialogue, you can find common ground on which to build.

• ***Make your voices heard.*** Elected officials respond to numbers, and time and again they told the work groups that they rarely hear from *proponents* of affordable housing.

Education is important, but educating people without organizing them to act is not going to create the political will. There needs to be significant investment toward developing leaders to be active citizens and teaching leaders the tools to get organized and be a voice in their community. Those in need of affordable housing need to be at the center of this effort. Leaders from DuPage United, an affiliate of the Industrial Areas Foundation, whose mission is to nurture and develop citizens to take collective action for structural change, have been approached to be part of this partnership.

Local governments incorporate consideration of workforce housing needs in any consideration of changes to land use regulations, building codes or building materials.

Local governments give priority to and streamline approval processes for subdivisions that include workforce housing units, possibly by creating a Workforce Housing Ombudsman

Developers receiving these incentives for workforce housing place restrictions on resale of the units to maintain affordability and implement strong property management and maintenance regulations.

POLICY RECOMMENDATIONS

In terms of specific policies communities can enact to facilitate development of affordable housing, the Land and Zoning work group recommends the creation of Mixed Density Overlay Zoning Districts (in preference to inclusionary zoning). For example, there could be two "MD" designations:

- MD-1 would be a zoning classification for smaller infill developments where mixed density and mixed income housing is provided on adjacent properties.
- MD-2 would be a zoning classification for larger developments where mixed density and mixed income housing are provided within the new development.

The MD would incorporate the following provisions:

- Developer incentives of a 25 percent increase in housing density provided that at least 25 percent of the units are designated as affordable workforce housing.
- Modification of bulk regulations, including setbacks and minimum lot sizes, to accommodate the increased density.
- Reasonable modification of subdivision regulations to accommodate increased density.
- Reasonable modification of landscaping, storm water and wetland requirements to accommodate increased density without compromising the intent of those regulations.
- Reduction or elimination of impact fees for workforce housing units.
- Establishment of design and architectural standards and housing types (including "cottage" housing) for the overlay district.

In addition, the work group recommends that local governments modify their comprehensive plans to show potential sites for mixed density overlay districts.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

AFFORDABLE HOUSING

The Hope VI Program: A New Strategy for Neighborhood Revitalization

Julio Barreto, Jr., Former Department Director for Development
Special Initiatives and International Affairs
National Association of Housing and Redevelopment Officials
with additional assistance by Dan Moore
Duluth Housing Authority

THE HOPE VI PROGRAM : A NEW STRATEGY FOR NEIGHBORHOOD REVITALIZATION

The city of Tucson, Arizona, faced a common urban problem: its public housing was in poor shape, and it faced a continuing shortage of affordable housing. To address these challenges, Tucson used a 'HOPE VI' grant of nearly $15 million to raise an additional $48 million for the Barrio Santa Rosa/Connie Chambers Revitalization Plan. This plan called for demolishing 200 public housing units at the former Connie Chambers site and replacing them with 60 public housing units and 60 units that are income restricted under the Low Income Housing Tax Credit Program. Off site the City purchased 123 scattered site units in non-minority, non-low income census tracts and created 17 new units of public housing in the Tucson House. Additionally, Tucson, working with the non-profit community, constructed 60 houses in the Greater Santa Rosa Neighborhood for homeownership programs. The HOPE VI grant was successfully completed in January 2003, and the new development in the Barrio Santa Rosa, the Posadas Sentinel, is 100% occupied.

The funds raised through this HOPE VI project did more than just revitalize public housing, however. The project made several improvements to the community for service delivery as well as recreation. The Santa Rosa Learning Center, the Santa Rosa Child Development Center, and the Santa Rosa Park were created and have been fully operational since 2003. Renovation of the Santa Rosa Recreation Center will be completed in the near future.

Through HOPE VI, Tucson also provided economic development programs for the neighborhood and provided employment opportunities for area residents and economic assistance to retail businesses. All of the economic development components have been completed except for the building of a grocery store, which has been delayed until a major highway construction project is finished. To slow down traffic and create a more friendly shopping area, HOPE VI funds were also used for road improvements in the neighborhood; these enhancements are completed as well.

The final component of this HOPE VI project was the renovation of a five unit complex into a residential studio Art & Culture Center. The Art & Culture Center has two apartments for artists, who pay a reduced rent in exchange for providing art instruction and programs to the neighborhood. The Center has space for instruction and exhibit space. A local arts agency manages the programming and a private management company maintains the two units.

In Tucson, the community learned that strong and open communication with all stakeholders was a major key to the project's success. All available resources that could be brought to the projects — not just those available from local agencies – were identified and used. Hard work incorporated the residents' concerns into the process and made them feel that their opinions were valued. In the end, all celebrated the accomplishments made possible, in part, by the HOPE VI program.

THE HOPE VI PROGRAM

As it did in Tucson, the HOPE VI program can alter the future of public housing in our nation's neighborhoods. It can raise the prospects for revitalizing blighted neighborhoods by creating mixed income communities in areas

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National Association of Housing and Redevelopment Officials
with additional assistance by Dan Moore, Duluth Housing Authority

in which competition for public housing has taken a back seat. Therefore, with federal housing subsidies for the poor being reduced, mixed income projects provide an alternative revenue stream to help house the poor.

BACKGROUND OF HOPE VI

The HOPE VI Program grew out of a series of recommendations submitted by the National Commission on Severely Distressed Public Housing to Congress in the early nineties. Frustrated with approximately 80,000 to 90,000 public housing units that were eyesores and in need of extensive repair, Congress created the Commission to recommend ways to remedy housing that was uninhabitable (i.e., 'severely distressed') because of poor design or location, because they were located in areas with concentrated poverty and high rates of vandalism or criminal activity, or because they contributed significantly to disinvestment in the surrounding community.

The commission made two general recommendations. First, the distressed housing needed massive transformation: physical improvements, better management, and better social and community services. Second, local housing authorities should be given some flexibility in determining how to accomplish these goals, even if this involved demolishing existing units and replacing them with new ones.

Prior to the creation of HOPE VI, the federal government had imposed a 'one-for-one' rule, which required local housing authorities to replace any unit it removed from its inventory. For many years this rule meant that demolishing public housing units was a political non-starter for local housing authorities, especially in urban communities where land costs were high. Removing this rule in 1998 paved the way for the HOPE VI program to develop a mix of housing types in these once blighted areas.

After much debate, Congress created the HOPE VI program in 1993. Originally a demonstration program, Congress has continued to fund HOPE VI, although the program has not been permanently authorized. According to the Department of Housing and Urban Development (HUD), since its inception the program has issued 607 total grants totaling more than $6.2 billion. Of the total amount awarded, roughly $5.8 billion consists of revitalization grants.

HOPE VI IN PRINCIPLE AND PRACTICE

HOPE VI allows local housing authorities to apply for federal grants that must be leveraged to attract other public and private resources to revitalize distressed developments. The revitalization grants fund the capital costs of major rehabilitation, new construction and other physical improvements; the demolition of severely distressed public housing units; the acquisition of sites for off-site construction; and community and supportive service programs for residents, including those relocated as a result of revitalization efforts. Smaller communities are eligible to receive what are called Main Street grants which are intended to provide assistance for revitalizing older downtown business districts while retaining the areas' traditional and historic character. Any families needing to be relocated are provided financial aid through the Housing Choice Voucher Program.

HOPE VI's main innovation for public housing was its 'mixed finance' element. This required local housing authorities to use Federal funds to raise other public, private and non-profits funds for community revitalization. While HUD must approve the local plans, the program allowed for a variety of approaches to revitalizing these developments. The program showcases innovative mixed-income, mixed-finance housing developments and public-private partnerships that place schools, churches, civic and community services and employment in or near the developments. The new developments could consist of rental units (subsidized and unsubsidized), privately owned houses, and public housing units. The design, structure and décor of these new developments were designed to attract a greater income mixed of households and conform more closely to the surrounding community.

While HOPE VI has produced innovations in community revitalization, it is no panacea: in many cases the program has reduced the total number of affordable housing units as it has sought to integrate poor families into areas of less concentrated poverty. Residents of public housing have remained skeptical of the government's ability to provide them with better homes and more opportunity. Strife among residents, HUD and housing agencies slowed the implementation of early grants, sometimes by years. HUD now insists that residents should be a part of this partnership process, and must be included in the revitalization process. Better guidance to residents and agencies has improved these relationships. HUD continues to refine the administration of the program, which tends to draw criticism for being overly regulatory from some perspectives, and not regulated enough from others.

It may not be the only answer to the issues confronting public housing, but the program does demonstrate what can occur when stakeholders — the federal government, public housing officials, residents and local political and community leaders – come together with an interest in solving a common problem. To illustrate the promise that HOPE VI provides, the next sections contain other examples of HOPE VI projects.

HOPE VI IN SAN ANTONIO

The San Antonio Housing Authority (SAHA) has secured three HOPE VI grants. In 1994 SAHA secured a $48.8 million grant, and leveraged $4.3 million in additional funding, to revitalize the Springview Apartments. The original development consisted of a 421 units. These units were replaced with 347 affordable units and 31 market rate single-family homes. Part of the plan also called for the renovation of a historical structure, a convent that was converted and now provides space for 25 public housing units, childcare, counseling, training and office space. It also provides 21 office rental spaces and meeting rooms. The new development contains single family homes, multi-family town homes, senior citizens apartments and a community center in addition to the converted convent. Off site there are 21 single family homes and 59 senior citizen apartments. The project was completed in 2006.

In 1995, SAHA was awarded a $48.2 million grant that leveraged an additional $1 million to revitalize the Mirasol Homes. This was a 500-unit development that was demolished and is expected to be replaced by 174 public housing units and an additional 216 replacement units off-site. The off-site units contained 160 single-family homes that were available to public housing residents on a lease-purchase agreement. This provided homeownership opportunities.

In 2003, HUD approved an $18.7 million HOPE VI grant to SAHA to revitalize the Victoria Courts which is an area within walking distance of many of the city's downtown historic attractions. The new development calls for replacing 660 public housing units built in 1940 with 602 units of mixed income and mixed use development. Approximately $6.7 million of the HOPE VI funds have been expended and have led to $20.5 million in leveraged funds. All HOPE VI funds are to be expended by September 2008 and all development work is to be completed in late 2009. There are four phases; the first phase (for which funds have been expended) calls for

50 public housing units, 55 affordable units and 105 market rate units. The second phase will include a total of 44 public housing units that will be available for homeownership and 102 market rate units. The final phase will include multi-family rental dwellings.

HOPE VI IN THE DISTRICT OF COLUMBIA

The District of Columbia Housing Authority (DCHA) has received a number of HOPE VI grants since the programs inception but two projects stand out: the Townhomes of Capitol Hill and the Capitol Gateway Project.

Formerly known as the Ellen Wilson projects, DCHA received a $25 million HOPE VI grant in 1993 to redevelop the site as the Townhomes of Capitol Hill. The original 134 units in two-and three-story walkup apartment buildings were demolished and replaced by 134 town-homes that were sold to families of mixed incomes in a cooperative structure. Thirteen lots were offered as 'fee simple' market rate town-homes. (Fee simple means having the absolute power of ownership in real estate, including the right to sell the property or pass it on to heirs without limitation.) The units were sold in 2000 with a cooperative board elected to govern functions after development. The Co-op is self-governing but DCHA is responsible for enforcement of the regulatory and operating agreement. There was a Community Advisory Committee created to direct the planning of the Community and Supportive Services Program that accompanied the development. The committee consisted of representatives of local churches, service providers, public housing residents from neighboring development and residents from the surrounding community.

As a result of the development, the area is more economically diverse, providing greater stability to the neighborhood. The development receives no on-going subsidy and has maintained a budget surplus. Twenty-four former public housing and Section 8 residents were able to become home owners as a result of the economic development initiatives that accompany the project.

Another project for which DCHA received a HOPE VI grant was the Capitol Gateway Project. In 2000 DCHA received a $30.8 million grant from HUD which leveraged $130 million in other funds and services. The leveraged funds and services included commitments from the Washington, DC Housing Finance Agency, the DC Department of Housing and Community Development, the DC Department of Employment Services, DCHA non-federal sources, tax exempt bonds, and low income housing tax credits, a federal Housing Administration grant, private equity and other private investment.

The project calls for replacing two public housing developments and a foreclosed HUD properly on a contiguous site that contained 1,107 units. It will be replaced by a total of 761 units of which a 152 unit building for senior citizens was completed in late 2004. The elderly development is near a newly renovated park and is reserved for low-income seniors and subsidized by a housing choice voucher program.

The site will eventually include 231 units for homeownership, of which more than 50 will be former public housing residents who have successfully completed a training program which helps them with the transition to homeownership. There is a planned 95,000 square foot commercial center that will be constructed within walking distance of the development. The East Coast View Community Development Corporation has been formed as a resident owned and operated corporation. It will be housed in a newly constructed community center which will also contain family and career counseling offices, a multi-purpose room, a computer training center and other facilities for community and supportive services. There has also been a commitment from community partners for at least 50 temporary construction jobs, over 100 non-construction jobs and other jobs associated with the commercial center as a result of the project.

HOPE VI IN DULUTH, MINNESOTA

The Duluth HOPE VI project was a 2002 application funded in March of 2003. The HOPE VI grant of $20 million initially leveraged an additional $86 million for a total of $106 million. However, since the beginning of the implementation process the total budget has grown to $175 million for a leverage figure of $155 million.

The original site comprised 200 severely distressed public housing units with barracks style construction in the Harbor View complex. All 200 families were relocated as of October 2004. Seven of the families were able to relocate directly from the old units into the first phase of completed construction on-site. All original HOPE VI Harbor View families have been offered the opportunity to return to the redeveloped site.

Thus far, three of seven phases have been completed. The work completed thus far includes:

- Phase I on-site was the second completed phase, which included 44 units of townhome style duplexes and fourplexes. The 44 units include 11 public housing replacement units, 24 tax credit rental units, and nine market rate rentals.

- Village Place is a 55-unit apartment off-site building with 16 public housing replacement units, 27 tax credit rentals, and 12 market rate rental units. This building is strategically located close to two hospitals which provide employment opportunities and also related community and supportive services job training programs for HOPE VI residents.

- The third completed phase is the Village at Matterhorn which is a 96 unit complex of two apartment buildings with 81 units and 15 townhomes. Thirty units are replacement public housing, 49 units are tax credit rentals, and 17 units are market rate rentals. This development is strategically located in close proximity to a shopping mall where numerous retail employment opportunities and public transportation is available.

Phase II on-site rental began construction in July of 2007 and includes the next 42 units of rental housing with very similar designs to Phase I, and a new child care center along with the first 17 units of homeownership construction. Phase III on-site is funded with low income housing tax credits and will start construction in the fall of 2007 with 41 units and the construction of a new community center on the Village Green. Phase IV tax credits have been applied for and construction is expected to start in the spring of 2008. The 104 on-site homeownership construction will continue as units are sold and will likely be completed in late 2010. These units will include 54 affordable units and 50 available at market rate. Designs will include single family homes, duplex and fourplex townhomes and condominium units.

The other major off-site homeownership units includes a development in the east side of Duluth known as Hawk Ridge Estates, which will include 133 units of affordable (40 percent) and market rate (60 percent) housing consisting of 130 single family homes and three public housing replacement rental units, one duplex and one single family home.

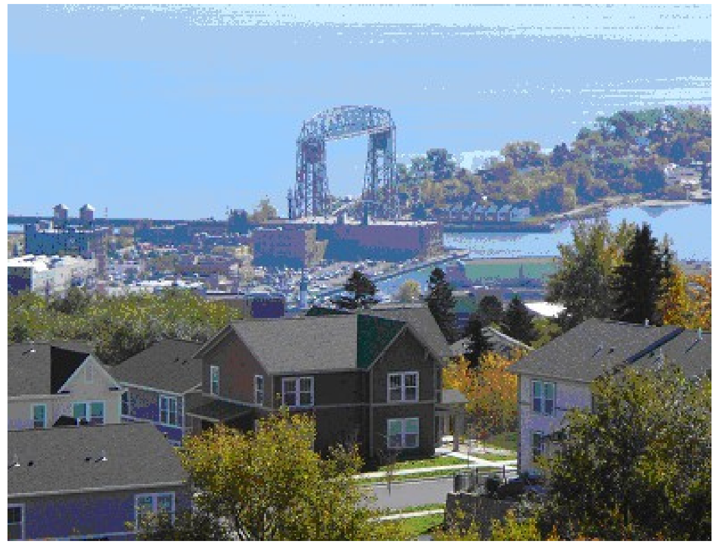
One additional development will be built at a site yet to be determined. Total unit production includes 655 units of rental and homeownership units within five developments yielding a net gain of 455 new housing units in Duluth, plus the replacement of the 200 original public housing rental units. The HOPE VI program has truly transformed not only the original blighted Harbor View neighborhood into an exemplary new mixed-income neighborhood of choice as a 269 unit “Village with a View,” and improved the lives of many residents through community and supportive services programs, but it has also acted as a catalyst for the construction of additional housing at all income levels and provided an economic boost to the community that has created $175 million in new residential value, as well as numerous construction jobs throughout the 5 year implementation process.

CONCLUSION

HOPE VI creates tremendous opportunities to revitalize neighborhoods beset with a myriad of social and economic ills that can only be cured through dramatic action. It is not a perfect solution but one that warrants the opportunity to mature into the type of neighborhood revitalization tool that balances the overall community needs with the individual needs of public housing tenants.

A Gallery of Hope VI Successes

Harbor Highlands – Phase I – "A Village with a View" - 44 on-site units including 11 public housing units, 7 of which are occupied by HOPE VI residents



Harbor Highlands Phase II Current Construction – 42 new units + child care including 17 public housing replacement units

Village Place – 55 new rental units near hospitals, including 16 public housing unit

Hawk Ridge Estates - Market-rate construction stimulated by HOPE VI.

Village at Matterhorn - 96 new units including 30 public housing units - near retail jobs

National Neighborhood Coalition

What's Happening to The Neighborhood?

Affordable Housing

Cooperatives: A Shared Equity Solution

Jim Gray, NCB Capital Impact

COOPERATIVES: A SHARED EQUITY SOLUTION

" In just the three years from 2001 to 2004, the number of households paying more than half of their incomes for housing shot up by 1.9 million. This increase brought the total number of low- and middle income households with severe cost burdens to 15.6 million."

" Until 2000, nationally weighted average home prices rose closely in line with median incomes and general price inflation. Since then, however, house price appreciation has shot ahead of these benchmarks, outstripping income growth more than six-fold from 2000-2005. As a result, the median house price exceeded the median household income by at least four times in a record 49 of 145 metro areas and by more than six times in 14 metros" (Joint Center for Housing Studies 2006).

THE CAPITAL MANOR COOPERATIVE

The District of Columbia, an example of one of these pricey metro areas, has faced an increase in gentrification due primarily to the renovation of multifamily housing into high-priced condominiums. Although most individuals living in these communities cannot afford to buy the individual condominiums, D.C. law offers tenants the opportunity to remain in their homes through a shared-equity solution. Under the cooperative model for multifamily housing, tenants have the opportunity to buy the building from its owner as a route to affordable homeownership.

The Capital Manor Cooperative in D.C. serves as an example of a very successful tenant purchase that helped 102 families avoid displacement from their neighborhood. With funding from the District's Department of Housing and Community Development and private loans through NCB and NCB Capital Impact; with assistance from developers and lawyers; and with key resident involvement and much perseverance, these families established an affordable housing cooperative and purchased their building. Since the initial building purchase in 2003, the cooperative has maintained its affordability by restricting resale of shares to other low-income buyers.

Though housing prices and income changes over recent years have made it more difficult for many families to purchase a home, the dream need not be out of reach. One possible means of achieving broader access to homeownership is through cooperative housing. This chapter outlines cooperative housing as one of several shared-equity solutions.

HOUSING COOPERATIVES: KEY TOPICS

A *housing cooperative* is a means for people to join together on a democratic basis to own and control the building (or buildings) in which they live. It is based on seven principles, apparent in its form and operation:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation
7. Concern for community

Resident owners form a corporation, elect a board of directors and pay a monthly amount that covers the cost of owning and operating the property. Residents buy "shares" or a membership in the co-op corporation and the right to live in a particular unit in the building. As an investment to each shareholder, co-ops share many characteristics with other forms of homeownership: they count as an income tax deduction, are excluded from capital gain taxation on sale, and can build equity over time.

Jim Gray, NCB Capital Impact

A share loan is the debt of an individual cooperative member for their purchase of interest in the cooperative corporation, and their "right" to live in the building. The process of purchasing a cooperative share through a loan is much like purchasing a condominium using a loan from a bank or credit union. Although the bank requires the co-op corporation to agree to the loan, only the individual member is responsible. The co-op corporation has no obligation to pay any part of the share loan.

What is a blanket loan?

A cooperative corporation's ownership of its real estate is typically financed with a blanket mortgage loan. Because the corporation owns the land and buildings, this entity can take out a mortgage on the property as a whole. Cooperative corporations can use a blanket mortgage to finance the initial purchase of the real estate, to refinance, or to pay for major improvement and rehabilitation projects. While the cooperative corporation is liable for the blanket mortgage, the individual members are not. Members are liable only to the cooperative corporation, and pay their portion of its blanket mortgage payment through their monthly payments.

How much does cooperative living cost each month?

The cooperative's annual budget of expenses reflects its best estimate of the cost of properly operating and maintaining the building(s). The budget may include funding appropriate reserves for items such as repairs and making payments on the cooperative's blanket mortgage. Members pay monthly charges consisting of their proportionate share of one month's cooperative expenses. Size and other factors influencing the relative value of individual units affect the proportion of the resident's monthly share. These monthly payments are referred to by different co-ops as "occupancy charges" or "carrying charges."

Capital Manor Cooperative serves as a successful example of a conversion from a rental building to a multifamily housing cooperative. The first step of the housing cooperative formation was to create a board of directors that would ensure the co-op principles were met. Subsequently, Capital Manor members educated themselves on the purchase process and the shared ownership model, and received training from the non-profit group Housing Counseling Services. The cooperative corporation took out a blanket mortgage for the land and buildings and received city financing assistance, while the individual residents purchased shares to become owners. Today, all co-op members render monthly payments to cover on-going operating costs and the blanket mortgage for the property. Thus, Capital Manor created democratic member control and developed member economic cooperation for affordable housing.

How does a co-op compare to condominium ownership or rental housing?

A cooperative is a way for people to join together on a democratic basis to own and control the buildings in which they live. While the process of joining an existing cooperative as a resident owner is relatively similar to the process of buying a condominium unit, the condo owner's purchase consists of the dwelling unit, *plus* an interest in the common elements of the building and land. The condo association, through which the condo unit owners democratically govern the building, does not *own* any part of the condominium land or buildings. Both development and closing costs are usually lower for cooperatives than for condos.

In a rental building, tenants do not *own* the building in which they live. They have no opportunity to earn equity over time or receive tax benefits; rather they are paying rent to a landlord. They have no responsibility for maintenance or repairs of the building and no control over who moves into the building. Under both housing cooperatives and condominiums, the resident owners must manage these responsibilities of ownership.

What is an affordable cooperative and a limited equity cooperative?

An affordable housing cooperative is made available especially for moderate- or low-income families, and is usually made possible by some private or public subsidy. A limited-equity cooperative, more specifically, has resale price restrictions on cooperative interests. The purpose of these restrictions is to keep acquisition prices affordable to future generations of cooperative members, with affordability and membership targeted to potential homeowners that are at or below a certain percentage of area median income (AMI). Depending on the specific restrictions, a particular balance is struck between affordability to the next purchaser and equity growth for the current owner. Detailed information on such restrictions (including maximum share sale price) is usually found in the co-op bylaws or in a regulatory agreement or land-lease between the cooperative and some third party. These documents also typically establish maximum income limits allowed for incoming members.

Capital Manor Cooperative has established re-sale price restrictions on its cooperative shares to keep the units affordable to future buyers. When a member decides to sell a share, the co-op board must approve the new buyer, and determine that the new buyer's income does not exceed the income limits set. Capital Manor's re-sale price restrictions maintain the affordability of the co-op over the long term, while at the same time maintaining some opportunity for equity growth to the owner at the time of sale.

What is a market-rate cooperative?

In contrast to a limited equity cooperative, a market-rate cooperative puts no price limits on the resale of its cooperative interests. This resulting sale price tends to equal the fair market value of comparable condominium units. In a cooperative, the sale price is made up of the share price plus the obligation to pay the unit's proportionate share of the cooperative's blanket debt.

Co-ops as a policy solution

Like other shared equity models, cooperatives provide an option for more working families to access homeownership. What makes cooperatives special? Cooperatives can be considered a strong policy solution for affordable housing, for the following reasons:

- They are cost-effective in closing costs and operations;
- They offer long term financing and refinancing options;
- They build democratic, personal responsibility in building management and ownership;
- They have proven to be successful over time with lenders and Fannie Mae;
- They yield decreased crime and healthier community statistics;
- They present flexibility in combination with other models.

Entry and operation costs

Members of affordable cooperatives enjoy lower closing costs than condominium and single-family homeowners, making entry into ownership a bit easier. Purchasers usually do not have to pay title fees in closing, but can usually enjoy tax benefits in the same manner as condo and single-family homeowners.

Cooperatives operate at a cost determined by an annual budget that reflects a best estimate of the exact cost needed to operate and maintain the property. These costs can include management, maintenance of the grounds and building structures, funding appropriate reserves, paying property taxes and insurance for the cooperative and making principal and interest payments on the co-op's blanket mortgage. The University of Wisconsin Center For Cooperatives finds that co-ops operate often 15-20 percent below market rate. One study cited in the *Cooperative Housing Journal* also found that cooperatives' average operating costs were 21 percent lower than that of rental properties. This lower cost can be passed on to resident owners, helping to maintain affordability for them and future buyers. Instead of paying a profit margin to the building owner as in a rental, the cooperative members can enjoy some savings in building operations.

Long-term financing benefits

Many advantages of cooperative homeownership come from the flexibility available in financing. Because the cooperative corporation owns the land and buildings as a whole, the property can be mortgaged as a whole. The cooperative can use its blanket mortgage to pay for the initial acquisition of real estate, refinance existing debt, or finance major improvement and rehabilitation projects. Because each individual cooperative homeowner has an ownership interest, he or she can borrow against that interest in the same way that a single-family or condominium homeowner can borrow against his or her ownership interest.

Performance for lenders

Cooperatives are also a good solution for lenders. Cooperatives outperformed all other loan types in a study conducted by the Urban Institute of HUD's multi-family insured mortgage programs. In addition, Fannie Mae reports, "share loans routinely outperform the rest of their single-family portfolio, labeling co-op share loan performance stellar." This performance suggests that cooperatives are less risk for foreclosure than single-family homes, so may provide for a safer investment for lenders.

Healthier communities

Cooperatives are especially relevant for today's affordable housing, an increasingly market driven environment. The model empowers low- and moderate-income families through their ownership and control of their own housing. Residents experience the direct consequences of their management decisions in the cost and quality of their housing.

Deborah Thomas, president of Capital Manor Cooperative, has seen this empowerment in her members: "After the renovation, people transition out of the rental mentality.... You take pride in something you can call your own." Capital Manor members gained many skills from their conversion to a cooperative, including how to exercise their legal rights and how to overcome barriers via cooperation (in this case, amongst co-op members, the developer, the government, and lender). Residents also benefited from educating themselves about the conversion process and responsibilities that come with a building purchase, and learned to be creative when selling their vacant co-op units at reasonable cost. In addition, the structure of a cooperative is such that the members are able to exercise their newly-empowered voices in their communities in a way they would not necessarily experience in rental housing.

What are some challenges of co-ops as a policy solution?

Although cooperatives have many strong points as an affordable housing option, there are several hurdles that co-op advocates continue to address: perceived complexity, owner education, tenant organization and participation, and share lending.

Although common in New York City, cooperatives are found less frequently in other metropolitan areas, and are even more scarce outside metropolitan areas. For this reason, the establishment of cooperatives can be perceived as more complex than condominiums. Lenders, developers, and lawyers — essential players in the process of cooperative development — might be less familiar with cooperatives and less able to advise on establishing their structure. Similarly, many lenders find it a challenge to provide and service the small share loans needed for resident owners of affordable cooperatives to purchase in to the corporation.

The necessary high level of involvement by resident owners of a cooperative has its challenges as well as its benefits. First, it can be a challenge for tenants to organize themselves when they wish to purchase the building and maintain successful coordination throughout the process. These potential owners may not know what steps to take, or may lack the support resources to learn how to establish and manage their cooperative. Additionally, residents may face financial obstacles. The group of tenants may have difficulty securing the initial capital contributions needed to purchase and rehabilitate their property, and individuals may have trouble accessing share loans to purchase their interest in the affordable cooperative corporation.

SHARED EQUITY

Although there are various types of shared equity models, affordable cooperatives are created with the goal that *shared equity homeownership* will make housing more reasonably-priced for present and future generations by controlling re-sale prices and sharing operating expenses. Under shared equity, the resale price of a property is controlled to increase the stock of affordable housing. In addition to enabling long-term affordability, shared equity models often address rising housing costs other than sale price — such as insurance, heating fuel, and maintenance — by approaching them on a shared basis that creates an economy of scale. Sometimes called "third sector housing," shared equity homeownership models include cooperatives, land trusts and deed-restricted housing. As of 2006, over half a million shared equity homes were in existence, and the numbers are rapidly growing.

Shared equity homeownership has three distinguishing features: owner-occupancy, equity allocation, and rights-sharing. The first feature, owner-occupancy, prevents people from purchasing a home, then renting out their home to other individuals for profit. The second characteristic, equity allocation, helps to ensure future affordability by establishing the distribution of gains from the sale of a unit. For example, in a limited equity cooperative with resale restrictions, the current owner obtains equity – but not the full amount — by selling the property. The leftover equity goes towards the cooperative share and helps maintain affordability. Thus, the equity allocation means that some of the appreciation value of the property goes to the current generation and some to future generations. Finally, the last distinctive attribute is the sharing of rights, responsibilities and benefits between homeowners and the larger community. For example, under a community land trust, the actual title of the land remains owned and operated by a community group rather than individual property owners. This feature allocates benefits and responsibilities of ownership to the broader community.

What are some examples of shared equity models?

In addition to a limited-equity cooperative, the shared equity model can assume the form of a community land trust or a deed-restricted home. Although variations and specific details exist for each type, some of these models can be briefly summarized.

Deed restrictions are legal documents that place limits on the resale price or eligible purchaser of a home. Policymakers can use various approaches to balance the preservation of affordability and the equity-building opportunities for assisted homeowners. These approaches can be applied in deed-restricted homes, for example.

- Area Median Income (AMI) Index Resale Formula— Policymakers assure that the sale price of their affordable housing stock meets certain restrictions. They use the initial purchase price plus an additional amount based on an area median income formula to derive the resale price.

- Affordable Housing Cost (AHC) Resale Formula—This model also restricts the sale price of affordable housing stock using AMI. At the time of resale, policymakers use the current area median income, interest rates and insurance costs to determine how much families of a particular income bracket can afford. This information is used to define the affordable housing price.

One advantage of deed restrictions is that they can be attached relatively easily to either multi-family or single-family homes. In addition, they do not require any potentially time-consuming democratic governance. Although they are often not permanent, they can be enacted for a long or short period of time. The more permanent the restrictions, the easier it is for policy makers to maintain their affordable housing stock.

A community land trust is land owned by a nonprofit or community-based corporation on which homes may be built. The individual homeowners then simply lease the land and only possess title to the home built on the land. Land trusts can be composed of a block of land in one geographic area, or dispersed in multiple parcels of land throughout a city. One advantage of community land trusts is its democratic approach to the governance of the land for a greater community purpose. Another advantage is permanence; often land trusts are in place for long periods. One disadvantage of land trusts is that they are a relatively newer shared-equity model and thus not as well-tested as cooperatives. In addition, for purposes of affordable housing, this model requires multiple deed restrictions and can be a bit more difficult to enforce. For this reason, land trusts are generally better-suited for single-family homes.

A mutual housing association is a group that owns one or more parcels of land and buildings that are operated by their residents or substantially involve residents in asset or building management. Although mutual housing associations can provide economies of scale for homeowners through the association, they tend to demand more complex management. For example, multiple housing cooperatives may join together to form a housing association for the purpose of economies of scale.

Shared equity mortgages are different from shared equity *homeownership* described above because they combine both debt and equity. Although shared equity mortgages can take many forms, one example would be an agreement in which a borrower is able to make lower or even no monthly interest payments toward a home in return for giving the lender a defined portion of the equity upon resale. One advantage of a shared equity mortgage is its potential to be used for either a single- or multi-family building (like a deed restriction). It does not, however, generate greater community benefits as it lacks the democratic governance mechanism that is central to the land trust and cooperative models.

Strength in combination

Co-ops can be combined with these other shared-equity housing models to provide hybrid solutions too. For example, a cooperative could be formed on top of a land trust, or a mutual housing association could be composed of several cooperative buildings. Their association could provide professional management or other services to its member-cooperatives at economies of scale. Additionally, cooperatives can make use of mechanisms like deed restrictions to maintain affordability over long periods of time. This flexibility in conjunction with other models makes it especially attractive for policymakers.

All of the above policy approaches face the challenge of balancing public money used in creating affordable housing stock with providing opportunity for wealth creation of individual homeowners. When models tend to support or permit more wealth creation for the homeowners, they risk limiting the amount of affordable housing stock for future buyers and available public subsidies for the future.

HOW CAN WE INCREASE AND PRESERVE AFFORDABLE HOUSING?

Although shared equity models cannot entirely solve the affordable housing problem, they do provide an immediate option for both policymakers and potential homebuyers. Ensuring that the boards of directors and resident owners have the educational resources and training they need is one of the first steps for strengthening and preserving the affordable housing cooperatives that exist already.

We also propose broadening access to all shared equity options including community land trusts and various forms of deed-restricted homes. As housing prices rise faster than wages, widening access will require increasing the cost of subsidy per unit. Developers can also make the best use of public subsidy by supporting the creation and preservation of shared equity models.

For homeowners, taxpayers and policymakers alike, getting the best value for public money will require longer term preservation so that subsidies are not lost within one generation of affordable housing. This might require more permanent resale restrictions under each model so that affordability may be retained for future generations.

NEED MORE INFORMATION?

Although NCB Capital Impact is more experienced with cooperatives, we provide technical assistance for other shared equity homeownership models such as deed restricted homes, community land trusts, and mutual housing associations. We work with our customers to help them determine which one is the best fit for their particular situation. Our staff is small and we only work in certain parts of the country.

NCB Capital Impact's *Together We Can* (TWC) affordable housing program promotes shared equity as an effective means to preserve affordable housing and create homeownership opportunities for low to moderate-income families. To preserve and develop affordable cooperative housing, we employ technical assistance, training, advocacy, and pre-development capital for experienced non-profit developers. For more information contact us at NCB Capital Impact, www.ncbcapitalimpact.org

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National Neighborhood Coalition

What's Happening to The Neighborhood?

Community Development

Community Redevelopment and Neighborhood Revitalization: The Genesis and Phoenix Projects

Buddy LaChance, Neighborhood Development Director
CityWide Development Corporation

COMMUNITY REDEVELOPMENT AND NEIGHBHORHOOD REVITALIZATION: THE GENESIS AND PHOENIX PROJECTS

Dayton, Ohio's Fairgrounds and Fairview neighborhoods were in deep distress by the mid-1990s. The CityWide Development Corporation, working with multiple other stakeholders, engaged in the Genesis and Phoenix projects to recreate and revitalize these neighborhoods. These efforts have led these neighborhoods to rise, like the mythical Phoenix, almost literally from the ashes.

EARLY EXPERIENCES

For more than 35 years, CityWide has been a non-profit association whose mission is to provide leadership in creating and implementing strategies that address Dayton's need for economic growth and viable, attractive neighborhoods. For many years our core services focused on providing gap financing to attract and expand business development in the city, providing lending products that support Dayton homeowners, and developing real estate in support of major revitalization efforts. Through these efforts CityWide has learned much about urban neighborhoods and in the last decade it has been a key player in designing and implementing comprehensive neighborhood revitalization initiatives throughout Dayton

CityWide's approach to neighborhood revitalization evolved over time through experience. Like many other community development organizations, most of its early efforts focused on physical development. The organization was involved in a number of "Rehabarama" efforts designed to concentrate money and technical assistance to targeted neighborhoods. One lesson of this early work is that physical development projects have greater success in neighborhoods with a strong civic structure and the presence of continuing investment, particularly from homeowners. While the question of what ratio of homeowners constitute a "stable" neighborhood continues to be debated, the fact remains that the presence of committed *organized* homeowners, even few in numbers, was a key factor in the success in these projects. CityWide also learned that geography matters in producing a comprehensive community development strategy.

While early planning often focuses on the most disinvested areas of a neighborhood, we discovered the importance of a broader scan. If all of your resources and time are focused on the worst areas of a neighborhood, what happens to the areas that are thriving while you spend five years trying to fix the blight? Most comprehensive community development programs have a homeownership component because of the strong correlation between homeownership and neighborhood stability. If that is true, then it's important to pay attention to the *stable* areas of a neighborhood as well as the area where obvious disinvestment has occurred. When CityWide begins working in a neighborhood, we recognize that the people who are still there, caring for their homes and finding ways to contribute to the neighborhood are its greatest asset. Therefore, in deciding on the "target area" for its projects we made sure to include a large enough area to include portions of the neighborhood that were still viable. By offering programs and strategies that are inclusive of a broader area, CityWide sent a strong message to people who have lived in the community a long time: *we want you to stay.*

Both of these early lessons clearly point to the value of committed citizens and organized

Buddy LaChance, Neighborhood Development Director, CityWide Development Corporation

groups in neighborhood redevelopment efforts. But how does an organization that has been primarily been focused on bricks and mortar add these elements to their strategy? CityWide asked itself: what does the "people" piece of our work look like? While our major redevelopment efforts pour financial capital into distressed neighborhoods to repair and build, CityWide came to believe another type of capital was equally important.

Social capital remains a fundamental building block of a healthy neighborhood. The attachments among residents and the capacity of residents to leverage their relationships and networks into effective community action is a sign of neighborhood strength (Temkin and Rohe 1998). While academic scholars have sounded the alarm on the decline of social capital in America (Putnam 2000), others have identified the vital role commuity organizing can play in rebuilding social capital in distressed neighborhoods. This understanding on CityWide's part has meant that community organizing has been a vital part of its comprehensive community development work.

CITYWIDE'S APPROACH TO COMPREHENSIVE COMMUNITY DEVELOPMENT

Neighborhood Analysis

CityWide's first step in redeveloping a neighborhood is to learn as much as we can about it. We compile and assess census data, profiles done by local government, housing and market analysis, property ownership records, crime statistics and any plans that might already exist for the neighborhood.

One key tool is the ability to map and plot data. Mapping helps create a visual snap shot of the neighborhood that is easy to understand for everyone from our financial stakeholders to residents at a neighborhood meeting. A simple two color coded map depicting homeowners' properties and rental properties can convey information more quickly than can raw numbers. Mapping also becomes a strategic tool in CityWide's community organizing efforts: we can precisely identify where homeowners live, for example, if we seek to organize them. Most recently, CityWide has been able to target its youth programs very specifically because it obtained data from the local school district showing where the young people lived. Residents have also become involved in the mapping efforts as a way to learn more about their own neighborhood and target their membership and capacity building efforts.

While data collection and mapping are ongoing strategies that continue to inform CityWide's strategic development, nothing replaces information gathered in "real time". Neighborhoods can be fluid places, especially given volatile housing markets. The relationships CityWide builds through its community organizing work are another important part of our work to understand neighborhoods. As these relationships develop, CityWide learns things about the community that can only be discovered through personal relationships. The recent discovery in one neighborhood that quality rental housing would be accepted and needed as part of the new housing being developed was verified as much by anecdotal information from residents and partners as it was by a professional market study.

Neighborhood Relationships

One element in CityWide's preliminary neighborhood analysis is determining how the neighborhood "works" and what if any civic organizations exist. Dayton has a rich history of active and involved citizens and neighborhood organizations but the strength of these groups varies by neighborhood. Community organizing is a way to develop or build the civic infrastructure so necessary for neighborhood stability.

Through a partnership with the Family Service Association's Neighborhood Development Program, CityWide hired community organizers to work with it on neighborhood redevelopment efforts. Through such partnerships, we began to understand the nuances of working with residents and learned about the vital role they can play in solving problems and advancing strategies for change. For example, engaging residents to work with community police officers assigned to their neighborhoods has been an effective tool in reducing crime in the neighborhoods. Resident engagement also helps us learn more about the needs of families and children in the neighborhoods, allowing us to identify partners and to provide needed support and amenities to its neighborhood redevelopment strategy. Moreover, residents are the best advocates for neighborhood improvement and for communicating the vitality that exists and is continuing to be built.

Neighborhood Capacity Building

One tool CityWide uses in its community organizing efforts is the "Neighborhood Project Fund." This fund finances small projects that help a community sponsor activities and encourage involvement. From neighborhood clean-ups to children's festivals, CityWide has learned that an investment of $10,000 can yield a year full of projects that build interest and engagement. The fund, set up as a small grant application, also helps teach residents the skills of how to apply and manage grant funds. The grant requires a "match" that is provided by volunteer hours to implement the projects.

In other neighborhoods, CityWide has set aside dollars for social work services or youth programs depending on what the data and the neighborhood have told us. In our Phoenix project, Early data revealed nearly 1000 children under the age of 18 living in the target area. The residents' groups also expressed an affinity for engaging young people positively. This led CityWide to convince one of the project stakeholders to set aside funds for youth development activities. Used as "seed money" to attract other dollars, we used these funds to bring new partners and funding to the community that will continue after our funds are gone.

Safety

All of the neighborhoods CityWide has worked in have had crime and safety issues which eroded the confidence of remaining homeowners and seriously threatened the economic interests in and around those neighborhoods. Therefore, community policing has been an important part of our community development work for the last decade. While residents of the target neighborhoods experienced dramatic improvements in their quality of life, policing efforts were also important to changing the perception of the neighborhood to people and institutions outside of the community. The presence of engaged officers on the street or on bicycles changed the way people thought about the neighborhood, even when physical redevelopment were only marginally better. Further, as officers began to assist the neighborhood in tackling long standing problems such as drug houses, real momentum was built.

Housing

Increasing homeownership and improving existing housing stock are primary goals in our comprehensive community development efforts. CityWide has worked to develop new housing without gentrifying the community. Preserving economic diversity means that the neighborhood offers a variety of housing styles and prices. In both the Genesis and Phoenix projects, our major stakeholders and investors were local hospitals. They had a vested interest in the neighborhoods they were located in being stable, attractive and safe. Moreover, both have a large workforce that they believed could be potential residents of these neighborhoods with the right incentives. Hospitals employ all types of people at different pay ranges which fit our strategy of creating a diverse housing options.

Acquisition and Land Banking

Both of the neighborhoods profiled in this report had serious blight and disinvestment. In the Genesis neighborhood, many older homes had been converted into illegal rooming houses. In the Phoenix area, many nuisance and abandoned properties were deteriorating. CityWide pursed strategies on several tracks to acquire these properties and to assemble land for new development. Where possible, we initiated 'REAP' – a 'real estate acquisition process'. In Dayton, if a property has been vacant for two years and owes at least $1,000 in back taxes it is eligible for REAP. This process essentially notifies the owner that someone else is making a viable bid for their property. In some cases, property owners will step up, pay the taxes they owe, fix the property and or sell it. If this does not happen, the property will go to sheriff's sale. CityWide has been able to pick up several properties this way.

In other instances, with stakeholder approval, CityWide has bought properties on the open market. One of the lessons of straight out purchases is that the longer the project can "stay below the radar" the more affordable the properties will be. We also have employed a third party agent with no "visible" relationship to the project to buy properties to ensure a fair price is paid.

Much of the property purchased in the Genesis and Phoenix areas was in very poor condition and could not be rehabilitated. Demolition of slum and blighted properties was an important signal of change and promise. In some cases, the worst eyesores in the neighborhood were removed as part of this process, giving residents real hope in the project's potential.

Support to Existing Homeowners

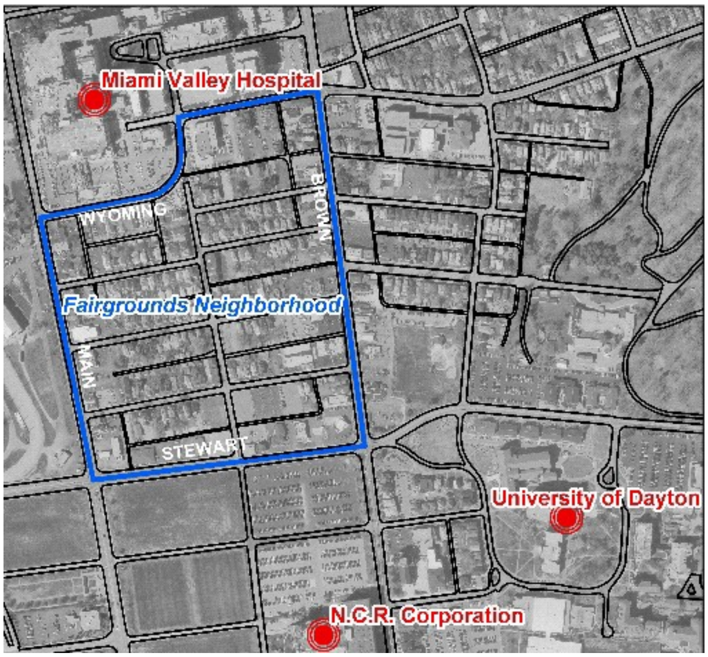
In neighborhoods with many existing homeowners it's important to encourage their continued investment. CityWide has structured a forgivable loan program that allows existing homeowners to receive matching dollars for home improvements that are forgiven over a period of five years. As long as they remain in the home, they do not have to pay back the loans. The hospital partner has a similar program to make it more attractive for their employees who own homes in the neighborhood. Because these programs can be layered, home improvement becomes an attractive option, especially for hospital employees. Both hospitals extended this concept by offering an employee benefit directly related to home purchase for their employees as the project developed.

Economic Development

Although much of the physical development work we pursed in our comprehensive community development projects has focused on housing, the connection between housing and commercial development cannot be ignored. Both Genesis and Phoenix neighborhoods had aging, somewhat successful commercial districts bordering their neighborhoods before our projects began. The questions for CityWide were: Could our investments in neighborhood redevelopment pay dividends to the community beyond new housing? Can neighborhood redevelopment spur commercial interest and growth? We believe the answer is yes, but timing matters. The success of redevelopment efforts, often driven primarily by public dollars, lies in how long it takes the private sector to "kick in." As our case study of the Genesis Project demonstrates, the commercial success of the Brown Street business district has far exceeded anyone's expectations.

THE GENESIS PROJECT

The Genesis Project was a cooperative venture of public and private organizations working together with the common goal of rebuilding and enhancing the Dayton's Fairgrounds neighborhood and the adjacent Brown-Warren business district. The Fairgrounds neighborhood is located 1.5 miles south of downtown Dayton. It's part of a larger area known as the Rubicon Park District. This residential enclave is bordered by Stewart, Main, Wyoming and Brown Streets and is adjacent to Miami Valley Hospital and the University of Dayton.



History of the Neighborhood

While the residential portion of the Fairgrounds neighborhood began developing around 1900, the neighborhood as a whole dates back to the early 1800's. The Montgomery County Fairgrounds opened in 1853 and today is the site of the annual Montgomery County Fair and numerous other special events. In 1894, the first Miami Valley Hospital (MVH) building was completed and dedicated.

Historically, residents of the Fairgrounds neighborhood have included NCR employees, University of Dayton students, and MVH nursing students. The majority of homes were modest in size and wood frame, WWI vintage with 25 feet frontages. Zoning from the 1950's and 1960's, which addressed the community's housing shortage and preferred lifestyles of the times, were no longer appropriate and contributed to the deterioration of the housing stock and the livability of the community. Prior to the development of the Genesis Project, only 45 percent of the 175 properties were owner occupied and only 50 percent of the properties were in fair or good condition.

At the urging of community stakeholders, in 1996 Dayton began an assessment of the problems facing the Fairgrounds neighborhood. This process ended in 1999 with the adoption of the Rubicon Park Master Plan. The highest priority of the Plan called for the rebuilding of the Fairgrounds neighborhood.

With this mandate in hand the major stakeholders in the area, Miami Valley Hospital, the University of Dayton and the City came together to form the Genesis Project. With leadership and management provided by CityWide Development, a vision for rebuilding and enhancing the Fairgrounds Neighborhood to become a safe and vibrant neighborhood was launched.

The Genesis Strategy

An overarching strategy to improve the social environment of the area began first with the establishment of a Neighborhood Life Team. Led by CityWide, the team included two community based police officers, a MVH social worker, a city housing inspector, a credit counselor for those who need assistance in financially preparing for homeownership, and two community organizers from Family Service Association. The team helped facilitate communication within the neighborhood, assisted existing residents who may be moving within or out of the neighborhood, helped to build the strength of the neighborhood organization, and engaged residents in the long range planning for their neighborhood.

To spur interest in the new housing that was planned, Miami Valley Hospital launched an employee benefit they called "homestead assistance" which encouraged their employees to buy homes in the Fairgrounds neighborhood surrounding the hospital. Working with CityWide the hospital developed a benefits package to help employees become successful homeowners. The package included:

***Homebuyer Training*:** A course helped potential homeowners with budget planning and credit analysis to determine how much home they could afford. The classes also helped buyers understand the loan underwriting process, loan commitment and conditions, and insurance requirements.

***Private Counseling*:** One-to-one assistance helped individuals address specific problem areas (such as credit repair, debt reduction, budget tips and explanation letters) that might be encountered in applying for a loan.

***Down Payment Assistance*:** MVH provided buyers a grant of $7500 towards the down payment required for purchase and out of pocket costs required by a bank at closing.

***Low Interest Loans*:** Through participating lenders, employers could receive reduced (by two percentage point) interest rates on their loans thereby reducing their monthly costs by $50-$100 dollars.

This package proved very appealing and 14 Miami Valley Hospital employees purchased homes in the Fairgrounds neighborhood during the Genesis Project and many more joined a waiting list for future opportunities.

GENESIS ACCOMPLISHMENTS

Over the course of the project, Genesis acquired 68 residential and commercial properties, demolished 41 properties, rehabilitated 11 single-family homes, and constructed 23 new single-family units. All of the single-family units are sold. With assistance from the HOME Program, County Corp and National City Bank, 21 (62 percent) of the units have been sold to households below 80 percent of the Dayton-Springfield income limits. With the help of Community Development Block Grant funds, the entire neighborhood's curbs, sidewalks and street surfaces are being replaced and 200 trees were planted.

These are significant achievements, but more important than the "bricks and mortar" work in

41 Jasper Street (before)

41 Jasper Street (after)

the Fairgrounds neighborhood was the rebuilding of a neighborhood community and growing of social capital that now includes a strong neighborhood association complete with neighbors ready, willing, and able to plan for, develop, and protect the future of their neighborhood.

Neighborhood Back-to-School Rally

Now resident volunteers organize neighborhood watch activities, prepare and distribute monthly newsletters, plan social events, sponsor family game nights, plan back-to-school rallies, and encourage further beautification in the neighborhood through holiday lighting and landscaping competitions.

With all these successes, the one that neighbors feel brings the greatest cause for celebration is the fact that area children were able to safely trick-or-treat door-to-door the year the project was completed — a first in anyone's memory.

The Genesis Project has also successfully stimulated reinvestment in the Brown-Warren business districts. The project improved parking for business customers, made land available for redevelopment, acquired several key commercial structures on Brown Street and made low interest loans available. Today the area boasts over a dozen new businesses including national chains such as Panera Bread, Chipotle and Starbucks.

The project succeeded because residents were willing to work with the two large institutions that dominated their landscape, the University of Dayton and Miami Valley Hospital. While these relationships can often be tenuous, residents were not intimidated. The participants recognized their own self interests and how they could be combined for the greater good (Rizvi, 2003).

The success of the Genesis project encouraged CityWide to continue to look for broad opportunities for community change organized around mutual self interest. While still in its formative stages, the Phoenix project is a good example of our community development approach at work.

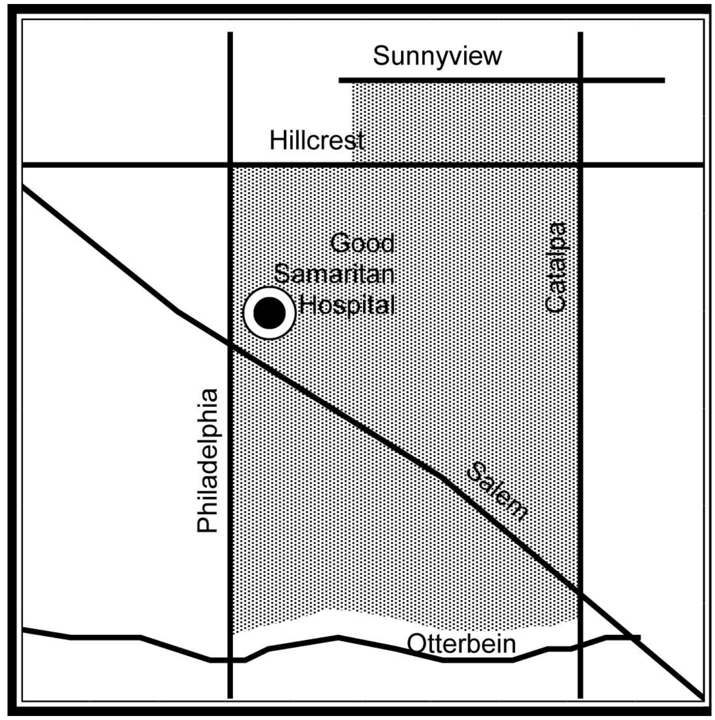
THE PHOENIX PROJECT

The Phoenix Project is a public-private partnership that is investing millions of dollars for redevelopment activities in the greater Fairview neighborhood of Dayton, Ohio. This neighborhood is home to Good Samaritan Hospital, one of the largest employers in the area. The hospital recently celebrated its 75^{th} anniversary of service to families in Dayton. Yet parts of the neighborhood surrounding the hospital had begun to decline and the ravages of predatory lending practices destabilized the housing market. The hospital was very concerned about the impact the neighborhoods had on its ability to recruit and retain staff, to obtain patients, and to protect the safety of visitors to their facility.

The City of Dayton shared a mutual concern about the neighborhood. Dayton's economy is sluggish and the health care sector is one of the few market segments that is growing. Health care-related employment is the second largest sector of employment in the region. The residents of the three neighborhood associations surrounding the hospital also had a concern. Many had lived in the neighborhood for years in beautiful turn-of-the-century homes. These residents saw the decline of the neighborhood on a daily basis and were concerned about their future and whether they should continue living in the community.

CityWide believed that these organizations could work together for mutual gain to improve the neighborhood in ways similar to the Genesis model. In 2004 the Phoenix stakeholders organized into a group called the Phoenix Investors and a comprehensive strategy for neighborhood revitalization was developed.

The project began with community organizing to build productive relationships between the neighborhoods and the private sector leaders that CityWide had brought to the table. A slow and tenuous process at first, the organization



Phoenix Project Area

worked diligently to build a mandate for the improvement of these communities and the development of goals that everyone could share. Those goals included: (1) commercial and economic revitalization of a major avenue running through the community; (2) expansion of homeownership opportunities through the creation of new housing; (3) the development of partnerships with the nonprofit sector to encourage them to bring their resources to the neighborhood to provide needed social supports; and (4) strengthening the civic infrastructure of the community through resident engagement and community organizing (DeMasi, LaChance forthcoming).

In 2004, Dayton and Good Samaritan Hospital pledged an initial $5 million dollars each to these neighborhood improvement efforts. CityWide is managing the project and is providing a $1 million loan pool for secondary financing in the form of home improvement and commercial loans. CityWide also worked with Good Samaritan to create two incentive plans to encourage Good Samaritan Hospital employees and others to buy homes in the neighborhood. In addition, the Phoenix Home Improvement Loan program is enabling existing homeowners to improve their homes. Important partnerships were established with the Dayton Police Department, area youth serving agencies and the Dayton Public Schools to enhance the quality of life for the area's youth and families. The centerpiece of this project, known as Fairview Commons, will create a new civic space in the interior of an urban neighborhood, linking public amenities (K-8 school, park and pool) to new housing.

Fairview Commons will create a new civic space in the interior of an urban neighborhood, making public amenities (K-8 school, park and pool) to new housing.

PHOENIX ACCOMPLISHMENTS AS OF JUNE 2007

- Fifty derelict and nuisance properties have been purchased and demolition is underway;
- Six homes were sold, half to GSH employees;
- Fourteen home improvement loans were closed, five to GSH employees;
- Nine homes were renovated through a partnership with Rebuilding Together;
- The neighborhood association has been strengthened and had contested elections in 2005, the first time in a decade;
* Major crime is down 35 percent in the last two years;
* Resident activity has resulted in 20 community projects ranging from neighborhood clean ups to a community garage sale;
* A concept plan for Fairview Commons has been developed and approved with enthusiastic neighborhood support.

The Phoenix Project demonstrates how mutual self interest of diverse parties--the hospital, the City of Dayton and the neighborhood association--can be a motivating force for change. There is a true working partnership engaged towards the common goal of a vibrant neighborhood.

LESSONS LEARNED

One of the most important lessons we have learned is to create space in the organization for reflection and discussion. No project is exactly the same, and there is always something new to learn. The list below, while not inclusive of every lesson we have learned at CityWide, covers a lot of ground and may be useful to you in your community development work.

***Lesson One:* No one can do this alone.** Committed stakeholders who come to consensus around mutual self interest can do great things.

***Lesson Two:* The bigger the idea, the better the opportunity to gain support.** People like bold thinking that is grounded in reality. Don't forget to "think big" and defend your strategies with data, facts and best practice examples of what worked elsewhere.

***Lesson Three:* The CityWide approach takes more than a one year commitment.** This is hard work. Urban neighborhoods did not get in their current state overnight; we need time and resources to implement bold ideas.

***Lesson Four*: Self interest can be harnessed for mutual gain if people are willing to be honest.** Stakeholders rarely will agree on every aspect of a project. Find common ground and admit differences. Then, agree to disagree but keep moving towards the common good.

***Lesson Five:* GIS mapping plans and concept drawings are worth a thousand words.** The visual impact of these tools cannot be underestimated for their ability to transmit ideas to a variety of audiences.

***Lesson Six*: Develop a plan and guiding principals for your efforts. Put them in writing.** Keep everyone on the same page by referring to this document often.

***Lesson Seven:* Develop an open process for guiding the decisions of your project.** Develop a management structure for the project that is transparent so everyone understands their roles and how decisions are made.

***Lesson Eight:* Physical change is slow, so don't forget the "soft" side.** Some people will not believe in your project until demolition ends and construction starts. This makes it extra important to engage residents in your plans and ideas so they can understand the development strategies at work and why things can take a long time. Pursuit of community policing, neighborhood capacity building and youth programs are ways to keep people engaged and encouraged. Active, committed residents are your best allies.

***Lesson Nine*: Change happens, plan for it.** Make sure you have a system in place to respond to changes in the project and market demand so you don't lose momentum. Build in the flexibility to embrace change as an inevitable factor in this type of work.

***Lesson Ten:* Patience.** You will need an endless supply. Remember, Rome wasn't built in a day. Stay the course.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

COMMUNITY DEVELOPMENT

Financial Services in the Nation's Neighborhoods: Bank Branches and Access to Financial Services

Jamie Wolf, Senior Research Analyst

National Community Reinvestment Coalition

FINANCIAL SERVICES IN THE NATION'S NEIGHBORHOODS: BANK BRANCHES AND ACCESS TO FINANCIAL SERVICES

In Midwest America, there is an African-American single mother raising two children who, like 22 million other households, does not currently have a checking account (GAO 2002). This single mother rents her place of residence, and like half of those 'unbanked' in America, had previously held a checking account with a mainstream banking institution. This was until two years ago when she closed her account due to minimum balance fees and the hassle of processing electronic transactions (debit and credit). Shortly after closing her account, she turned to payday lenders to whom she still owes money, even though she stopped using their services recently. Now most of her financial transactions are conducted with money orders or with one of three debit cards: one provided by her student loans, one for her child support, and one she has set up with a tax service provider. She cashes her paycheck at the financial institution where her company banks, which limits the exorbitant fees of check-casher services. Although in her early thirties, she has no credit cards and has never applied for a mortgage. While complicated details surround the circumstances of this mother's situation, her initial challenges with mainstream banking institutions did not serve her well, and she consequently lost her purchasing power and the opportunity to help her build assets.

Financial services and community banking are critical to neighborhoods because they provide asset-building and homeownership opportunities. A major conduit for providing community banking is the neighborhood ('brick and mortar') branch bank. In low- to moderate-income and minority neighborhoods, many are either underserved or not served at all by the mainstream banking industry and its branch banks. In this chapter the mainstream banking industry comprises commercial banks, credit unions, and savings and loans that provide retail bank accounts with the means to cash checks, pay bills, and save with no or low fees for these services. The mainstream banking industry has undergone major structural changes over the past 20 years, leading to great changes in the distribution of banking offices. This has left many neighborhoods vulnerable to high-cost "fringe banking" outlets such as payday lenders, cash checkers, pawn shops and rent-to-own stores.

This chapter started with an illustration of the issues faced by the "unbanked," those forced to rely on fringe banking outlets for financial services. Next, this chapter discusses how bank branches tend to be located less frequently in low-income and minority neighborhoods. The uneven distribution of bank branches is one of many barriers keeping the unbanked and underserved from mainstream banking services, acting as a major constraint to neighborhoods becoming economically prosperous. Finally, this chapter concludes with stories of branch closings that were prevented in low- to moderate-income areas, helping to sustain financially vibrant neighborhoods.

THE PREVALENCE OF THE UNBANKED AND UNDERBANKED

How common is our single mother's story? Unfortunately, it's more prevalent than one might expect. In 2004, it was estimated that 10 percent of U.S. households were unbanked. While households with checking accounts have

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increased recently, the percentage of families with other types of accounts (savings, money market, etc.) has declined (Bucks, Kennickel and Moore 2006). As the Government Accountability Office (GAO) reported, those who are unbanked are primarily low-income, minorities, and immigrants (GAO 2002). According to a survey by the Joint Center for Housing Studies, 52 percent of those unbanked were African-American, 35 percent were Hispanic, and 34 percent were immigrants (Berry 2004). These potential customers are apparently of little interest to banks. A recent survey of banking executives found that the institutions polled were not pursuing unbanked consumers or were only exploring the market (American Banker 2007).

Access to financial services is a critical constraint to the unbanked, but many low- to moderate-income households with checking accounts provided by mainstream financial institutions still go without adequate asset-building financial services. In fact, the share of families with savings or money market accounts has been steadily declining, with only about fifty percent of families having savings accounts (Bucks *et al*. 2006). Coupled with the negative saving rate of the average U.S. households, the lowest since the Great Depression, a disturbing picture emerges (Tanneeru 2006).

Increased access to bank branches for low-to-moderate income households can mitigate these trends. Thus, it is important to examine the distribution of bank branches – the main gateway to community banking and asset-building mainstream financial services.

RECENT DEVELOPMENTS IN BANK BRANCH DISTRIBUTIONS

Many families in modest income and minority neighborhoods rely on the high-cost "fringe banking" outlets for their financial services, instead of the mainstream banking industry. In 1995 low-income areas had the lowest number of branches per capita, relative to moderate-, middle-, and upper-income areas (Avery, Bostic, Calem, and Canner 1997). From 1985 to 1995 the number of branches in low-income areas decreased, both in absolute numbers and in their proportion relative to moderate-, middle-, and upper-income areas (Avery *et al*. 1997). In fact, low- and moderate-income zip codes accounted for almost two-thirds of the total decline in bank branches between 1985 and 1995.

The trend of bank branch closings has since slowed as large banks have rapidly increased their number of branches. The change is a result of bank executives' perception that branches are revenue generators, due to tellers' ability to open a variety of accounts and market new products to customers. This is in marked contrast to the mid 1990s, when banks wanted their customers to contact them primarily through automated teller machines (ATMs) and online banking. However, many consumers indicated they prefer face-to-face interactions with a teller. While branch building has been on the rise, there are many examples that provide evidence of uneven increases in bank branches across neighborhoods of varying income (Dash 2006). In a handful of wealthy suburban Chicago municipalities such as Lake Forest and Highland Park, local governments enacted moratoria on branch building, as banks were crowding out other retail stores in shopping districts. At the same time, low-income and minority suburban Chicago municipalities experienced declines in bank branches (Smith 2005). The question this chapter seeks to answer is whether the recent branch activity is being applied to all market segments, absent disparate treatment based on race or income.

BANK BRANCH DISTRIBUTION DATA AND METHODOLOGY

The database of bank branch addresses used in this chapter was procured from the Federal Deposit Insurance Corporation (FDIC). The FDIC and Office of Thrift Supervision (OTS) collect data annually on the deposit balances and office locations of all banks and thrifts. These records can be downloaded through the FDIC's website and using Geographic Information System (GIS) software, their addresses can be geocoded and placed on a map. Our analysis includes all "full-service" type branches (FDIC 2006). The bank branch data in this report are from 2005, the most recent data available from the FDIC at the time of this study (NCRC 2007).

The main measure explored in this chapter, persons per branch, illustrates that the proportion of bank branches is much higher in middle- and upper-income (MUI) tracts than in low- and moderate-income (LMI) tracts in the majority of the cities surveyed. Using the persons per branch metric, 18 of 25 metropolitan areas had higher persons per branch results in LMI areas than in MUI areas. (See Figures 1 and 2 for additional details.) A positive example was Seattle, Washington, where branch banks served an average of 2,601 persons in LMI tracts. This is in contrast to New York City, where the average branch in LMI areas served 9,751 individuals.

Figure 3 illustrates that in 24 of 25 MSA's there were more persons per branch in minority neighborhoods than non-minority neighborhoods. San Francisco stands out as the only Metropolitan Statistical Area (MSA) where this trend was reversed, showing 3,662 persons per branch in minority neighborhoods and 3,731 persons per branch in predominantly non-minority neighborhoods. As a stark contrast, the Minneapolis MSA had 13,473 persons per branch in minority tracts, and only 3,729 persons per branch in non-minority neighborhoods. Disparities are greater by minority level of neighborhood than by income level. The median difference in persons per branch by minority level of the neighborhood was 3,705 as opposed to 925 persons when considering the income level of the neighborhood.

Figure 1. Persons per Branch in Low-and Moderate-Income Census Tracts, 2005.

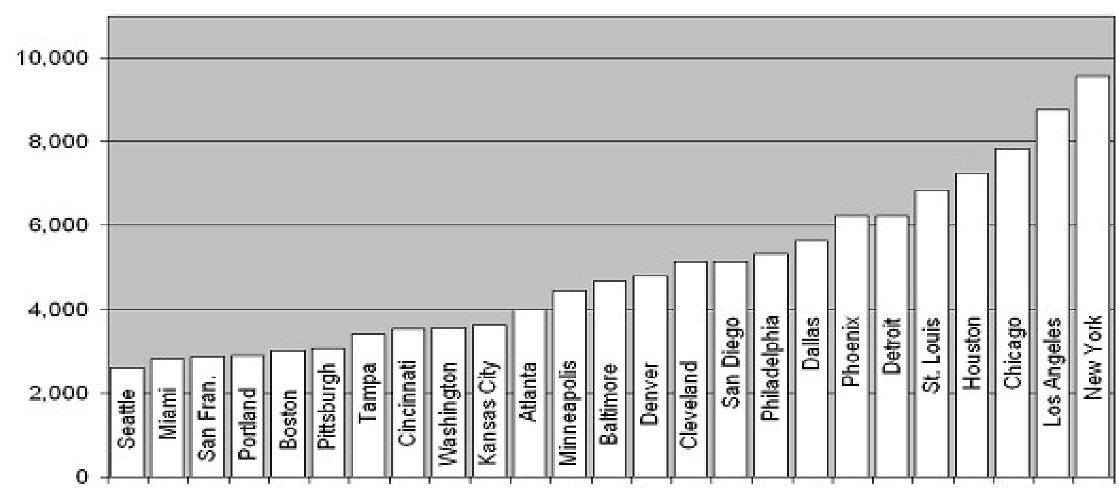

Figure 2. MSAs Ranked by Difference in Number of Persons Per Branch in LMI and MUI Neighborhoods, 2005 (Descending Order)

Rank	MSA	(a) Persons Per Branch in LMI Tracts	(b) Persons Per Branch in MUI Tracts	(c) Column (b) - Column (a)	(d) Persons Per Branch in All Tracts
1	Seattle	2,601	4,110	1,509	3,515
2	Portland	2,897	4,271	1,374	3,930
3	San Francisco	2,881	4,174	1,293	3,699
4	Miami	2,821	3,462	641	3,169
5	Tampa	3,398	3,697	299	3,592
6	Boston	3,025	3,221	196	3,166
7	San Diego	5,137	5,162	25	5,154
8	Pittsburgh	3,058	3,026	-32	3,032
9	Washington	3,558	3,103	-455	3,278
10	Cincinnati	3,526	2,981	-545	3,136
11	Minneapolis	4,444	3,758	-686	3,922
12	Kansas City	3,614	2,775	-839	2,975
13	Atlanta	3,981	3,056	-925	3,327
14	Denver	4,799	3,216	-1,583	3,627
15	Cleveland	5,131	3,444	-1,687	3,835
16	Baltimore	4,664	2,900	-1,764	3,333
17	Phoenix	6,221	3,914	-2,307	4,561
18	St. Louis	6,836	4,527	-2,309	5,026
19	Dallas	5,635	3,231	-2,404	3,894
20	Philadelphia	5,321	2,617	-2,704	3,161
21	Detroit	6,240	3,395	-2,845	4,027
22	Chicago	7,825	4,120	-3,705	5,116
23	Los Angeles	8,772	4,767	-4,005	6,021
24	Houston	7,255	3,161	-4,094	4,259
25	New York	9,571	4,494	-5,077	6,168
	Median of MSAs	**4,664**	**3,444**	**-925**	**3,699**

Figure 3. MSAs Ranked by Persons Per Branch in 51-100% Minority Census Tracts, 2005 (Ascending Order)

Rank	MSA	(a) Persons Per Branch In 51-100% Minority Tracts	(b) Persons Per Branch In 0-50% Minority Tracts	(c) Column (b) - Column (a)	(d) All Tracts
1	San Francisco	3,662	3,731	69	3,699
2	Boston	3,802	3,111	-691	3,166
3	Miami	4,500	848	-3,652	3,169
4	Washington	4,566	2,849	-1,717	3,278
5	Seattle	4,987	3,438	-1,549	3,515
6	Tampa	5,674	3,401	-2,273	3,592
7	Pittsburgh	5,699	2,954	-2,745	3,032
8	Atlanta	6,084	2,730	-3,354	3,327
9	Cincinnati	6,491	2,940	-3,551	3,136
10	Baltimore	6,692	2,869	-3,823	3,333
11	Dallas	6,692	3,123	-3,569	3,894
12	Denver	6,973	3,268	-3,705	3,627
13	San Diego	7,141	4,401	-2,740	5,154
14	Houston	7,182	2,921	-4,261	4,259
15	Cleveland	7,361	3,441	-3,920	3,835
16	New York	7,619	5,406	-2,213	6,168
17	Los Angeles	7,956	3,677	-4,279	6,021
18	Detroit	8,056	3,431	-4,625	4,027
19	Chicago	8,376	4,150	-4,226	5,116
20	Kansas City	8,578	2,689	-5,889	2,975
21	Phoenix	8,735	3,896	-4,839	4,561
22	Philadelphia	8,922	2,623	-6,299	3,161
23	Portland	9,471	3,885	-5,586	3,930
24	St. Louis	11,014	4,566	-6,448	5,026
25	Minneapolis	13,473	3,729	-9,744	3,922
	Median of MSAs	**7,141**	**3,401**	**-3,705**	**3,699**

SUCCESS STORIES OF NCRC AND MEMBER COMMUNITY GROUPS

Given these significant income and racial disparities in branching, the National Community Reinvestment Coalition (NCRC) and our member organizations have engaged in research and advocacy efforts to promote branch expansion in traditionally underserved neighborhoods and to prevent branch closures in these communities. For example, NCRC assisted the Western New York Law Center to prevent bank branch closures in two minority and working class communities in Buffalo, New York. Likewise, community organizations in Philadelphia worked with a bank to turn over its branch to a credit union instead of closing the branch. In another case, NCRC worked with community organizations in rural Mississippi to persuade a small bank to keep its branch open in an African-American community. In these cases, NCRC provided technical assistance on how to engage banks and their federal regulatory agencies in a dialogue with community organizations. Federal agencies cannot prevent bank closures, but they have the discretion to convene meetings with the bank and concerned stakeholders. In these cases, the meetings convinced the stakeholders to pursue alternatives to closure, such as new marketing approaches to attract more deposits.

NCRC has also provided research and technical assistance to public agencies as a means of promoting branch building in working class and minority communities. For the cities of Philadelphia and Cincinnati, NCRC conducted studies assessing the performance of banks receiving city deposits in making loans, providing branches and bank services to minority and working class communities. The studies were the subject of city council hearings that received much media attention. By holding banks receiving city deposits publicly accountable to city residents, the studies motivate the banks to maintain and/or increase lending and bank branching in traditionally underserved neighborhoods. More recently, NCRC completed a report for the Appalachian Regional Commission (ARC) describing how bank branches are vital for increasing small business lending in Appalachia. By demonstrating a linkage between bank branches and small business development, the study will enable ARC to encourage stakeholders to maintain and expand branch networks throughout Appalachia.

CONCLUSIONS AND POLICY RECOMMENDATIONS

This chapter suggests that minority and working class communities represent business opportunities for banks. While some banks have realized the economic value of these communities, too many lenders continue to neglect minority and low- and moderate-income neighborhoods. The example of the single mother demonstrates that bank fees remain high and products are inflexible for many consumers. This is unfortunate as fringe banking services are significantly more expensive for consumers (Carr and Scheutz 2001). Thus, banks should continue to expand their array of products for the unbanked and underbanked. These products should include basic checking accounts, debit cards, alternative payday loans, and Individual Development Accounts (IDAs). In addition, banks should continue expanding bank branches into low- and moderate-income neighborhoods.

The primary motivation for banks to follow these recommendations is not altruism; it is profitability. Lower income neighborhoods have significant revenue generating potential. Low- and moderate-income communities, which often have a higher population density, can compensate for lower per capita purchasing power due to their strength in numbers.

Finally, banks also have an affirmative obligation imposed by the Community Reinvestment Act (CRA) to meet credit and deposit needs of U.S. citizens. In order to ensure that more banks realize that working class and minority communities are promising business opportunities, the CRA exams must be strengthened. Federal agencies conduct CRA exams which rate banks based on how many loans, investments and services they offer to low- and moderate-income areas. The main limitation is that the 'Service Test' of the CRA exam is inadequate as it does not fully compare bank branching patterns to demographic data. More rigorous accountability in examinations could provide powerful incentives for banks to increase their branching in traditionally underserved communities. In addition, CRA exams only measure bank service to low- and moderate-income borrowers and communities. The NCRC study found that disparities in bank branching are greater when viewed in terms of race than when viewed by the income of the neighborhood. To reduce disparities in minority neighborhoods, CRA exams must therefore examine lending and branching by level of minority households in that neighborhood.

In conclusion, while there are positive steps being taken by LMI and minority neighborhood activists to ensure the availability of mainstream financial services, there is still much work to be done to provide LMI and minority neighborhoods with sound banking and asset-building services.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

Community Organization

Community Development Corporations: Drawing Capital into Low-Wealth Neighborhoods

Jane DeMarines, Executive Director of the National Alliance of Community Economic Development Associations and Bernie Mazyck, President and CEO of the South Carolina Association of Community Development Corporations

Community Development Corporations: Drawing Capital into Low-Wealth Neighborhoods

A Comprehensive Approach to Partnerships and Service

Talk about a makeover. A Detroit neighborhood called Mexicantown, once emblematic of blight, is now poised to make an impressive first impression upon visitors coming off the International Bridge from across the Canadian border. Upon a Grand Opening as part of the neighborhood's Cinco de Mayo celebration, the International Welcome Center (IWC) and Mercado — a $17 million project of the Mexicantown Community Development Corporation — will provide a permanent venue for economic and cultural development, highlighting Mexican culture and Latin traditions, and bringing Mexican merchandise (imported as well as handcrafted) and authentic food to regional shoppers and residents. Already opened in the IWC is the DTE Energy Customer Service Center, and soon to locate there are the State of Michigan Welcome Center, the Mexicantown Community Development Corporation (CDC) office, and other offices. The Mercado, a public market, will house an upscale Mexican restaurant, a cafeteria, 15 independent retail stores, and a business incubator for those with further entrepreneurial ideas for saving the 1 million-plus visitors expected each year.

In this chapter, we will explain how nonprofit CDCs are adapting to the American marketplace in this intensely profit-focused era. Enterprising CDCs — like Mexicantown's — have made themselves into a worthwhile investment and a worthy business partner, while remaining true to their community and cultural roots. We will conclude this chapter with policy recommendations for further facilitating the raising of America's low-wealth neighborhoods.

OF, BY, AND FOR THE COMMUNITY

Mexicantown CDC, a Michigan 501(c)(3) nonprofit organization, emerged in 1989 as a result of businesses and residents joining together to address the desolation in the neighborhood.

Nationwide, there are some 4600 locally based CDCs, organized to benefit their neighborhoods comprehensively through building houses and developing community-sustaining institutions, like the Mexicantown CDC. Most go by the name of their neighborhood. Some have become highly successful businesses employing hundreds in property management, construction, and other trades.

CDC boards typically have a majority of members who are neighborhood residents, who ensure accountability to and knowledge of the neighborhoods in which they function. The best CDCs are savvy about layering resources together to provide subsidies to help low-wealth residents become homeowners and to encourage business development.

THE CHALLENGE OF THE TIMES

The ascent of *laissez-faire* or pro-business and anti-government market values has been a hallmark of American culture for most of the 40-year history of the CDCs. Federal support for affordable housing fell 70 percent between 1981 and 1989 and has continued at low levels since then (Moy 2001), and private enterprise has been taking over services traditionally provided by governments and nonprofits.

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Capitalizing on Relationships

Seeing the writing on the wall, enterprising CDCs have pre-empted their demise by collaborating with enterprise. To the partnership they bring their community orientation and commitment to mission, which can be realized through the resources brought by their profit-making partners. Whereas in the past CDC's focused on raising and leveraging capital for neighborhood development, now they are leveraging these relationships to do more broad-based community revitalization.

Generally, CDCs prefer to collaborate with for-profits as co-interested partners, although rare circumstances may call for a merger or a client-subcontractor relationship. The joint venture model provides the greatest mutual advantage, and a number of CDCs are well on their way in this regard. In the Boston area, CDCs are involving large funders such as New Boston Fund and Trinity Financial. The United Way is another great CDC partner, helping develop an affordable housing community. The Massachusetts Association of CDCs (MACDC) conducted a joint forum with the Urban Land Institute earlier this year to promote these types of partnerships.

Partnering with entrepreneurs, the more proactive CDCs are in the strongest position as conduits for the flow of capital to their communities. The strategy is similar to that of welfare agencies. Strategic partnerships in that reformed industry have resulted in more holistic treatment of clients (Skloot 2000).

For CDCs, the up-front cash and credibility of the partnership allows for economies of scale that attract more funds for quality personnel and technology, fueling the cycle that generates smart sustainability: a sensible balance between the community mission and profit for profit's sake.

Public sector relationships still count big, too. It took 12 years of persistently educating legislators on the value of their work, but South Carolina CDC advocates won allocations for community development funding in the state budget in 2006. Nationally, in large part due to CDC efforts, all but two states in the country have launched affordable housing trust funds to address a need that is burgeoning in the wake of cutbacks in popular federal housing programs such as the Community Development Block Grant, HOME, Section 8 rental vouchers, homeless housing, and others. For example, the Indiana Association for Community and Economic Development (IACED) helped convene a research report, "The Indiana Affordable Housing Development Fund: 2006," which this year contributed to advocacy efforts that convinced state lawmakers to approve legislation for a dedicated funding source for that program (CEDAM 2007).

BROADENING THEIR GRASP YET MAINTAINING THEIR ROOTS

By regionalizing their approach, CDCs are attracting more partners. This trend has made state associations of CDCs a powerful driver in coalition building to obtain funding from both public (federal and state) and private sources.

This regionalization of CDCs mirrors the trend in their funding sources. This trend can be attributed in part to bank mergers (some 8,000 of them between 1980 and 1998 (Moy 2001)) — which have consolidated mortgage lending activity dramatically. As recently as the 1990s, the nation's top 25 originators accounted for only 28 percent of the overall monetary volume, but by 2002 the figure was 78 percent and in the subprime market more than 88 percent (JCHS 2004).

Often a community develops a personable relationship with a local bank; that relationship changes when the bank goes national. Will that bank still want to invest in the community? The merger or a key person's retirement may result in no strong community advocate within the bank, leaving CDCs to make the case themselves.

Technological advances, such as instantaneous telecommunications and automated loan processing (e.g., Desktop Originator), have made remoteness and large size all the more viable for the mortgage industry (JCHS 2004), thus facilitating CDC regionalization. Along with a strong economy and favorable interest rates, the restructured system has facilitated access to previously disinvested populations, as demonstrated in the rising number of home purchase loans to low-income borrowers and/or communities from 742,000 in 1993 to 1.3 million in 2001 (JCHS 2004). That 80 percent increase far exceeded the 48 percent growth of home purchase lending overall during that period (JCHS 2004). This vastly expanded opportunity is a tribute to the depth of commitment of CDCs as well as the rise of the subprime mortgage market.

BRINGING WALL STREET TO MAIN STREET

CDCs are increasingly creative on accessing capital. Wall Street Without Walls (W3), a program promoting community development organizations in the marketplace, is creating a new financial guaranty insurance and specialty surety company, Community Development & Housing Assurance LLC, to complement (not compete with) banks and existing financial guaranty companies (W3 2006b).

This type of innovative nonprofit entrepreneurship — embodying community values and the spirit of collaboration — is also seen in another W3 initiative, which creates a pool of "dead" assets for community development. These unproductive, and under-deployed assets — typically government-seized or bequeathed — will be used as loaned collateral and sold in capital markets, with the proceeds going back into community development and affordable housing (W3 2006a). One model would augment use of New Markets Tax Credits with community-based economic development financing programs (W3 2006a).

GAINING POPULAR APPEAL

Although the low-income population is the most natural CDC constituency, the middle-class squeeze is increasingly adding firefighters, teachers, and the like to those who stand to benefit from community development. If "housing for the poor" wasn't so appetizing to the average citizen, "workforce housing" — the term now popularly used in the CDC industry — may be more like bread and butter. Now, John and Jane Q. Public have a direct stake in community development. Given the recent problems in the housing markets, CDCs can help them. Although the foreclosure crisis has hit low-income neighborhoods disproportionately, families who have achieved homeownership with help of a CDC are typically in better shape due to counseling as well as to down payment assistance making the home more affordable at the outset.

The expanded constituent base provides all the more reason for CDCs to expand their sources of capital and embrace change. It's a popular imperative.

POLICY RECOMMENDATIONS

Therefore, we recommend that:

Community Development Block Grant (CDBG)

- Restore and increase funding to $4.1 billion;
- Ensure no area of the country experiences drastic reductions;
- Restore CDBG TA funds.

HOME Investment Partnerships Program (HOME)

- Restore to FY04 funding levels (plus inflation) to $2.1 billion;

• Increase the funds allocated to CHDOs from 15% to 20% of total allocation;

• Restore TA funding in the CHDO TA and HOME TA programs.

Rural Community Development

• Restore funding for the: Section 515 Rental Direct Housing Program; Section 502 Single Family Direct Loan Programs; Section 523 Self-Help TA Program; and Section 504 Very Low Income Repair Program to FY 2007 levels with adjustment for inflation;

• Support authorization of HUD's Rural Housing and Economic Development;

• Support reauthorization and expansion of the New Markets Tax Credit program;

• Restore the Rural Preservation with Saving America's Rural Housing Act.

National Housing Trust Fund

• Support establishment of the National Housing Trust Fund;

• Support H.R.1427, the Federal Housing Finance Reform Act of 2007, which would create an affordable housing fund from a percentage of funds from the GSE.

Community Reinvestment Act (CRA)

• Expand the CRA to include credit unions and non-depository financial institutions:

• Support H.R. 1289, the CRA Modernization Act of 2007;

• Support requirements on small business lending similar to HMDA.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

Community Organization

Fostering Public Life in the New Suburbia through Community Organizing

Thomas Lenz, Lead Organizer

Lake County United/Industrial Areas Foundation

FOSTERING PUBLIC LIFE IN THE NEW SUBURBIA THROUGH COMMUNITY ORGANIZING

Six years ago, when I told my city-dwelling friends that I was taking a job as lead organizer for a new community organization in the suburbs north of Chicago, I was met with blank stares. Organizing in the suburbs? Aren't the suburbs by definition the place that people flee to when they want to avoid the problems associated with the city? And aren't suburbanites conservative or apolitical in their outlook? Why would you want to organize in the suburbs and how on earth could it work?

This is the story of one effort to apply the ideas and approaches of broad-based community organizing pioneered by the Industrial Areas Foundation to Lake County, which lies approximately 20 miles from Chicago's Loop business district. The Industrial Areas Foundation or IAF is the nation's oldest and largest network of independent community organizations. (Founded by Saul Alinksy in 1940, the organization currently works with 57 broad-based citizen organizations in the U.S., United Kingdom, Canada and Germany. For more information, see http://www.industrialareasfoundation.org.)

With 713,000 residents, Lake County has most of the features of similar suburban regions outside America's major cities. As such, it may offer clues on how public life in these fast-growing areas can be enhanced and deep-seated social and economic problems might be addressed.

NOT YOUR FATHER'S SUBURBIA

In the popular imagination, the suburbs are leafy quiet towns filled with middle class, white nuclear families. Suburban Chicago, like most of suburban America, no longer fits this stereotype. Sweeping social, economic and demographic changes have created a suburban landscape that has much of the outward appearances of traditional suburbia but reveals a much more complex reality below the surface.

For one, the suburbs are increasingly diverse. In Lake County's case, from 1990 to 2000 the majority of the 128,000 people who moved into the county were non-white. The biggest share of the increase in population came from Latin America, but the African American and Asian populations increased as well. While Whites constituted 87 percent of the County's population in 1990, by 2006 they represented fewer than 70 percent.

Many of the problems once associated with the city have also cropped up in the suburbs. Lake County is home to 30 public schools that are in various stages of academic "watch" or "warning." Homeless people can be found sleeping in parks or forest preserves even in affluent areas and the "CeaseFire" anti-violence initiative has a presence in the town of North Chicago. While not as prevalent as in the nation's big cities, "urban" problems can be found well outside the city.

Middle class life is also not as secure as it once was. In a recent book, DePaul University sociologist John Koval notes that the "hourglass economy" dominated by the affluent and the poor is the new norm for the Chicago region with the "middle class lifestyle of the majority" unlikely to be maintained (Koval *et al.* 2007).

The steep decline in unionized manufacturing jobs and the on-going downsizing and outsourcing of white collar positions have pushed many formerly middle class households into the ranks of the working poor. Declines in

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the availability of health insurance and pension benefits, the high cost of housing and social factors like divorce have left many middle class families much more vulnerable to economic hardship (Warren and Tyagi 2003).

In part because of the pressures of the new economy, public life in the suburbs is often very thin or non-existent. Corporate managers in Lake County may shuttle in for a couple of years before moving on to their next work assignment or a new employer in another city. One suburban pastor remarked to me that his new parishioners "figure out where the schools, church, soccer fields, and shopping mall are and drive an endless loop between them – with little or no time to volunteer at any one place."

Moreover, as Robert Putnam and others have pointed out, the stress of two parents working full time jobs and the wide array of diverting entertainment options have stripped many traditional civic groups (such as PTOs and PTAs, Leagues of Women Voters, and service clubs) of members (Putnam 2000). What strategies can work to re-invigorate public life in the face of these challenges and trends?

CIVIL SOCIETY AS THE STARTING POINT

Community organizing is a broad term that encompasses a number of approaches to bringing together people – especially low- and middle-income individuals — to press for change. For organizations affiliated with the Industrial Areas Foundation (IAF), the starting place for organizing is the institutions that make up civil society. This includes religious congregations of all types, unions, schools and non-profit associations (such as health centers, human service organizations and advocacy groups).

The choice of civil society as the starting point for organizing is both philosophical and practical. Civil society is the part of America where you can talk about what "should be" versus "what is now." Religious institutions have great narratives of social justice as do their secular counterparts like the NAACP or unions. Civil society has been the jumping off point for social change throughout the nation's history from struggles to end slavery, to the fight for justice in the workplace, to campaigns for immigrant civil rights.

More pragmatically, the institutions of civil society have the leaders and potential leaders needed to build independent, effective organizations. They also have resources such as members, places to meet, money for dues and access to other institutions. Put another way, they have organized people and organized money, the two components of power, a necessary ingredient of any push to reform and improve social or economic conditions.

ORGANIZING ONE RELATIONSHIP AT A TIME

If "civil society" answers the "where" question of broad based organizing, "disciplined relating" answers the how. The chief tool in this style of organizing is the one-on-one relational meeting. This is, as IAF Executive Director Ed Chambers said, "the most radical thing we teach" because it goes against the dominant culture's preoccupation with the speed and quantity of interaction (Chambers and Cowan 2003: 44). In building broad based civic groups, e-mails, telephone calls, and instant messages are no substitute for the slow patient work of building durable public relationships.

The purposes of individual meetings are twofold: to find leaders or potential leaders and to identify the problems or concerns which they might work to address. At the outset of an organizing effort, relational meetings are usually initiated by a professional organizer. The IAF's Mike Gecan once described the organizer's job as to "encourage, coach, and agitate citizens to play their rightful roles and claim their rightful places in the public arena of our nation" (Gecan 2002: 3).

As the campaign unfolds, volunteer leaders take up the practice, particularly within their congregation or group. Sustained individual meetings, accompanied by small group or 'house' meetings and leadership training sessions, often comprise the early phase of an organizing drive, often called the 'sponsoring phase.'

In Lake County United's case, the sponsoring phase lasted almost two-years. Seed funding from local and regional religious institutions paid my salary and benefits and provided me with the space and time for this phase of disciplined relating and leadership training to be done well. I spoke with scores of institutions and thousands of real and potential leaders during these two years - yielding a harvest of talented, passionate leaders and an initial set of issue ideas.

The initial leaders and issues came together in a powerful way at Lake County United's founding assembly in April 2003, when 2,000 people gathered at Libertyville High School in the center of the county. While dozens of political leaders were on hand, the real action was on the stage, as a diverse group of volunteer leaders announced their intentions to work together across lines of faith and race to tackle the biggest challenges facing the county.

As the dust of the sponsoring phase settled, what emerged was an organization made up of 37 churches, synagogues, mosques, unions, and non-profit groups. Each organization committed to pay annual dues (based upon its membership size) and to work to identify and train a group of leaders. As of the summer of 2007, Lake County United employs two professional organizers and has a budget just over $200,000 a year.

"I'M TIRED OF THE TOWN GETTING SNOBBIER AND SNOBBIER"

Once it was up and running, Lake County United's leaders worked to translate the concerns heard in the sponsoring phase into issue campaigns. One of the earlier issues identified was the lack of affordable housing.

The concern was raised in a variety of ways. Synagogue volunteers who worked in the county's homeless shelters were alarmed by the growing numbers of people without shelter. Middle class parents noticed that their children who returned from college to take jobs in Lake County could not find affordable apartments. Pastors of several churches reported that their congregants were moving as far away as Wisconsin to find affordable single family homes.

In one-on-one meetings and small group listening sessions people reported a nagging fear that the older, more economically mixed towns were losing their diversity as 'McMansions' were built on the surrounding farmlands and near the train stations in suburban downtowns. As one longtime resident of Libertyville put it: "I remember when the town barber could afford to live on our block. And I'm tired of the town getting snobbier and snobbier."

Translating this concern and anger into effective action has taken years of hard work. The team of volunteer leaders who have worked on the issue of affordable housing has usually numbered between 12 and 15, but they have collectively had the ability to mobilize between 10 and 20 times as many of their neighbors and fellow members when needed for a public meeting. Their accomplishments include:

- Boosting the County's affordable housing budget by 66 percent to $500,000;
- Obtaining affordable housing set asides in Libertyville – and working with the village to

codify that commitment in an inclusionary housing ordinance;

- Stopping the planned displacement of 252 Mexican families at an apartment complex in Highwood slated for condominium conversion; and
- Winning a campaign to build a new $31 million county-run skilled care facility for those with limited means.

Other volunteer teams have won similar victories in expanding health care for the uninsured and in getting thousands of immigrants to pursue citizenship and register to vote. The organization's latest push is to improve educational outcomes in the struggling schools of Waukegan and North Chicago.

NEIGHBORHOODS AND OTHER CIVIL SOCIETY INSTITUTIONS

The practice of community organizing emerged in urban neighborhoods in the 1930s. Even today, most people associate 'community organizing' with efforts to protect and improve city neighborhoods. What roles – if any – do neighborhoods play in broad based organizing in the suburbs?

Dense, identifiable neighborhoods are generally rare in suburban Lake County, the exceptions being older industrial cities such as Waukegan and the village cores of older railway towns like Libertyville. When asked "where do you live" residents tend to speak of their suburban town, their subdivision or, if it is large, their apartment complex. For Lake County United these smaller units of geography have not played a significant role in the organizing activities.

That is not to say that neighborhoods are unimportant parts of civil society in the suburbs. Living on a safe block with good neighbors is valued everywhere. Fortunately, for now, that tends to be the rule and not the exception in Lake County.

Other suburban civil society institutions are evolving and maturing to meet new challenges. For example, community colleges like the College of Lake County (CLC), have grown to play a primary role in preparing people for college degrees and the world of work. Over 16,000 students attend CLC classes at three campuses making it by far largest college in the County.

Catholic schools are also evolving to respond to new realities. As more traditional middle class high schools like Carmel Catholic in Mundelein have grown, new Catholic high schools following the 'Cristo Rey Model' have been founded. St. Martin de Porres is one such example in Waukegan. The school focuses primarily on lower-income African American and Mexican students and makes their education affordable through each student's participation in corporate internships (for more information, see www.cristoreynetwork.org or www.smdpwaukegan.org).

One way of thinking about broad based organizing – whether in the city or the suburbs – is to ask which institutions matter most in people's lives? And how can these institutions – old, new, and yet to be created – serve as the base from which the issues of the area can be addressed? In a suburban setting neighborhoods matter, but religious congregations, schools, and civic associations matter more.

THREE CHALLENGES AND THREE OPPORTUNITIES

Organizing is challenging in any situation and the suburbs are no exception. In its first four years of its operation, Lake County United has had to deal with three main challenges, some of which are unique to the suburbs and some of which affect all broad based organizations.

First, the suburbs are characterized by multiple and at times overlapping political jurisdictions. No single unit of government is responsible for addressing big challenges like failing schools or the lack of affordable housing. Illinois has, in fact, the most units of local government of any state in the nation, a whopping 6,904 (Illinois State Comptroller, n.d.). Lake County alone has 189 local units of government (Illinois State Comptroller 2000).

This often means one must organize suburb by suburb and town council by town council to have an impact on issues like land use and affordable housing. There is no one, powerful mayor with whom to to negotiate, nor one newspaper with a wide readership. No single newspaper covers Lake County in its entirely. A reporter for the largest local circulation paper, the *Daily Herald*, told me they do not cover matters "east of the Tri-State Tollway" where most of the lower-income and minority residents live. This splintering of power and civic life presents a challenge to organizers and leaders alike.

The time that people have available for public life is also quite limited. Long work hours, lengthy commuting times, and the plethora of organized sports teams and music and arts programs parents involve their children in means most adults struggle just to get through the week. The situation for low-wage workers, forced to take multiple jobs to get anywhere near a decent income, is even worse.

Time constraints, and widespread skepticism or disgust with politics, means many parents would rather spend their precious volunteer hours on child-oriented activities. To the extent they have time for other volunteer commitments, they often gravitate toward non-controversial, one-time/one-stop community service options like Habitat for Humanity.

Finally, many of the religious denominations that are mainstays of community organizing are facing struggles of their own. Membership in mainline Protestant churches continues to decline and Roman Catholic congregations are often preoccupied with fallout from the abuse scandal and the dwindling number of clergy. As congregations turn inward to deal with these challenges, interest in and energy for public life can be limited.

But if organizing in the suburbs faces challenges, it also has a number of opportunities. First, if acting at the local level is frustrating, acting at the state level is a possibility - with increasing breadth. In Illinois there are four IAF affiliated organizations, three in each of Lake, Cook, and DuPage Counties and PACT (Public Action for Change Today) targeted to young adults. While each acts independently, at times they have teamed up to press for state level policy changes.

United Power for Action and Justice, based in Chicago and suburban Cook County, took the lead on passing FamilyCare health insurance in Illinois, with critical support from the DuPage and Lake County sister organizations. In Massachusetts, the Greater Boston Interfaith Organization (GBIO) played a pivotal role in passing that state's universal health care plan (Klein 2006). The lesson is that even without the density of membership and power to win every local battle in the suburbs, organizing across counties can result in impressive wins on the state level.

Second, religious congregations are still key players in public life in most communities. Immigration has resulted in a host of new congregations being formed, many of which are hungry to play a role in their communities. This is particularly true of non-Christian groups like Muslims and Hindus who in many ways are where the Catholics and Jews were a century ago.

In metropolitan Chicago, IAF organizations have been especially important to the entry of Muslims in public life (Freedman 2007). Given world-wide anxieties about how to prevent a "clash of civilizations," broad-based organizing provides a strong argument that new immigrant groups can be incorporated into democratic public life.

A final note on religious congregations and organizing is in order. Recent work in the Jewish community suggests that good organizing practices can help revitalize congregational life. That is the premise of 'Just Congregations,' an initiative of the Union for Reform Judaism which promotes organizing as a means to make "our synagogues stronger, helping us find and develop each other as leaders, and strengthening the fabric of our community" (see http://urj.org/justcongregations/index).

Finally, despite the pressures that inhibit participation in public life, the appetite to relate across differences of class, faith, and race and to develop oneself as a leader remains strong among many people. At their best, broad based organizations are 'schools for public life' that fill the innate human desire to grow and learn.

Thinking of broad based organizations as having an educational mission raises the question of how to effectively link such groups with colleges, universities, seminaries and other civic institutions that have education at their center. To date this has happened fitfully. A challenge going forward would be to develop new partnerships that can link the institutional heft of American universities with the talent and impact found on the ground in the nation's community organizations.

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What's Happening to The Neighborhood?

Community Organization

Responding to Neighbors' Health Needs

Julie Trocchio, Senior Director of Community Benefit and Continuing Care, Catholic Health Association of the United States and Nancy Mulvihill, Vice President, Corporate Communications, Covenant Health Systems

RESPONDING TO NEIGHBORS' HEALTH NEEDS

In Reno, Nevada, a team made up of a social worker, police officer and medical staffer from St. Mary Hospital's 'Knock and Talk' program goes door-to-door at a local low-budget motel. The motel serves as home to over a hundred families and individuals, many of whom are shut-ins or without health insurance, and all of whom are poor. Outside, St. Mary's van is parked with medical and nursing staff ready to give check-ups, flu shots, medical advice and treatments.

Each motel room receives the same visit: the St. Mary's team knocks, then asks tenants if they are okay and whether they want to use any of the van's services. No charge. While the health care is of great value to the low-income residents, recipients agree that the visits from the Knock and Talk team bring something else just as important; they bring a sign that people in the community care about them.

This kind of community service provided by Catholic and other nonprofit health care organizations continues a service tradition that began when health care was first delivered in our emerging nation. For Catholic health care, this tradition began in 1627 when six religious sisters from France stepped on the shores of New Orleans, one of our oldest cities. They nursed the sick and visited the poor, responding to the needs of their day.

Catholic health care grew out of the ministry of those early sisters — educated and dedicated women from France, Germany, Ireland and other European countries. The tradition of service spread as these early Americans migrated westward across the newly-developed land. In support of their mission, these women provided care at the peril of their own lives; they ministered in swamps, in cholera and malaria infested areas and often without adequate provisions to provide care. They toiled and begged for funds to ensure their services kept up with changing needs, and sought friends and alliances who could support their work.

A MODEL THAT WORKS

The early sisters pioneered a model with four components: looking at what is needed, partnering with others, finding the necessary resources and monitoring progress. Today, this process is known as providing *community benefit*.

Community benefits are programs and services provided in response to community needs. These programs improve health in communities and increase access to health care services.

The Catholic Health Association of the United States (CHA), in cooperation with VHA, Inc. (a national organization of nonprofit hospitals) and other organizations, has developed tools to help hospitals and long term care organizations better serve their communities. The tools enable these direct-care institutions to provide community benefit by assessing community problems and strengths, budgeting to meet community needs and making sure programs are effective.

Seeking Out and Responding to Needs

One approach to utilizing the community benefit model is to begin by asking questions about potential areas of concern, and what role local institutions could play in addressing those problems. Is asthma among school children a serious problem in this community? If so, would the local school be willing to work with the hospital to provide information to parents and

Julie Trocchio, Senior Director of Community Benefit and Continuing Care, Catholic Health Association of the United States and Nancy Mulvihill, Vice President, Corporate Communications, Covenant Health Systems

students on how to avoid acute episodes? Would the local housing authority help identify if there are environmental asthma triggers in the public housing units?

Often, these questions may involve looking closely at a minority or traditionally excluded group. Is diabetes a growing problem among newly arrived Spanish speaking neighbors? Obesity, too? Would the local church be interested in offering screening and education after Sunday services? Could the local Boys and Girls Clubs and the senior center help their participants get fresh fruits and vegetables or host educational programs on nutrition and exercise?

After conducting relevant research, Catholic and other not-for-profit health care organizations employ a community benefit framework in which they: identify priorities based on the severity of the problems uncovered and what they are best equipped to address; evaluate the opportunity to form partnerships with others; define program goals; and budget for the resources needed. Finally, in order to fully carry-out the model, the providing organizations evaluate whether their services are making a difference.

One example of the community benefit model process can be seen in the work of Holy Cross Hospital in Silver Spring, Maryland. After finding there were increasing numbers of undocumented and uninsured women who needed obstetrical care, Holy Cross set a goal to provide free or affordable obstetrical care for all low-income immigrant women.

The hospital took two major steps: expanding their overall maternity program so they would have more resources from insured patients to shift into free care and engaging other hospitals in the county in discussions about sharing the burden of these deliveries by joining the county Maternity Partnership program.

In 2006, Holy Cross Hospital registered 2,349 maternity patients for prenatal, obstetrical and post partum care. Holy Cross was also able to interest two other county hospitals in joining the Maternity Partnership (with a third considering joining). In total, this expansion of the program gave access to an additional 700 patients.

Budgeting

Financial resources for community benefit come from various sources. Sometimes the savings resulting from the new program are substantial enough to completely cover the cost of implementation. For example, a California hospital found that many uninsured persons were being admitted as "charity care" patients for conditions that could have been avoided if there had been adequate primary care available. By placing mobile health clinics with prevention and primary care services in neighborhoods where these uninsured persons lived, charity care decreased because conditions were either prevented or treated before warranting hospitalization.

Some community benefit programs are made possible through government or other grants. For example, Covenant Health Systems sponsors Marguerite's House in Lawrence, Massachusetts. This low-income assisted-living facility was funded by a series of U.S. Department of Housing and Urban Development (HUD) grants received through the Assisted Living Conversion Program (ALCP). The nearly $7 million in grants were used to retrofit a senior housing project under the HUD section 202/8 program so that it would be better suited to serving a more frail assisted-living client population. Grant funds meant lower costs to the facility's residents, making it possible to serve a low-income population.

Measuring Effectiveness

Health care organizations using a community benefit approach continually review their programs to make sure they are current with needs and are doing what they were intended to do.

For example, CHRISTUS Health, an integrated health system in Texas and Louisiana, is addressing the needs of the uninsured and underserved with chronic illnesses. The program, CarePartners, provides Community Health Workers to assist patients in locating a medical home, prescription medications and other services; it also provides the patients with support in self-management of their health. The Community Heath Worker is from the community and understands the patients, their culture and neighborhood. It is “neighbors helping neighbors”. CarePartners has been implemented in the Texas rural coastal bend, east Texas and central Louisiana. Texas A&M’s School of Rural Public Health is evaluating the program. Preliminary data have demonstrated decreased use of the emergency department and improved health outcomes.

CHALLENGES

Two of the major challenges facing health care organizations as they strive to meet communities’ health needs are the growing numbers of uninsured persons and the multiple human needs faced by poor, uninsured and otherwise vulnerable persons.

The Uninsured

Health needs, especially among working poor families, are reaching a crisis point. Around 46 million Americans lack health insurance. This often means that unless they visit an emergency room, the uninsured lack access to health care.

Many not-for-profit hospital community benefit programs are working with others in their communities to improve access for the uninsured. For example, Ascension Health, the largest U.S. Catholic health system, pioneered a model program designed to “leave no one behind.” Its “5-Step Model to 100% Access©” involves:

Developing a program infrastructure including forming a coalition and building a shared information system;

Filling service gaps, such as dental, mental health, and affordable pharmaceuticals;

Redesigning the care model to provide coordinated care resulting in improved health outcomes;

Engaging private physicians to voluntarily accept a certain number of uninsured patients into their practices thus providing those patients with permanent medical homes;

Achieving sustainable funding in partnership with local leaders in government and business.

Beginning in 2006, Ascension Health launched its “Access Leadership” program for the CEOs of its hospitals and related facilities. Each CEO participating in the effort has developed an access leadership plan focusing on at least one element of Ascension Health’s 5-Step Model. Across the country, the plans – which stress community engagement and ‘ego-less collaboration’ – are starting to have an impact. Ascension Health has developed a unique national tool for ongoing measurement of access model success and is beginning to collect data from several communities.

"For us to be successful and achieve the goals that we're targeted to reach, we need everyone's involvement," said Patrick Murtha, President and CEO of Ascension Health's St. Joseph Health System in Tawas City, Michigan.

Patrick Madden, Ascension Health's Ministry Market Leader for Gulf Coast/North Florida and President and CEO of Sacred Heart Health System in Pensacola, Fla., agreed: "You've got to be passionate about this issue. You've got to be tenacious. And we are. And we're going to be successful."

Many Needs

Another challenge is that poor, uninsured and other vulnerable people in our communities are likely to have multiple needs in addition to health care problems. Low-income and other at-risk individuals and families often face other difficulties such as paying for quality child care, finding affordable housing and getting jobs that pay a living wage. Therefore, health care organizations in their community benefit programs often must provide services beyond health care.

In Savannah, Georgia, St. Joseph Candler Hospital worked with Mercy Housing, a not-for-profit organization, sponsored by several orders of Catholic Sisters to respond to the need for affordable housing. Working in coalition, these organizations were able to convert an abandoned historically-black hospital into a low-income housing project with services that included after-school help, referrals for social services, and a training program for preparing professional bakers.

CONCLUSION

Catholic and other not-for-profit health care organizations are having a positive impact on the health of America's communities and neighborhoods, but public policies could and should help these efforts. Federal and state health policies could and should improve access and secure health care insurance for all persons. Public financing policies could and should realign the health care system to be more oriented to promoting health, preventing disease and managing chronic illness, rather than emphasizing expensive "rescue medicine" when people become acutely ill.

Local governments could and should encourage partnerships among government and private organizations to address community health problems that could work in collaboration to find lasting solutions. It is through cooperative partnership among organizations sharing mutual goals that America's communities and neighborhoods will be stronger and healthier.

A CASE STUDY

The Sisters of Charity Health System in Lewiston, Maine, with roots that began over 100 year ago, takes a comprehensive approach to community health to serve people most in need. Their community benefits include:

- ***Neighborhood Housing Initiative:*** Knowing that the health of a community is linked to the well-being of its residents, Sisters of Charity took action to improve a deteriorating neighborhood. In 1999, they established the Neighborhood Housing Initiative to construct an affordable, 15-unit owner-occupied housing initiative in the most economically distressed section of downtown Lewiston. It was the first new home construction there since 1940. The Sisters of Charity program served as a catalyst for housing development in the area and the redevelopment of new construction investment by developers and private parties exceeds $15 million.
- ***Club W!:*** Recognizing that health of the spirit and physical health are inseparable, Club W! offers education and networking programs to women at little or no cost. It is a safe place for women to equip themselves with the tools they need to be strong, active members of their families and communities. In a region where median earnings for full-time employed women are about $22,000, Club W! created a series of development programs to address education and career advancement.
- ***Making Healthcare Affordable:*** As part of the B Street Community Center created in 2003, Sisters of Charity operates a medical office for underserved residents of the downtown community. It accepts all patients and provides comprehensive primary care. In 2004, Sisters of Charity opened a pediatric dental program there for underserved youth. Many in the area served by Sisters of Charity are Somali immigrants whose lives were jeopardized in their homeland when civil war erupted in 1991. Few speak English when they arrive and many cannot read or write in their native language. Through a series of focus groups with Somali women, Sisters of Charity has tailored the way the clinic delivers health care to this population.
- ***Food Pantry and Lots to Garden:*** For more the 25 years a food pantry has operated in downtown Lewiston. When its sponsoring organization shifted focus to state-wide food distribution, the Sisters of Charity Health System agreed to step in and assume operations of the pantry. The Food Pantry served 22,935 people last year. From its downtown locale, the pantry provides more than meals. It also educates families on food purchasing, nutrition and cooking. The Lots to Garden program provides 14 seasonal gardens supplying food to 50 families. Over 120 youth and 100 adult volunteers help in the gardens and workshops, which are designed to develop the skills and knowledge for lifelong and community-wide change.
- ***Take Charge!:*** This is a comprehensive health screening program that gives participants a personalized assessment of their overall health. It eliminates the barrier of health insurance coverage and reduces the barriers of cost and transportation. More than 4,500 individuals have had the 30-minute health screening, which involves a questionnaire, a blood sample and a simple breathing test. Appropriate referrals are made based on the results. In follow-up surveys 3-6 months later, 57 percent of patients report they have made health or lifestyle changes since their screenings.

National Neighborhood Coalition

What's Happening to The Neighborhood?

COMMUNITY ORGANIZATION

The Generational Transfer of Leadership: Community Building Organizations and Their Leaders in the 21st Century

Jeff Nugent, President/CEO and
Kristina Samson, Vice President
Development Training Institute

THE GENERATIONAL TRANSFER OF LEADERSHIP: COMMUNITY BUILDING ORGANIZATIONS AND THEIR LEADERS IN THE 21ST CENTURY

"Not everything that is faced can be changed, but nothing can be changed until it is faced." **(James Baldwin)**

"The best way to predict the future is to create it." **(Peter Drucker)**

A STORY

Following the race riots of the late 1960s and early 1970s, Chicago's west side was in shambles, experiencing poverty, unemployment and despair. Steven McCullough grew up aspiring to get out. He obtained an MBA and worked for several years in the corporate world. He had all the creature comforts perceived to be society's mark of success. Yet those comforts always lay in stark contrast to the memories of his childhood and the struggles he had witnessed in his Chicago community.

When a social sector opportunity became available, Steven decided to pursue it and was hired as the Chief Operating Officer for *Bethel New Life*, a nationally known faith-based organization that creates living-wage jobs, rehabilitates low-income multi-family housing, and develops community education and health care programs for residents of Chicago's west side where Steven grew up. Bethel New Life trained and placed in employment over 4000 people, established a community recycling facility, converted an abandoned block into a park, created over 1000 units of housing, sparked a $3 million city renovation of the local public library and invigorated residents to create a new vision for the neighborhoods in Chicago's west side. Life was good, yet Steven felt he could do more to serve. So when the organization's founding executive director of 26 years announced her retirement, Steven applied for the position. He was one of six finalists in the national search conducted by *Bethel New Life* to replace their retiring leader.

"As the Chief Operating Officer, I was the only internal candidate for the job. I was uncertain regarding how I would be judged relative to the other prestigious external finalists and many times I considered withdrawing my application." It was with these sentiments that Steven entered Bank of America's *Neighborhood Excellence Leadership Program*™ for Emerging Leaders. "The support and confidence displayed in me, and the wise counsel I received from the other 59 emerging leaders and the training team significantly raised my confidence and renewed my commitment to go for it in a way that was magical." At the next gathering, Steven shared that he had indeed been selected as *Bethel New Life's* executive director. His journey continues and Steven speaks regularly about his leadership transition and growth experience.

Steven's story points to the level of passion support needed to create a pipeline of next-generation leaders to shape community building organizations to meet the needs of diverse neighborhoods and a changing society.

Jeff Nugent, President & CEO and
Kristina Samson, Vice President, Development Training Institute

The goal of this chapter is to advocate for the development of next generation leaders and for the ways the capacity of social sector organizations can be supported to fulfill their missions.

This chapter lays out the broader challenges facing neighborhoods across America to illustrate the magnitude of services that community building organizations are faced with providing. We outline how demographic shifts in population and age lead to a competition for talent that decreases the ability of organizations to serve communities. We briefly review the response to leadership transition and use the Development Training Institute's (DTI) experience working with community building organizations and its results from a recent program to make recommendations for supporting and attracting the next generation's leaders to the social sector and for building the capacity of organizations that promote positive change.

CHALLENGES FACING AMERICA'S NEIGHBORHOODS

The federal deficit is close to $9 trillion and government increasingly turns to the non-profit sector to provide services to meet the needs of underserved communities.

Some sobering statistics provide context for the systemic issues non-profits work on to help individuals, families, youth and elderly overcome challenges in neighborhoods across America:

- More than five million American households are renters who receive no government assistance, make less than 50% of the area median income and/or pay more than half of their income for rent/utilities;
- In major U.S. cities, the average high school drop-out rate is approximately 50 percent;
- From 1969 to 2000, the overall high school completion rate dropped from 77 percent to 70 percent;
- The number of adults in correctional facilities increased from 1.8 million in 1980 to over 7 million in 2005;
- Since 1995, over half the increase in state prison populations is due to an increase in the number of prisoners convicted of violent offenses;
- A recidivism study of prisoners released in 1994 found that 68 percent of released prisoners were rearrested for a new crime within 3 years of release;
- The United States holds the highest rates of teen pregnancy and births in the industrialized world;
- The sons of teen mothers are 13 percent more likely to end up in prison while teen daughters are 22 percent more likely to become teen mothers themselves;
- Forty-six million Americans or nearly 16 percent of the population are without health insurance;
- In 2006, 29 states faced a decline in their federal medical assistance;
- The elderly population is projected to nearly double by 2020 and to triple by 2050;
- From 2000 to 2030, the number of people on Medicare is projected to rise from 40 to 78 million while the number of workers supporting beneficiaries is projected to decline from 4 to 2.4 workers per beneficiary;

Solutions to these types of problems cannot be effectively addressed by a social sector that is experiencing leadership transitions and intensely competing for talent on a national scale.

DEMOGRAPHIC SHIFTS SHAPING THE SOCIAL SECTOR

Steven's story speaks to the leadership transitions that many of this country's non-profit organizations are about to experience and the type of support emerging leaders need to move successfully into executive positions. Many next generation leaders will face such challenges in light of the dramatic demographic shifts now taking place.

Eighty million baby boomers (those born between 1946-1962) will soon reach retirement age and the pool of successors — Generation X, born between 1963-1980, currently aged 35-54 years — numbers only 35 million. A 2005 study by the Annie E. Casey Foundation found that 50 to 85 percent of all non-profit executives plan to leave their positions and organizations during the next 5-7 years (Bell and Wolfred 2006). A 2006 *Chronicle on Philanthropy* article stated that three-quarters of executive directors plan to leave their jobs within the next five years, and most do not want to be an executive director again (Rogers 2006).

During the next decade, non-profit organizations (excluding universities and hospitals) with operating budgets of $250,000 or less will need 640,000 new leaders. This is 2.5 times the current number of leaders in such non-profits. The challenge faced is equivalent to attracting over 50 percent of every MBA graduating class, at every college and university across the country, every year for the next ten years, into non-profit leadership (Bridgespan 2006).

Sixty percent of non-profit executives are first time executives. In addition, while communities served by non-profits are becoming more and more ethnically diverse, only 16 percent of non-profit organizations are currently led by people of color.

Another trend shaping the non-profit landscape is the rising number of larger non-profits with budgets exceeding $250,000, increasing from 62,800 to 104,700 with an annual growth rate of 6 percent in the years 1995 to 2004.

The societal challenges cited above, along with the impact of demographic shifts and the resulting leadership deficit, combined with the increasing demand for non-profit services from ever more diverse communities potentially destabilizes organizations and hinders their ability to continue to provide high-quality services, leaving populations underserved.

CHALLENGES TO MEETING THE NEED FOR A NEW GENERATION OF LEADERS

The response to these demographic changes has largely focused on improving executive transition services and increasing the use of search firms, mechanisms that address the demand side of the equation. However much these responses have helped to address the crisis, the supply side of the equation is proving to be inadequate. We are only just beginning to focus on how to create a large enough pipeline of next generation leaders who will be ready to step up into executive roles.

Non-profits will have to compete with the private and public sectors to find, attract and retain talent. The non-profit sector does not have the infrastructure and human resources for management-education or executive searches that are available to the private sector.

The average college student now graduates with $27,600 of debt, almost three and a half times what it was a decade ago. Eighty-four percent of African American students and 66 percent of Latino students graduate with debt. And 39 percent of all student borrowers graduate with unmanageable levels of debt, according to the Department of Education.

While corporate businesses fill 60 to 85 percent of their management positions through internal promotions, non-profits average closer to 30 to 40 percent. This characteristic is further supported by CompassPoint's *Daring To Lead 2006* study that says, "Many small and mid-sized non-profits lack the staffing depth to develop leaders inside the organization; only half of executive directors say they're actively devel-

WHO ARE THE NEXT GENERATION LEADERS?

A profile of next generation leaders based on a series of *Generational Leadership Listening Sessions* conducted by The Building Movement Project in 2004 reveals that young leaders:

- Are inspired by social change but wish to be treated and paid as professionals in ways that allow them to pay their educational debts and live a reasonable lifestyle.
- Are reluctant to become executive directors because of the lack of work-life balance.
- Want more participatory, transparent, and accountable non-profit decision-making structures.
- Urgently need mentoring structures from exiting baby boomers.

Based on this information of what will attract next generation leaders, non-profit organizations will need to build their capacity and develop frameworks and structures that address the needs of existing and incoming leaders.

Providing non-profits with operating support as well as leadership development opportunities are key elements in building their ability to innovate, create succession plans, increase the skill sets of existing management, and develop the systems necessary to attract required leadership.

oping a future executive director" and "only a third of charity leaders say they now have senior officials on staff who are capable of taking over the top job" (Bell and Wolfred 2006).

Due to the lack of qualified internal candidates, non-profits hire management or executive search firms that are more costly than hiring from within (Tierney 2006). To attract talent, non-profits must be able to offer competitive salaries, benefits, and work-life balance or the best and brightest will leave or never enter the non-profit sector, which would negatively impact non-profit innovation.

Organizations must therefore be supported in building their internal leadership through the provision of core operating grants that can be used to retain and build their leadership capacity. The next section describes one approach to develop leaders and build the capacity of community building organizations and the impact this approach has had on their services.

COMBINING LEADERSHIP DEVELOPMENT WITH CORE FUNDING

Bank of America's *Neighborhood Excellence Initiative*™ (NEI) is a core operating support grant and a leadership development program managed by the Development Training Institute (DTI) in partnership with the Bank of America Charitable Foundation, Inc.

Using a competitive selection process, Bank of America annually awards $18 million in $200,000 mission-oriented grants to 90 community building organizations in 43 cities in the United States as well as London in the United Kingdom. By the end of 2007, the bank will have awarded $62 million in core operating support to 310 high-performing community building organizations. This core operating support enables non-profits to increase their capacity as they deem fit rather than restricting them with funds tied to a specific program. This unique program goes further and combines mission-oriented funding with relevant and research-based leadership development conducted by DTI.

By the end of 2007, 620 executive directors and emerging leaders will have enrolled in the NEI. These leaders represent a cross section of the non-profit sector working in the fields of community development and affordable housing, education and youth development, health and human services, and arts and culture.

Bank of America's multi-layered support includes significant core operating funds, public recognition and state-of-the-art leadership development, and has had a tremendous impact on its non-profit grantees. An evaluation of the first 60 organizations funded from 2004-2006 found that providing unrestricted core operating support in conjunction with executive leadership training allowed organizations to address vital organizational needs such as:

- Increasing organizational capacity (through improved management systems, increased staffing and/or enhanced boards of directors);
- Increasing financial stability (through augmented unrestricted net assets and improved cash flow as well as leveraged grant and project financing);
- Increasing innovation (in terms of new programs, projects, and approaches developed and implemented).

Participants in Bank of America's *Neighborhood Excellence Leadership Program*™ reported the program prepared them for leadership succession and transition as well as provided new models that increased their leadership capacity.

"Little Village CDC's improvement in organizational capacity since receiving the Neighborhood Builder's award is most clearly illustrated by our growth over the last two years. Our organizational budget grew from $905,000 in 2004 to $2,329,000 in 2006. Our staff grew from 7 full-time employees to 26 full time employees and over 30 part-time employees. In addition, LVCDC launched its first website (www.lvcdc.org). This astounding growth would not have been possible without NEI." (Little Village Community Development Corporation, Chicago, Illinois)

"One of the most important aspects of winning the Neighborhood Builder Award for Carrfour was the leadership training provided to the Executive Director and to an emerging leader in the organization. I was the emerging leader selected by my organization to attend the training sessions. I had no idea at the time that I would soon be the organization's Executive Director. The training provided by DTI prepared me for this challenge. The succession planning sessions were invaluable. Having the opportunity to spend time focused on Carrfour's future leadership with the organization's founding Executive Director was critical to my ability to step into her shoes." (Carrfour Supportive Housing, Miami, Florida)

"The story that most directly affects me is that by allowing us to involve our Emerging Leaders, I have seen the person I wanted to succeed me one day become the person who can succeed me one day. The confidence gained and the 'take charge' attitude established from this experience is evident on a daily basis. It has also shown me the importance of having a Succession Plan (which I now have) and the benefit of that to the organization. I recently saw the results of a long-term leader leaving her organization without one and how the agency floundered after her leaving. It has meant that her successor has not only had to acclimate herself to the organization but also start from scratch in developing her position. My successor will not have to do that and can make a very smooth transition." (Hope Haven, Inc., Charlotte, North Carolina)

RECOMMENDATIONS FOR THE FUTURE

Francis Kunreuther's research on executive transitions and *Building Movement Project* in 2005 sponsored by the Annie E. Casey Foundation and the Evelyn and Walter Haas, Jr. Fund recommends "investing in young leaders, identifying and nurturing more leaders of color, making it viable for directors to leave their organizations, broadening sites of intergenerational discussion, examin[ing] organizational structures and expectations, and promoting a healthier balance between work and personal/family life" (Kunreuther 2005).

Bridgespan's 2006 study of the non-profit sector's leadership deficit calls for "investing in leadership capacity, refining management rewards to retain and attract top talent, and expanding recruiting horizons and fostering individual career mobility" (Tierney 2006).

The CompassPoint/Meyer Foundation's national survey of non-profit executive leadership, *Daring to Lead* 2006, found that "Increased general operating support and multi-year support were cited as the two funder actions that would help executive directors the most" (CompassPoint and Eugene & Agnes E. Meyer Foundation 2006).

DTI's national experience in designing and conducting leadership development for non-profit organizations yields additional recommendations to the existing body of research.

- Recognize that the private and public sectors each have the ability to recruit, develop and retain next generation leaders using financial and career development capacity that greatly exceeds the resources of the social sector.

- Foundations or federal and/or state governments should initiate programs to create incentives for new college graduates to enter the social sector where, for example, organizations could apply for certification as recipients and where students, after five years of service, can pay off education loans.

- Support research, design, and pilot testing of new models to develop next generation and transitioning leaders with particular attention paid to intergenerational models of leadership development.

If you want to achieve a breakthrough on any vexing social problem, it is essential that investment be made in developing diverse, results driven leaders in high impact organizations to invent and to try out new ways of making a difference. The magnitude of need and the scale of leadership challenges organizations are experiencing makes it essential not only to prepare the next generation of leaders to assume executive and leadership positions, but also to enable them to reinvent organizations with a greater capacity to address the larger issues in our society.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

Neighborhood Planning and Data

Neighborhood Planning in the New Millennium

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NEIGHBORHOOD PLANNING IN THE NEW MILLENIUM

INTRODUCTION

When we think of great neighborhoods, we tend to imagine dynamic, vibrant, welcoming places. One quality that often accompanies such places is change. Neighborhoods are places that change, sometimes dramatically, and not always for the better. While neighborhood change is generally accepted, it is not always planned for or viewed as an opportunity. Because the elements of a neighborhood are so interconnected, when change happens it often has a ripple effect that can be overwhelming. A major employer may leave an area, causing a significant employment decline that contributes to reduced property values. Or a neighborhood may become "hot," with new or rehabilitated residential development and the possibility of gentrification.

Because they are not static environments, neighborhoods are exciting places to live, work, and recreate. But how can neighborhood change be processed in a way that allows us to plan for change? It may be useful to think of neighborhood change as part of a life-cycle pattern. Developed by land economist Richard Andrews, the life-cycle model of land-use change is particularly helpful when applied to neighborhoods. The model has six phases:

1. **Growth**: Neighborhood is healthy as evidenced by residential and commercial growth.

2. **Maturity:** Neighborhood remains stable and property values continue to rise.

3. **Decline:** Residents and business owners begin to show concern over the future of the neighborhood as property turn-over takes place.

4. **Uncertainty**: Neighborhood is in transition. Owner-occupied units may become rental and the neighborhood experiences significant economic pressure.

5. **Late decline:** Decline of the neighborhood is certain. Private market interventions alone are unlikely to reverse the trend of decline.

6. **New growth:** Neighborhood revitalization efforts begin to take hold. Commercial and retail uses return. The housing market is stabilized.

Understanding how neighborhoods change allows for a planning process and revitalization efforts that result in places that express all of the qualities of a great neighborhood. This chapter provides guidance on how communities can positively address neighborhood change through an inclusive neighborhood planning process.

NEIGHBORHOOD REVITALIZATION GENERALLY

Planning for neighborhood revitalization is not a new concept, but it has gained renewed interest in recent years. Across the country, residents have moved to assert more control over their neighborhoods. Also, governmental programs have shifted the emphasis of financial resource allocation towards a decentralized and targeted approach. Federally sponsored block grants and empowerment zones, along with public-private partnerships, incorporate a citizen participation component that ideally combines top-down and bottom-up planning techniques with inclusive leadership.

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Neighborhood revitalization efforts generally fall into one of three categories: (1) locally sponsored citywide planning programs; (2) independently organized efforts by indigenous neighborhood or community organizations; and (3) federally sponsored community development programs, which operate through the same framework as the first two categories.

Locally Sponsored Citywide Planning Programs. Intended to balance citywide planning goals and policies with "an all-inclusive and meaningful citizen oriented process," this approach identifies neighborhood priorities and issues and reconciles conflicts between the two. Plans resulting from such an effort can conceivably become the blueprint for all local government, nonprofit, and community revitalization efforts. Following this model, a number of states and cities—Minnesota, Nashville/ Davidson County, the District of Columbia—have established programs formalizing the role of neighborhoods in the planning process.

Independently Organized Efforts. This type of effort is led by business, civic, or neighborhood development groups with interests in broader efforts to maintain or revitalize the neighborhood. This type of effort can also be organized by an informal group that comes together over a specific issue or threat (real or perceived) to the neighborhood. Some communities require neighborhood groups to receive official recognition in order to participate in the formal planning process, whereas other communities create citizens boards to ensure resident representation.

Whether led by the city or neighborhood residents, successful neighborhood revitalization efforts do not fear change. On the contrary, successful efforts embrace change. Take the example of the Hannibal Square neighborhood in Winter Park, Florida.

KEY SOLUTIONS IN PRACTICE: THE HANNIBAL SQUARE STORY

Founded in 1881, Winter Park, Florida, was originally an upscale residential and resort community for New England industrialists looking to escape bleak northern winters. City founders designated an area on the west side of town for African American grove and hotel workers. Despite its prejudicial roots, this neighborhood, Hannibal Square, became a stronghold of culture, history, and community pride for Winter Park's African American residents.

Not unlike other segregated neighborhoods across the country, Hannibal Square fell on hard times in the 1960s. Spurred by changing economic realities and new cultural attitudes, the percentage of owner-occupied properties decreased, with rental properties and vacancies filling the void. By the 1980s, the physical and social infrastructure of this once-thriving neighborhood had deteriorated, even as other areas of the city were experiencing increased commercial and residential development. However, city planners and residents saw Hannibal Square's potential and organized revitalization efforts. Those efforts have come to fruition. In the tradition of Jane Jacobs, the community has worked together to preserve Hannibal Square's unique character. At the same time positive change has resulted from an infusion of commercial redevelopment, affordable and market-rate residential infill development, and infrastructure improvements.

At the center of the Hannibal Square revitalization is Winter Park's Community Redevelopment Agency (CRA) Plan, adopted in 1994. The purpose of the plan, according to the city's website, "is to explore the critical factors that have shaped Winter Park and to identify opportunities to create a quality environment for residents and businesses." While the plan encompasses a slightly larger geographical area beyond Hannibal Square, the revitalization of the neighborhood is the focus. The plan provides the vision for Hannibal Square against which all proposed projects are measured. The CRA plan, along with Winter Park's comprehensive plan, has been used to protect the community's character by ensuring that redevelopment occurs at a scale and density matching the vision for Hannibal Square. It includes design guidelines for both commercial and residential infill development. Those guidelines have been particularly important in addressing opposition to new affordable housing projects.

One aspect of Hannibal Square's revitalization worth particular mention is the approach to affordable housing. While market-rate housing in Hannibal Square would come as a natural outgrowth of improvement efforts and development pressures, it required innovative thinking to create a mixed income neighborhood that avoided gentrification. Winter Park has successfully used strategies like an affordable housing 'linkage fee', partnerships with the housing authority and Habitat for Humanity, and the creation of the Hannibal Square Community Land Trust to create housing choice without large-scale displacement. (A linkage fee is a requirement placed on new industrial or commercial developments to offset the impact of the development on housing needs in the community. The fees collected are placed into a trust fund for the local government or other authority to use in building affordable housing. Winter Park has a linkage fee of $0.50 per square foot of non-residential development. To learn more see the *Central Florida Workforce Housing Toolkit* developed by Orange County, FL available online at http://www.orangecountyfl.net/cms/WorkforceHousing/Financial.htm).

The revitalization of Hannibal Square is not limited to housing. The city, in partnership with its redevelopment agency, has initiated a number of other community improvements designed to rebuild area infrastructure, encourage new mixed use development, increase economic development, and enhance the streetscape. A dilapidated water treatment plant serving the area has been replaced with a state-of-the-art structure. A number of traffic and parking improvements have also been implemented, including the restoration of the community's original brick streets and the addition of street lamps. The streets not only add to the aesthetics of Hannibal Square, but also improve walkability by calming traffic.

Hannibal Square represents what can happen when the change is viewed as an opportunity to develop a vision that creates a neighborhood of choice.

PRINCIPLES OF GOOD NEIGHBORHOOD PLANNING

Successful neighborhood planning is grounded in five principles: establishing partnerships, defining both needs and assets, creating a vision, developing an inclusive plan, and communicating that plan. Each of these principles is described below.

Establishing Partnerships

Although local government typically takes the lead in neighborhood planning, the process must not take place in a vacuum. No one knows a neighborhood better than those who live and work in it. Building and sustaining partnerships among a variety of stakeholders can help to ensure a plan is representative of the neighborhood. These relationships are also key to the successful implementation of the plan. Residents, business owners, and neighborhood groups are more likely to support the plan overall, not to mention a specific project, if they played a meaningful role in the development of the plan. For example, Winter Park officials have partnered with neighborhood residents and business owners throughout Hannibal Square's revitalization.

Defining Neighborhood Needs and Assets

Defining neighborhood needs is fundamental to the planning process. In order to best plan for future neighborhood services and facilities, a solid understanding of community needs is required. A needs assessment can measure physical conditions, social services, cultural amenities, and commercial resources.

Good neighborhood plans, however, go beyond simply defining needs. Good plans recognize that all neighborhoods have assets. Neighborhood assets can be defined using a process pioneered by McKnight and Kretzmann called asset mapping (McKnight and Kretzmann 1993). Asset mapping is the process of identifying the individual, organizational and institutional capacities as well as the resources of a particular community. Assets might include cultural or religious organizations, neighborhood businesses, resident associations, schools, parks, police and fire protection, and even vacant buildings or land.

Despite being in decline, Hannibal Square boasted a number of community assets — vacant land, a rich history, parks — that became integral to rebuilding the community. The city transformed a centrally located but rundown open space near the community center into Shady Park. It features a water spray pool that is enormously popular with children on hot summer days and has become a natural gathering place for community events, including the city's annual Unity Heritage Festival, which celebrates local family history and raises funds to educate disadvantaged young people.

Creating a Vision

Visioning is a process involving a community's citizens that establishes a desired future for the community's development by setting a course for public action and policy change. Visioning exercises help communities advance a shared sense of purpose while encouraging the leadership needed to fulfill that purpose.

Community visioning efforts help cities adapt to change by identifying mutual values and aspirations. In Winter Park, the vision for Hannibal Square was critical to the development of the CRA plan and its implementation. When potentially contentious issues are on the horizon, the visioning process can smooth the way to political consensus. Before crafting a vision, adequate resources must be available and key community institutions and opinion makers must be on board.

One successful model for community visioning was developed in the state of Oregon. The Oregon Model frames the visioning process using four questions:

1. Where are we now?
2. Where are we going?
3. Where do we want to be?
4. How do we get there?

Communities can employ any number of techniques including public meetings and 'charrettes'. (According to the National Charrette Institute, a charrette is a multiple-day collaborative design and planning workshop held on-site and inclusive of all affected stakeholders. For more information see Lennertz and Lutzenhiser (2006).) Visioning is a unique experience for every neighborhood. The tools selected should reflect the cultural and political landscape of the neighborhood in question. Often, the community is skeptical about whether any element of the vision will actually be implemented. If visioning is to be effective, the creative and collaborative aspects of the visioning process must be balanced by realistic goals and objectives, grounded in action plans or benchmarking systems. That said, a fifth question can be added to the visioning process during implementation: Are we getting there?

Develop an Inclusive Plan

Inclusiveness is an important element not only in the planning process, but in the plan itself. The plan should be based on the vision developed by a variety of stakeholders. In addition to the vision, the plan must reflect all of the data from the needs assessment, as well as the information gained from the asset map. The inclusive plan strikes a balance among the many needs and desires expressed during the planning process. Moreover, the plan ensures that implementation of the plan also is an inclusionary process. All of the stakeholders creating the plan should be invited to participate in an ongoing evaluation of the plan's implementation.

The plan for Hannibal Square was very much an inclusive effort. The plan was created with significant involvement from citizens and other stakeholders. Winter Park has partnered with a number of public and private entities, including banks, local schools, civic groups, and architecture and real estate trade groups to move the plan forward, and this ongoing collaboration ensures its continued relevance and successful implementation.

Communicate the Plan

The work of neighborhood planning does not end with the production of the plan—you need to communicate the plan to sustain ongoing support. This is another opportunity to use the partnerships developed during the planning process. Neighborhood residents, business owners, and civic organizations can serve as plan or project boosters in ways that local government cannot.

There are a variety of communication vehicles available to build ongoing support for a plan:

- Create a simple message that expresses the benefits of the plan. Consistent use of a message helps reach key audiences and helps them retain important information. The message should resonate with residents, business owners, and civic organizations. It should be memorable, short, and used on all plan promotional materials.
- Work with the local newspaper to write an article about the plan or submit an opinion piece and letters to the editor advocating continued support of the plan. Multiple individuals can sign the opinion piece or submit letters to illustrate broad community support for the plan.
- Use a website to keep the neighborhood informed about the plan, including updates and progress reports.
- Start an e-mail distribution list to send out regular updates and information to residents.
- Make window flyers and yard signs available for residents and business owners to display their support for the plan.
- Hand out buttons for individuals to wear to show their support for the plan.

In Winter Park, Hannibal Square residents are kept abreast of plan implementation through regular meetings and a monthly newsletter on the city's website.

SUCCESSFUL NEIGHBORHOOD PLANS

As neighborhoods change, local leaders need to make every effort to engage citizens in the planning and decision making process. Such efforts should seek to foster or sustain a sense of community within neighborhoods. Thus, local governments should create a clear set of guidelines to follow when creating neighborhood plans.

The information below discusses what needs to be in place before neighborhood planning starts, what information a neighborhood plan should contain, and how implementation of the plan priorities should occur.

Before Plan Preparation

The local planning agency should:

- Adopt rules or guidelines that must be followed for preparing neighborhood plans and make those rules or guidelines available to all private entities, organizations, or agencies that will be preparing neighborhood plans.
- Routinely conduct inventory and analysis studies of topic areas relevant to the community's neighborhoods. Examples of topics typically addressed include:
    - Population profiles
    - Employment opportunities
    - Housing conditions
    - Infrastructure conditions
    - Transportation services and accessibility
    - Educational institutions
    - Commercial activity
    - Vacant properties
    - Public safety
    - Historic structures and sites
    - Community services
    - Overall quality of life
- Update these studies regularly (e.g. every five years) and ensure the involvement of all private entities, organizations, or agencies that would be preparing neighborhood plans.
- Design a participation program that involves people from underrepresented populations, including minorities and non-English speakers, and provides the resources necessary to allow them to participate. A few examples include the use of interpreters at meetings, promotion with multilingual written notices, free provision of child care, and scheduling meetings at unconventional times, such as weekends.

Plan Contents

Neighborhood plans should address a wide range of issues. However, plans should also be tailored to meet the specific needs of a community. The following are suggestions to allow for both the broad treatment of topics and focused attention on key issues with a neighborhood plan.

<u>Background Materials</u>

- Definition of and a map showing neighborhood boundaries, including a description of how they were derived and how they apply to municipal service areas.
- Description of the neighborhood and maps of the existing land use, community facilities, transportation choices, neighborhood assets, neighborhood challenges, and other neighborhood matters that can be graphically represented.

Plan Substance

- Vision statement, developed through a public process.
- Summary of the plan's goals, objectives, and actions, matched with both the vision statement and the broader local comprehensive plan already adopted by the local government. If applicable, the plan should also be connected to the goals, policies, and guidelines of the regional plan.
- Clear statement of opportunities, problems, issues, and priorities that arose out of the plan development process.
- Detailed description of the plan's goals, objectives, and actions.
- Plan for the neighborhood describing proposed improvements to the neighborhood, including maps of future land use, community facilities, transportation and mobility choices, and other neighborhood matters that can be graphically represented.
- Plan for implementation (detailed below).
- Design guidelines for development and redevelopment projects.

Supporting Materials

- Directory of participants.
- Directory of individuals not involved, but whose involvement would benefit the plan.
- Directory of resources.
- Date of adoption and date for the next review or update.
- Statement of acceptance by the municipality.
- Schedule for periodic plan revision, e.g. every five years.

Implementation

Every plan, to be effective, needs to have an implementation strategy. That strategy provides a basis for committing local government financial resources, as well as private financial resources to carry out proposals and programs, especially capital projects. The following describes the implementation components that should be included in neighborhood plans.

The implementation strategy should:

- Be as specific as possible, detailing all tasks to be performed as identified by the plan; a schedule of priorities for short, medium, and long-term tasks; specific funding sources identified and earmarked for each task; and the agency responsible for implementing each task.
- Include an implementation chart summarizing the above information in an "at a glance" format.
- Include short term implementation projects that can happen quickly, to build support and momentum. The timeframe for the neighborhood plan's implementation should be shorter than the city or region's broader comprehensive plan's implementation program.
- Include actions already being taken by the local government and by other governmental agencies, nonprofit group, and for-profit groups that are related to the plan priorities.
- Explore emerging tools to implement projects, such as community benefits agreements. (Community benefits agreements are contracts signed by community groups and developers that set forth a range of community needs that the developer agrees to provide as part of a development project. For more information, see Gross, LeRoy, and Janis-Aparicio 2005).
- Use measurement tools like neighborhood indicators to measure progress, both over the

course of the plan and to prepare for the next plan.

• Have a strategy for informing new residents of the plan, such as a display at the local public library, inclusion in neighborhood association meetings, and information on a website. See the earlier discussion about communicating the plan for more strategies.

POLICY RECOMMENDATIONS FOR NEIGHBORHOOD PLANNING

The following are *selected* American Planning Association (APA) policy positions related to addressing change in neighborhoods. The statements here are intended to apply to those large jurisdictions that have identified areas of the community as distinctive neighborhoods.

Neighborhood Collaborative Planning

1. Neighborhoods should be encouraged to seek the best organizational structure that is suited to achieve their goals and objectives such as, but not limited to, neighborhood associations, co-ops, and community development corporations.

2. Neighborhood-based coalitions that assist in the development of individual neighborhood organizations, articulate neighborhood views on community wide issues, and facilitate coordination in the planning process should be encouraged and supported by local government.

3. To be effective in many cases, neighborhood planning needs to go beyond addressing the physical conditions of the area and also examine issues of social equity. To that end, planners should work with social service, housing, economic development, public health, educational, recreational, judicial and other organizations to ensure that the issues of social equity, children and families receive attention [in the plan].

4. City government should be encouraged to coordinate the resources of the city according to approved neighborhood plans. This includes funds for transportation, community policing, solid waste services, housing and community development, school and library funding and economic development and tourism among others.

5. Local capital improvement plans, service area boundaries, community and human service allocations and other community resource strategies should link funding to neighborhood priorities. The municipality should actively solicit neighborhood participation in the overall budget process to truly reflect neighborhood needs and interests. Neighborhoods should see tangible benefits come out of their work and the city should favor neighborhoods that undertake neighborhood planning.

6. Effective neighborhood planning requires that the municipality provide regular opportunities, formal and informal, for neighborhood leaders across the municipality to meet among themselves and with local officials to discuss how the implementation of neighborhood planning is going, and to compare progress with their own and the community's overall goals.

Housing

1. Use plans and development regulations to reduce housing stratification and spur the development and preservation of affordable housing.

2. Promote better balance between the location of jobs and housing.

3. Encourage and implement residential development practices that result in more innovative housing options for diverse populations and which foster sustainable development.

Redevelopment

1. Support adequate funding of programs that assist communities with community redevelopment.

2. Support adequate funding for urban parks development and maintenance.

3. Support tax incentives for the reuse and rehabilitation of historic and other qualifying existing structures.

Smart Growth

1. Support strategies that promote reinvestment within urban communities to reverse the general decline of urban neighborhoods and the trend toward isolated, concentrated poverty.

2. Encourage mixed-income neighborhoods as the foundation for healthy regions.

3. Require affordable housing to be provided in all new-growth areas or through the reinvestment in core communities.

4. Enhance public education systems, which are an essential component of community building in urban, suburban, and rural areas, and which ensure that children have an opportunity for an excellent education in existing communities.

5. To further such opportunities, advocate for strategies that increase neighborhoods that are economically and socially diverse.

6. Support locating new development, especially public facilities, in areas supported by a balanced transportation network that provides a variety of transportation choices and supports more active, healthy lifestyles.

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National Neighborhood Coalition

What's Happening to The Neighborhood?

Neighborhood Planning and Data

Measuring the Well-Being of America's New Neighborhoods: The New Potential

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MEASURING THE WELL-BEING OF AMERICA'S NEW NEIGHBORHOODS: THE NEW POTENTIAL

Community advocates and practitioners, as well as scholars, have long recognized that the health of America's urban areas cannot be measured by looking at statistics for cities as a whole. Wide disparities exist across the neighborhoods of all urban areas. A slight improvement in the city-wide average may well be masking deteriorating conditions in the most distressed neighborhoods being offset by modest improvements in many others. (For a review of the evidence on how neighborhood conditions matter in outcomes for families, see Ellen and Turner (1997).)

Obtaining adequate information at the neighborhood level, however, has been a serious and ongoing frustration. We have been able to find out a considerable amount about neighborhood well-being nation-wide just after each decennial census but, up until recently, we have had virtually nothing to indicate even the broad directions of neighborhood change between censuses. Ten years is a long time to wait when so many critical decisions are dependent on up-to-date knowledge of neighborhood trends.

Finally in this decade, however, the potential for better year-to-year information about neighborhoods is improving markedly. The improvements are occurring on three fronts.

- First, effective local data intermediaries have now been established in many U.S. cities and they are assembling a rich array of automated administrative records from local agencies (for example, on crime rates, vital statistics, property sales volumes and prices) and taking advantage of increasingly inexpensive Geographic Information System (GIS) technology to produce and analyze annually updated information on neighborhood conditions.
- Second, at the national level, a growing number of nation-wide data files are being made accessible that have data at the neighborhood level (the best example is the annually updated dataset on mortgage lending activity at the census tract level, mandated by the Home Mortgage Disclosure Act – HMDA).
- Third, the U.S. Census Bureau's American Community Survey (ACS) will begin to provide census tract level data in 2010, although it must be emphasized that ACS data at that point will not be the same as the full census "long-form" data of old.

Census tracts are small statistical subdivisions of counties averaging about 4,000 inhabitants. The Census Bureau makes data from the decennial censuses available for them and will do so with ACS data in the future. Most were reasonably homogeneous when originally defined, and boundaries are periodically changed to try to keep them that way, but they are now far from perfect in that regard. Nonetheless, for national analysis, tracts are small enough that they capture most of the variation that should be of interest in assessing trends in neighborhood well-being across cities.

This chapter reviews the potentials on all of these fronts, then ends by considering what it might take to prepare sound statistically-based annual reports on the well-being of neighborhoods at both the city and national levels. Beforehand, however, to guide these inquiries, we offer views about why learning more about

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neighborhoods remains important, and about the kinds of information that need to be developed.

WHY WE NEED TO LEARN ABOUT NEIGHBORHOODS

Concerns about neighborhoods intensified in the last half of the twentieth century with the recognition that poverty was becoming more and more concentrated in inner-city neighborhoods, bringing considerable suffering to their residents and undermining the social and economic health of the surrounding urban areas (see, in particular, Wilson 1987). It can be argued that, as the century began to draw to a close, interest in the problem was waning. Public interest in any problem can only be sustained when there is a belief that there is some reasonable possibility of fixing it, and by 1990 even many responsible observers seemed to have given up hope.

But then the decade of the 1990s offered a surprising change in course. Poverty began to disperse. The share of the metropolitan poor that live in "high-poverty neighborhoods" (poverty rates of 30 percent or more), which had increased from 25 to 31 percent in the 1980s, dropped back to 26 percent in 2000. Other conditions generally improved as poverty rates went down. And the improvements were widespread, with overall drops in concentrated poverty in all but 17 of the 100 largest metropolitan areas (Kingsley and Pettit 2003 – see also Jargowski 2003).

It is important to understand, however, that this shift did not represent the complete turnaround some recent press accounts seem to suggest. The reality was much more complex. More recent research (Kingsley and Pettit 2007) contrasted census tracts in the 100 largest metropolitan areas that *improved* in a decade (poverty rate decreased by 5 percentage points or more) with those that worsened (poverty rate increased by 5 points or more). They found that, indeed, a larger share improved in the 1990s (11 percent) than in the 1980s (8 percent). But that even though some census tracts were improving, the shares that worsened were actually larger in both decades: 15 percent in the 1990s down from 19 percent in the 1980s. (Many of the tracts that worsened started out at low poverty levels so they tended to increase the share in the middle ranges of poverty rather than the high-end that defines "concentrated poverty".) In metropolitan areas with strong markets, the share of neighborhoods that improved was higher than where markets were weak, but the results were always a mix; some neighborhoods worsened even in the strongest markets and vice versa. This analysis found no simple set of indicators as of 1990 that reliably differentiated which tracts would improve or worsen over the subsequent decade.

This research also found a worsening of neighborhood poverty in the 1990s was often accompanied by the in-migration of lower-income minorities, but comparatively few of the improving tracts experienced large changes in racial composition, suggesting that gentrification was not the dominant explanation. While there were many exceptions, tracts that improved were most often found in the inner portions of the central city and the outer rings of the suburbs. In contrast, tracts that worsened were more prevalent in the outer portions of the cities and, in particular, the inner ring of the suburbs.

This situation has all of the features that should make a very strong case for more investment in neighborhood information: (1) the circumstances in U.S. cities are promising in many ways - clearly far from hopeless; but (2) serious problems remain and there is no indication that they are self-correcting; (3) those problems are critical to our national interest in terms of economic competitiveness as well as social justice (recent research suggests that the health of our cities is more critical to the overall economy than was generally believed a decade ago); and (4) while much has been learned about the complexity of neighborhood realities (we have moved beyond the misleading stereotypes) we still do not know enough about neighborhood dynamics to guide the process effectively.

WHAT DO WE NEED TO KNOW?

What information is needed to understand and address neighborhood challenges and opportunities? That depends in part on who is going to use the data and for what purposes. Our view is that the central priority should be to substantially improve the information base for decision-makers at the local level. They are the ones that make almost all of the choices that rely on data on differences between neighborhoods and have the most profound effects on neighborhood outcomes. Clearly, state- and national-level players need information on neighborhoods too (so they can keep score overall and make broader corrections to policies and programs), but they do not need the same level of richness or detail.

There are differences of opinion about the types of data that should be developed. Some argue for selecting a very simple set of indicators (the things local society most cares about) - even trying to boil it all down to a single index of neighborhood quality if possible. The problem with this approach is that once such indicators have told you whether things are getting better or worse you almost immediately want to figure out what to do about it – whether and how to intervene – and that kind of thinking inevitably requires more data.

Any simple fixed set of indicators is not enough. With today's best practices, local civic leaders have the flexibility to reach into sizeable "data warehouses" to find indicators that fit the immediate question at hand. They do not (could not) use them all at once, but they are there when their path of inquiry leads to them. Today's information technology has dramatically reduced the costs of assembling, storing and interpreting large amounts of data – things that could not be done when the theory favoring simple indicators sets was first formulated. We are now able to handle a much richer information environment.

This is not to say that choosing a short-list of summary indicators and developing indexes are not also good ideas, as long as the need for a richer database to back them up is recognized as well. It is like the popular question of the 1990s about whether society should rely on "people-based" or "place-based" policies to address our urban ills. The obvious answer then, and in this case, is to "do both."

If one had to choose only one neighborhood indicator to monitor over time, most scholars would probably choose property value, since other aspects of neighborhood quality should be reflected in property value roughly in proportion to their importance as the market sees them. Indeed much of the research that offers the highest potential to more reliably predict future neighborhood change, and the impacts of various interventions on neighborhood quality, focuses on property value or surrogate measures (see, for example, Galster, Tatian and Accordino 2006, and Bodini and Weissbourd, forthcoming).

Nonetheless, even after taking full advantage of property value data, local stakeholders are sure to want to know more about how other aspects of their neighborhoods compare and change. Looking across the data holdings of the local members of the National Neighborhood Indicators Partnership (NNIP – discussed in the next section), many maintain one or more indicators in each of the following domains. Neighborhood trends in all of these areas should be of interest to national audiences as well as local ones.

- Population composition and mobility (diversity, stability)
- Housing and community development
- Physical environment
- Employment, income and wealth of residents
- Children and youth
- Education
- Health
- Safety
- Social networks
- Arts and culture
- Commercial and social services
- Neighborhood economy

DEVELOPING LOCAL NEIGHBORHOOD INDICATOR SYSTEMS

The first recent improvement in the availability of neighborhood level data is the development of local information intermediaries in many American cities. Civic groups doing this work joined with the Urban Institute in 1995 to create the National Neighborhood Indicators Partnership (NNIP) which now has local partner organizations in 29 cities. All of the local partners have developed computer-based information systems with a host of regularly updated indicators on changing neighborhood conditions in their cities and commit to using the data to support practical applications in policy development and community building.

NNIP was established to further the development and effective application of neighborhood information in localities across the country. (Its work is documented at http://www.urban.org/nnip.) Its activities as a partnership have included (1) preparing tools and guidebooks based on experience of the partners; (2) conducting cross-site policy studies (on welfare-to-work and neighborhood health conditions, as well as our current projects on prisoner reentry and land market tools); (3) holding several major topical conferences; (4) operating an actively used web site and email list-serve; (5) assembling national data sets with small area data and disseminating excerpts to expand the data holdings of local partners; and (6) providing data starter kits and limited technical assistance to help build similar capacities in new cities. The Annie E. Casey and Fannie Mae Foundations have been the primary funders of NNIP over the past few years.

NNIP's work became possible because of two advances: (1) the fact that most local agencies have automated their records of administrative transactions (for example, crime reports, property sales, code violations, birth certificates), yielding a host of descriptive information along with geographic identifiers (street addresses and/or land-parcel numbers) in each record; and (2) the availability of powerful GIS software that can assign geographic coordinates to addresses, almost instantaneously add up such transactions to calculate indicators for small areas (for example, blocks, block groups, census tracts) and display the results in maps, charts, and tables.

Many local government agencies are now using GIS to plot their own data. The real power, however, comes from systems that have two additional characteristics that distinguish NNIP partners: (1) incorporating *data from many local agencies together* so one can gain a coherent understanding of how neighborhoods are changing (socially, physically, economically, financially); and (2) making the data public so they can be shared by all users — private and civic as well as public, community groups in low-income neighborhoods as well as private investors and metropolitan planning organizations.

What kinds of organizations perform this work? Interestingly, while local government agencies are always involved, they have seldom played the lead role in multi-source systems building. More often, the leading player has been a nonprofit civic leadership group (community foundation, United Way affiliate, or independent civic intermediary). University-based institutes have taken also taken the lead in a number of cities, and they play supporting roles in many more. In some cities, new entities have been created for this purpose with representatives of public agencies and nonprofits on their governing boards.

One of the key features of NNIP is how partners work together to create a one-stop shop. What happens today in most cities is extremely inefficient. Community groups and service providers, as well as city agencies, generally recognize the need for cross-topic neighborhood-level data. Many waste a great deal of time in redundant efforts to collect the data typically available, but these groups have other missions and would not be willing or able to take on the task of building a central system.

The logical alternative is to assign that job to one intermediary as its central mission — one organization that will collect the data from all relevant sources and build a system to serve all user groups efficiently. Building an adequate system of course entails some cost, but it is almost sure to represent a net savings compared with the current resources so many local groups now spend on data with such unsatisfying results. And this is to say nothing of the substantial benefit that should be realized when all users can access richer and higher-quality data than have been available in the past.

How NNIP partners use their information is most important. They recognize that their primary job is to use data to support policy development and action agendas that will facilitate positive change, not just to create data and research for their own sake. This work has taken many forms, ranging from helping neighborhood associations plan and implement improvement programs to city-wide campaigns where new data have been key to changing a law or redirecting a program (see Cowan 2007, and Kingsley and Pettit 2007). Only a few of them so far have taken on the task of preparing a regular comprehensive report on changing neighborhood conditions in their cities using multiple indicators. Probably the best known of these is the *Vital Signs* project of the Baltimore Neighborhood Indicators Alliance (2004) which reports changes to 76 indicators on an annual basis. (Other recent editions include: Community Research Council (2006) and Temple University (2005).) The prospects for more work of this kind in the future are discussed in the last section of this chapter.

NEIGHBORHOOD DATA FROM NATIONAL DATA FILES

The second recent improvement is the growing number of nation-wide files with data for small areas that are now being made accessible to users at all levels. Most of the files we note contain indicators that are either not available from, or very hard to assemble from, local data files so they generally serve as useful complements to, rather than duplicates of, the types of files maintained by local data intermediaries.

As noted earlier, probably the best example of a nation-wide file is the annually updated dataset on mortgage lending activity at the census tract level, mandated by the Home Mortgage Disclosure Act (HMDA). Originally established to monitor mortgage discrimination, this file contains many other useful indicators, such as: mortgage origination rates, changes in median loan amounts, share of loans by purchasers that do not intend to occupy the properties, share of owner loans by race and income of borrowers, and share of loans that are subprime and high cost, as well as denial rates by race/ethnicity of applicants. A comprehensive review of the HMDA data and its uses is provided in Pettit and Droesch (2004).

The public can obtain HMDA files from the Federal Financial Institutions Examinations Council (FFIEC, http://www.ffiec.org/hmda). The FFIEC data CD is useful for limited areas and inquiries but, overall, the files are large and complicated. Extracting the key information needed for most policy and program analyses is a job much beyond the capacities and budgets of many would-be users. This introduces the fact that "accessibility" of national data files like these usually requires two things. First, the willingness of the responsible agency to make them public and, second, the efforts of some entity to work with the source files to clean and streamline them so they become much easier to access and apply.

In the case of HMDA (and a number of other files at this level) the latter is being done via the web-site *DataPlace* (http://www.dataplace.org. *DataPlace* was established by the Fannie Mae Foundation in 2002 and is now operated by KnowledgePlex, Inc.) The site displays data in many easy-to-use forms (tabular profiles, charts, maps) for a variety of geographic levels (ranging down to the zip code and census tract where available) derived from a sizeable number of regularly updated national data files like HMDA. The Urban Institute does the work of acquisition, cleaning and streamlining under contract with KnowledgePlex, Inc. It also prepares guidebooks and illustrative analyses to make the *DataPlace* displays easier to understand and use.

Some of the other files with small-area data and nation-wide coverage now available are as follows (original sources are identified but data from all of these either are or will be also available on *DataPlace*).

- *Internal Revenue Service*. Data aggregated to the zip-code level from individual income tax returns on a number of variables including, for example, income level, income by category (wages and salaries, interest, etc.), EITC status, number of exemptions (http://www.irs.gov/taxstats/indtaxstats/article/0,,id=98123,00.html).

- *Zip Business Patterns*. Number of business establishments and employment by establishment size and industry type categories at the zip code level (http://www.census.gov/epcd/www/zbp_base.html).

- *A Picture of Subsidized Households*. Data from the U.S. Department of Housing and Urban Development (HUD) on characteristics of households that receive HUD subsidies, by program. Point-locations are provided for project data (so those with adequate GIS software can add across projects to create summaries at any geographic level), and data on households assisted by housing vouchers are aggregated at the tract level (http://www.huduser.org/datasets/assthsg.html). (HUD provides separate files for some programs that are more up to date than the information on this overall file).

- *National Center for Education Statistics (NCES)*. Data for individual public schools (point-locations) with indicators on topics such as enrollment, racial composition of enrollment, student/staff ratios, eligibility for free and reduced-price lunches http://www.nces.ed.gov/ccd/).

- *FDIC Insured Institutions*. Information on the locations of full-service and limited-service bank branches (http://www2.fdic.gov/sod/).

THE AMERICAN COMMUNITY SURVEY

The final innovation we note is the American Community Survey (ACS), and it is an important one. For decades, the decennial census has had two parts: (1) "short-form" data, which results from the Census Bureau's efforts to collect a limited amount of information through full enumeration (covering all households and persons living in group quarters); and (2) "long-form" data, collected via a sample survey (about one in five households was interviewed). Much of the information that people interested in the fortunes of neighborhoods care about have come from the long-form, for example: household composition, income and poverty, employment, occupations, housing values and rents.

The ACS is a different type of sample survey that will entirely replace the long-form in 2010 (there will no long-form survey as a part of the 2010 census or thereafter). The ACS has about the same content as the long-form. ACS data will ultimately be made available for the same levels of geography as the long-form, including the tract level (see http://www.census.gov/acs/www). The major difference is that the ACS involves continuous interviewing (instead of interviews being conducted once every ten years as was done with the long-form), and permits the release of new data every year. Thus, the ACS will eliminate the major problem with census data for neighborhood use noted at the start of this chapter – the fact that it was available only once a decade.

A problem, however, is that the meaning of the data at the tract level will not be the same as that yielded by the long-form. Year-by-year ACS estimates for larger sub-areas of states (now down to those with populations of 65,000 or more) are already being provided. However, in ACS data at the tract level (to be released first in 2010), an indicator will actually represent a sort of *moving average* for that indicator for the tract over the five preceding years (2005-2009) rather than the value as of a specific point in time. Given the differences in the sampling and the meaning of the estimates, comparing, say, the employment rate for a tract produced by the census in 2000 with the employment rate produced by the ACS in 2010, will not be straightforward. The Census Bureau has not yet provided guidance on how such comparisons should be made or interpreted.

Later on, it should be possible to compare ACS tract estimates across years, but interpretation will remain troublesome. One will not be able to say, for example, that "the employment rate for the tract went down from 60 percent in 2012 to 55 percent in 2014." Rather one will be saying that "the 2010-2014 rate was 60 percent compared to a 2012-2016 rate of 55 percent." Also, there will still be confidence intervals around the point estimates with the ACS as there were with the long-form. We do not yet know how much we will be able to say about change reliably year-to-year.

Nonetheless, it seems likely that a few years into the coming decade, scholars and practitioners will have found satisfying ways to interpret ACS data. While it may not be advisable to make much of year-to-year changes in tract level reports even then, comparisons over somewhat longer periods should begin to offer meaningful understanding of trends within decades.

THE PROSPECTS: REPORTS ON THE STATE OF THE CITY'S (OR NATION'S) NEIGHBORHOODS

Comprehensive periodic (perhaps biennial) reports on neighborhood change using multiple indicators should prove extremely valuable for individual urban areas and for the nation as a whole. It would not be expected that such reports would motivate major changes in policies every time they are produced, but they should provide early warnings of emerging threats and opportunities that should allow decision-makers to set priorities and address issues much more quickly and effectively than they have been able to in the past.

Particularly important at the national level, such reports would shatter the simplistic stereotypes that often mislead public perceptions about the realities of urban change and, thereby, drive misguided policies and programs. Neighborhood trends are considerably more complex than has generally been perceived. Such reports would also help make neighborhood policy more prominent in the public conversation.

At the local level, we noted that only a few NNIP partners now produce reports like this. Doing so is a big job and the commitment to it cannot be taken on lightly. However, as their local data systems expand and more examples are available, we expect more of them to begin to add the preparation of a comprehensive indicators report to their agendas. At the national level, no organization has yet attempted to produce a comprehensive neighborhood indicators report between censuses.

An important reminder is that the contents of the three types of data discussed here (local administrative data, national administrative data and the ACS) do not overlap very much. A good report would include data from all three. The prospects differ, however, for such reports differ depending on the level being considered.

At the local level, we judge that most individual NNIP type intermediaries should be able to produce high-quality comprehensive reports on neighborhood conditions today. Baltimore's *Vital Signs* report, which has been updated annually since 1999, demonstrates the point. It relies almost entirely on local administrative data and could be improved if it took more advantage of the national level administrative files we have noted. At present, these reports do suffer from the lack of census-type indicators for neighborhoods (for example, on basic population change, racial/ethnic composition, household types and income, and housing expenses). In the coming decade, when tract level ACS data are produced regularly and we understand more about how to take advantage of them, that gap will be addressed. Though still imperfect in a number of respects, the basics that urban researchers have hoped for at this level will finally be available.

Producing a comprehensive neighborhood indicators report at the national level is much more difficult. Opportunities for using our three types of data for this purpose vary and trying to take advantage of local administrative data for this purpose is by far the most problematic. With a very few exceptions, local administrative data are not defined in a comparable way across cities. Also, even if more of them were comparable, assembling them from all, or even most, U.S. urban areas one by one would clearly be cost-prohibitive.

That does not mean some work along these lines cannot be productive. NNIP has previously collected historic tract data on a few comparable indicators (mostly vital statistics, crime rates and a few others) from several of its partner cities and compilations like these could certainly contribute to a national report. (The feasibility of this approach is demonstrated in Howell, *et al*. (2005) where a decade's worth of comparable neighborhood level maternal and child health indicators were assembled from five NNIP partners to contrast trends between hi- and low-poverty neighborhoods in their cities.) They cannot pretend to be representative of all U.S. cities, but they offer insights about how conditions and trends (year-by-year) vary in quite different cities, and that is much more than has been known to this point. More efforts like this by others – assembling data from selected local data systems to help fill out a national portrait - should be encouraged.

Alternatively, the ACS will be the best basis for a State of the Nation's Neighborhood report when it is fully up and running. The ACS will be the only source with a wide range of consistently defined indicators, nation-wide. Even so, however, we would recommend efforts to incorporate some local administrative data and data from national administrative data files that we have discussed. The standard "census" variables cover many of the topics of interest, but the administrative data can both broaden the topical coverage and verify patterns and trends suggested by the ACS indicators.

Still, it may be five years or so before tract level ACS data are adequate to support a national indicators report. Should we just wait? We think not. In our view, it should be very instructive to try before then to assess comprehensively the new trends evidenced by the national administrative data files we have noted (particularly the IRS, HMDA, NCES files that have never been analyzed together in this way before). While indicators available from these files are limited, looking at them in the context of census evidenced trends from the 1990s should prevent misinterpretation, and selected data from local indicators systems can be brought in to enhance understanding as well. And, considering the importance of the issues involved as discussed earlier in this chapter, time is of the essence.

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"What's Happening to the Neighborhood" was designed and produced by Laura Kregel Nickle, president of Communi-k, Inc. of Falls Church, Virginia.

National
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What's Happening to The Neighborhood?

A Final Word from the

National Neighborhood Coalition

With pride and a sense of accomplishment, the National Neighborhood Coalition (NNC) will leave a powerful legacy after more than 26 years as the voice of the nation's neighborhoods. Since 1982, NNC has provided information and support for equitable national policies which promote healthy and sustainable low and moderate income neighborhoods. NNC has been a coalition of national and local organizations dedicated to improving neighborhoods so that every American has a nice neighborhood to call home, regardless of their economic status.

Over the years, NNC has advocated for changes in many arenas which impact life in most low-income neighborhoods, such as banking and community reinvestment, smart growth and equitable planning, federal funding for public housing, redevelopment, preservation of affordable housing and affordable homeownership. Many of the articles in this report address those very issues and provide excellent insights into what is happening today in low and moderate income neighborhoods across the country.

In recent years, NNC has been reassessing our purpose and direction to determine how a coalition such as ours can be useful and relevant in light of today's neighborhood issues. One of our initial or primary functions had been to act as the leading national provider of information about federal policies impacting low-income neighborhoods. NNC has stayed at the forefront of national housing policy and presented forums of experts to educate affordable housing providers and advocates on significant issues. But the need for this kind of information has become highly specialized, and since our coalition began several of our members, individual national organizations, have taken on the responsibility of providing this very specialized information as well as analysis about how federal policies impact specific neighborhood issues. Therefore, it seems as though the kind of information NNC once provided is no longer urgently needed as it once was by our member organizations.

Another of our primary functions has been to be an advocate for policies, programs and funding to help improve the quality of life in low-income neighborhoods, such as smart growth initiatives to link low-income neighborhoods with regional economic opportunities. Again, many of our member organizations have grown into powerful advocacy organizations that tend to focus solely on one or two aspects of federal policy impacting low-income neighborhoods. Consequently, the need for NNC to advocate as a coalition on behalf of several groups seems to be diminished. (Our member base has become both too diverse and specialized to reach the kind of broad consensus necessary to advocate as a group on specific policy issues.)

We are proud to have helped nurture organizations that have become strong national advocates for low-income neighborhoods. As we pass the torch to these organizations, one recurring theme in our discussions is the need for a periodic report which provides data and analysis on the "state of our nation's neighborhoods." Over the lifetime of this coalition, we know that a great deal of change has taken place at both the federal and neighborhood levels that has impacted the lives of low-income people and their neighborhoods. What we lack is a system of benchmarks and outcome measures to track and assess those changes and how they have improved (or not) low-income neighborhoods. Has the quality of life for low-income people improved by changes in policies which impact low-income neighborhoods and if so, how? If change for the better or worse has occurred, how do we know?

The Government Performance and Results Act of 1993 (GPRA) calls for performance measures for federal programs. Over the past five years, federal agencies have been developing outcome measures by which to measure the results of federally funded projects and programs. Data for these evaluations comes from a variety of survey research tools, such as the Census and America Communities Survey (ACS), and data reported by the state and local agencies administering these programs based on performance indicators adopted for each program. The Office of Management and Budget rates and evaluates the effectiveness of many federal programs on the basis of this data. However, like many federal efforts, these ratings and evaluations are done within "silos" and do not cut across programmatic lines to provide a comprehensive view of neighborhood life.

NNC would like to see data and indicators developed to help measure the quality of life in low-income neighborhoods, to examine inequity between low-income neighborhoods and other places in the rest of the country, and to examine whether and how federal policies and programs impact improvement in the quality of life for people living in low-income neighborhoods. This type of report, "the state of our nation's low-income neighborhoods" developed and published consistently on a periodic basis, could help track trends and shape policy priorities. For example, within this report, "What's Happening to the Neighborhood?," we address several aspects of neighborhood life for low-income people, including banking, health care, public housing, homeownership, community leadership, equity in planning, etc. The chapter in this report, "Measuring the Well-Being of America's New Neighborhoods" discusses some important issues to be considered when developing such a project and offers some good ideas on resources and data which could help this type of project get started. The data from program reports instituted as a result of GPRA may also prove useful.

As we look back on 26 years as the voice of our nation's neighborhoods, we feel confident that the nearly 100 NNC member organizations and associate members will continue to provide a strong chorus, effectively voicing the needs of low and moderate income neighborhoods. We urge our member organizations to continue advocating for federal performance measures that cut across programmatic lines to provide a comprehensive measure of the effectiveness of federal programs. We believe that the data, analysis and benchmarks achieved will be critical in your efforts to shape successful federal policy and advance national policies that promote healthy and sustainable neighborhoods.