Crossing Over to an Improved Era of Community Development

by Eric Belsky and Jennifer Fauth

CDFIs, children, integration, technology

The field of community development is at an inflection point, poised to achieve scale, impact, and integration of the many lessons learned over the past 40 years. It is on the threshold of entering a new phase capable of meeting the twin goals of revitalizing low-income neighborhoods and narrowing achievement gaps of the poor. The field is well positioned to enter this more productive phase as a result of decades of capacity and network building, creating partnerships with private capital providers and public stakeholders, success in innovating with new programs and attracting private capital, and drawing on lessons learned about what approaches work best to produce the strongest outcomes. However, significant challenges lie ahead. These challenges range from the battle for resources to the need to devise cost-effective ways of measuring social impact, from promoting greater cooperation among key private stakeholders to forging new public-private-philanthropic partnerships, and from nurturing smaller innovative community developers to consolidating organizations when it is in the best interest of the community.

THE OPPORTUNITY

There are significant opportunities for community builders, community capital providers, and their private capital partners to leverage public investment in low-income communities. For example, $16 billion in new social investment will be needed to support community health centers as an outgrowth of health care reform. Annually, $1.5 billion in social capital investment will be needed to support high-performing, community-based charter schools, with community development financial institutions (CDFIs) likely to provide about $250 million of this each year.

In addition, billions of dollars will be available to support transit systems over the next decade, and more may flow to transit-oriented development (TOD) as the value becomes more apparent of linking low-income people to jobs. TOD planning efforts are underway in cities from Seattle to Boston to Atlanta. Further, despite threats to the federal housing budget and tax incentives, billions of dollars of investment annually will likely be deployed to preserve and add to the nation’s affordable housing stock. In short, the scale and opportunity for capital investment over the next decade is vast.

Such investment will create jobs and potentially serve as engines of economic vitality for distressed communities. Community developers, CDFIs, and private capital providers will need to work with public stakeholders to invest at scale in America’s communities over the next decade. But budget constraints combined with the demands of resource providers will mean that investments will have to show impact and social return for the dollar.

CDFIs are playing a new and important role aggregating capital from private sources while leveraging philanthropic funding and government programs. Numbering nearly 1,000 and with well over $25 billion in assets, CDFIs are deploying large sums of capital and in ways that are bringing the promise of integrated community development closer to hand. Many have demonstrated their capacity to generate operating surpluses while achieving meaningful social outcomes even in the midst of a severe economic downturn. As a result, the capitalization of CDFIs has been on a steep climb and may be on the threshold of even more dramatic increases.

Finally, and as we discuss below, promising new approaches are emerging with common elements that could lead toward more systemic and meaningful community impact. These approaches integrate place- and people-based strategies, aim for transformative neighborhood change, and work in creative partnerships to drive results and improve the ecosystem that supports community development.
EMERGENCE OF PROMISING MODELS WITH COMMON ELEMENTS

Promising models are emerging that take a more integrated approach to community development and measure impact. These include the Building Sustainable Communities initiative, the activities of NEXT Award winners, and the Integration Initiative, as well as the Harlem Children’s Zone and Purpose Built Communities being led by community developers. Other organizations historically focusing on people-based programs, like Neighborhood Centers, Inc. (NCI) in Houston, are in turn recognizing the importance of place-based investments and entering this sphere with large, concentrated, and quality investments. Many community developers, as well as housing authorities are also coming together with for-profit firms like McCormick Baron Salazar, Jonathan Rose Companies, and the Integral Group to deliver large-scale redevelopments.

All these examples share certain common elements:

- All leverage private capital in new and important ways.
- All are aimed at integrating people-based and place-based strategies within a master vision.
- All are directed toward closing the achievement gap in education.
- All are linked by a belief in measuring outcomes and directing resources toward what works.
- Most aim, in addition, to support small businesses and improve access to jobs that pay a living wage.

The field has made great strides but it is still striving to turn one-off successes into more replicable and scalable strategies to create systemic change.

Fortunately, the contours of effective strategies are coming into view as evidence mounts of the importance of combining interventions that develop human capital (through strategies such as early childhood interventions and social services) with place-based interventions (such as developing and preserving affordable housing and developing commercial space, community centers, health clinics, child care centers, and charter schools). This more holistic approach holds out hope for closing the gaps in achievement and well-being that hurt the poor. At the same time, effective strategies will differ from place to place, as will the initial steps towards a holistic strategy.
THE CASE FOR INTEGRATED, RESULTS-BASED APPROACHES

As far back as the reform movement of the late 1800s and early 1900s, reformers working in poor communities understood that poverty had many causes and that meaningful progress demanded tackling several causes simultaneously. Beginning in the 1960s, the architects of the Model Cities program wanted to take a comprehensive approach to community development. Over the following decades other earnest efforts sought the same goals. Evaluations of these efforts, however, generally found them wanting. They often foundered because one or more elements of an ambitious strategy failed to fall into place, funding for one or more elements was not secured, or organizations others depended on faltered.

But the field has never given up on the goal of a more holistic approach, or at least on the idea that it is important to place individual actions in a broader vision of what it takes to bring about meaningful community development. This impulse is increasingly finding expression in efforts to attend to human capital as well as the affordable housing needs of individuals and other real estate development needs of a community. Community-based organizations—from the Crittenton Women’s Union and its effort to help lift women out of poverty through job training, child care, and housing, to the more well known Harlem Children’s Zone (discussed below)—are striving to treat the multiple needs of their clients even as they try to improve the physical conditions and facilities in their neighborhoods.

Foundations and national intermediaries have also been pushing to promote more holistic efforts to address the needs of poor communities and their residents through initiatives like Annie E. Casey Foundation’s Rebuilding Communities Initiative, Enterprise Community Partners’ Neighborhood Transformation Initiative, the Ford Foundation’s Neighborhood and Family Initiative, Living Cities’ Integration Initiative, and the Local Initiative Support Corporation’s (LISC) Building Sustainable Communities Initiative. Indeed, a continued effort to bring about transformative change through multisectoral interventions is apparent.

The push to pay more attention to human outcomes while attending to physical and economic revitalization of communities has gathered momentum. Since the 1970s, many community developers have focused their attention on place-based housing strategies, working to transform vacant lots and abandoned properties by repairing and rehabilitating dilapidated housing and constructing new affordable units. This remains important work: community developers have been willing to make investments in rundown, poverty-

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PEOPLE VERSUS PLACE

Although there are a number of ways to define people-versus-placed-based interventions, we use the terms as follows:

**Place**—real estate and infrastructure based activities, including affordable housing preservation and development, commercial development, green space set-asides and improvements, and community facilities including charter schools, health centers, day and eldercare centers, and community centers devoted to other community activities and gatherings; transit, communications, and energy improvements.

**People**—childcare and job training and placement to enable adults to work and improve their incomes, savings and homeownership programs to help people build assets (but not tied to housing development or rehabilitation), early child interventions and charter schools services intended to narrow educational achievement gaps, small business development and lending for economic development, community policing and safety, community organizing, and social case work to address special needs like addiction or disabilities or reentry after incarceration.

Research supports the importance of affordable and stable housing, access to strong community facilities and services, healthy real estate conditions, and the provision of neighborhood safety to human outcomes. It also supports the value of especially early child interventions and educational programs to closing lifetime achievement gaps, among other important people-based interventions aimed at improving community life and wealth and employment among low-income adults.
stricken neighborhoods and in housing for hard-to-serve residents that others might ignore. Without community developers and their continued efforts to not only revitalize this housing stock but prove the investment potential of these neighborhoods, the cycle of disinvestment in these areas would be harder to break.

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Ideas That Work

FOREWORD

I. COMMUNITY DEVELOPMENT: Past and Present
The Past, Present, and Future of Community Development in the United States
The Continuing Evolution of American Poverty and Its Implications for Community Development

Crossing Over to an Improved Era of Community Development

II. OPEN FORUM: Voices And Opinions From Leaders In Policy, The Field, And Academia

III. MAPPING THE FUTURE: Synthesizing Themes And Ideas For Next Steps

ABOUT THE PROJECT
Investing in What Works for America’s Communities is a joint project of the Federal Reserve Bank of San Francisco and the Low Income Investment Fund.

To request a copy of the book and join our email list, Contact Us.

The views expressed in this book and on this website do not necessarily reflect the views of the Federal Reserve Bank of San Francisco, the Federal Reserve System, or the Low Income Investment Fund.

TELL US WHAT WORKS
The ideas in Investing in What Works for America’s Communities are just a start. We want to hear about what’s working in your community. Tell us about innovative ideas for addressing poverty and share examples of people and places that inspire you. We want to share these ideas and spark conversation about how to create opportunity and prosperity for all Americans. Tell Us What Works

Funding for this project was generously provided to the Low Income Investment Fund by the Citi Foundation.

Community Based and Owned Approaches to Water Scarcity, Agriculture and Energy for West Asia and North Africa that Support Sustainable Development Goals.
Beyond Silos to Integrated Policymaking Under the Sustainable Development Goals.
Integrated Water Planning to Address Water Scarcity and Drought in West Asia and North Africa.
West Asia and North Africa are exposed to an arid and highly variable climate. Current water demands in West Asia and North Africa are unsustainable and leading to rapid depletion of groundwater resources and increased food exports. The longer term sustainability of water resources - threatened by climate shifts, population growth and development needs - can be a lower priority for countries with more immediate challenges of poverty and economy. We are all over it (team of dedicated resources, making venture investments, significant experimentation/development underway) We’re moving forward, but in a measured way (mostly pursued through shared resources, little or no venture investment) We’re doing our best (getting organized, no venture investment, no experimentation to speak of) We’ve got our head in the sand and are hoping this goes. Likewise, there is inconsistency in banks’ ability to carry all appropriate information.

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