COMMUNITY DEVELOPMENT 2020

Creating Opportunity for All

A Working Paper

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Featured Quotations

Thanks to the more than 100 organizational leaders, practitioners, academics, policymakers, and funders who participated in interviews and workshops as part of our Strategic Horizon Project. The quotes throughout this working paper came from those discussions, held between January and April 2011.
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I. Executive Summary

One day, every person will have an affordable home in a vibrant community, filled with promise and the opportunity for a good life.

This is an ambitious vision. It is rooted in the belief that America is a land of opportunity – a place where families can pull themselves up through hard work and perseverance. But right now that dream is out of reach for millions of people and families. Too many live in communities without access to opportunity. They face desperate circumstances: unbearable housing burdens, joblessness, poor health care, and failing schools.

We at Enterprise began our work in housing and community development 30 years ago, and we have seen tremendous and successful efforts to transform neighborhoods and improve lives. But the need – for decent housing, schools, jobs, and neighborhoods – continues to grow faster than we have been able to respond.

It is clear that opportunity for all can only be achieved when we are united under a common vision and a shared strategy. Right now, our nation is at a turning point in history, and we see an opportunity to re-imagine community development. We see the economic challenges and political uncertainty of the past few years as the moment to embrace big, paradigm-disrupting ideas.

To spark this conversation, we partnered with the Monitor Institute in January 2011. We assessed what challenges lay ahead and what community development could be in 2020. Talking to more than 100 industry partners, we examined trends, conducted scenario analyses, and researched new innovations across the globe.

We developed an action agenda that will help jumpstart the economy, provide every person in this country with access to opportunity, and most importantly, the chance to do well in life. Based on our experience, we know that safe and sustainable affordable housing serves as a backbone for people and neighborhoods to move up and out of poverty. We know that the future will also depend on housers connecting with educators, transit planners, health care providers, economic developers, private-section and philanthropic investors, environmentalists, community organizers, and all others who have a stake in people and places. Most of all, it will depend on all of us working together towards a common vision for the future.

We intend for this working paper to accelerate the evolution of the entire community development field, and allow us all to address old, stubborn problems in new ways.
Our five action agenda items for 2020 include:

1. Connect Housing to Communities of Opportunity

   **Create access to opportunity through cross-sector, people-focused partnerships and collaborations**

To achieve the dream of prosperity and economic stability, every person needs at a minimum a good education, an affordable place to live, a job, and quality health care. Yet government and community development organizations most often address each of these needs separately through discrete programs and funding streams. This approach leads to inefficiency, diminished impact, and poorer outcomes for individuals, families, and communities.

To create communities of opportunity, we must do more to look beyond our boundaries to cultivate and collaborate with new partners in the education, transportation, health care, environmental, job creation, and organizing sectors. We must leverage public, private, and philanthropic investments in people and communities while developing mutual goals and creating replicable models for working across silos.

2. Ensure a Productive and Sustainable Housing Delivery System

   **Build a strong, flexible, and sustainable network of organizations to create long-term, scalable results**

The recession of the past several years has underscored the need for the housing sector to examine its own sustainability and its ability to deliver and preserve affordable homes at scale, particularly in tough times. We have built a complex and insular affordable housing infrastructure that operates well in good economic times but is susceptible to economic downswings — often when people are most in need of help. To move forward sustainably, the housing sector must simplify the rules governing capital. It must encourage shared services, partnerships, joint ventures, mergers, and acquisitions in order to achieve the scale necessary to ensure every person in this country has a decent, safe, affordable place to call home.

3. Diversify our Capital Base and Maximize Connections to Capital Markets

   **Attract diverse sources of capital by leveraging all types of philanthropic resources, impact investing, and public subsidies**

The community development field often relies upon government resources to conduct our work and we have also developed an admirable capacity to leverage those public dollars with private and philanthropic resources. However, politics and economic pressures at the federal, state, and local levels mean federal dollars will continue to wane. We must diversify our capital base by expanding our access to mainstream capital flows and encouraging more conscious capitalism to make the most of every public subsidy and philanthropic dollar.
4. Accelerate the Pace and Scale of Innovation

*Deliberately innovate to serve more people and to respond to a dynamic, more inter-connected world*

To keep pace with a rapidly evolving world, the community development field must drive social change through a more robust open-source network. We must also unearth and elevate innovations in order to tackle the major challenges before us. Incremental innovation is not enough. This means embracing technology, adopting common impact measurement metrics, and attracting new human capital to our field, including creative thinkers and social entrepreneurs who will lead with out-of-the-box ideas and approaches.

5. Communicate Why Communities of Opportunity Matter

*Build a compelling, data-driven case for communities of opportunity and conscious capitalism as central to our country’s prosperity*

Many actors play a role in community development – housing providers, educators, health care providers, transit planners, community organizers, environmentalists, and more. With so much fragmentation, it is critical that the community development field come together with a shared message: a compelling story on how communities foster opportunity for the people who live in them. Our new narrative must demand attention and action from policymakers at all levels, the private sector, the media, and the public at large. To get there, we must also build a diverse and bold coalition of national leaders and community stakeholders to advance an influential and decisive policy agenda that advocates for the people and places we serve.

We hope that this discussion paper helps to inspire all those engaged in community development to join us in a conversation about the future of our field.
II. The State of Community Development

Much has been written on the history of housing and community development, from the failed urban renewal and discriminatory redlining of the 1960s, to the wholesale revamping of public housing in the 1990s, to the recent foreclosure crisis that has destabilized thousands of communities. Along the way, a network of entities evolved to address challenges of local and national scale, including community development corporations (CDCs) and national intermediaries like Enterprise. In many ways, the community development field pioneered public-private partnerships, collaborating closely with federal, state, and local governments to leverage public investment with private dollars.

Over time, the field has matured and achieved success. The Low-Income Housing Tax Credit alone, an innovative product of the Reagan Tax Reform Act of 1986, has leveraged $75 billion in private investment to produce more than 2.5 million affordable homes—and it supports 100,000 jobs each year. Yet more than 60 years after Congress declared a national goal of “a decent home in a suitable living environment” for all Americans, millions of people in the U.S. are living in homes that are not decent, or are paying more than they can afford to live in their homes. As it stands, one out of four renter households (9.8 million) can now be classified as extremely low income, and in no state in the nation can a minimum wage worker afford a two-bedroom apartment at Fair Market Rent, working a standard 40 hour week.

The macro-economic factors facing us today—growing income inequality and wage stagnation; rising poverty levels; a reduced national jobs base; and serious governmental budget deficits—mean that the community development field cannot continue with business as usual and expect to even keep pace with the increasing need for affordable homes and quality jobs. Below are a set of macro trends of importance to the community development field. The field cannot solve for all these factors, but they are an important preface to our discussion on the future of the field:

Demographic shifts are affecting what people want and need from their communities:

- Over the next 30 years, the senior population (over age 65) is expected to grow at nearly three times the growth rate of the total population.

- There is an increasing number of intergenerational households, as the Baby Boom generation ages and more young adults in their 20s choose to live with parents.

- There are a growing number of homeless veterans, as service men and women return from Iraq and Afghanistan.

- The nation’s urban population is growing rapidly, combined with an increasing trend towards suburban poverty.
• Racial and ethnic demographics are shifting as growth in minority groups – particularly Hispanics – outpaces the growth of the non-Hispanic white population.\(^{10}\)

Environmental changes are affecting the physical and political context of community development:

• A decreasing amount of vacant land is accessible to jobs, driving up land costs.\(^{11}\)

• Energy costs are rising.

• Global warming and climate change are increasing the frequency of natural disasters and the threat of rising ocean levels.

• Existing physical infrastructure, such as bridges and sewage and transit systems, are reaching the end of their useful life.\(^{12}\)

The recent recession caused disproportionate negative impacts on the people and places served by the community development field:

• A significant loss of wealth and equity by some individuals, primarily through declines in home equity

• An unprecedented number of foreclosures, which continues to have a devastating effect on many communities

• Continued high unemployment rates and low job growth, coupled with decreased median household earnings in the post-recession period\(^{13}\)

The federal government is debating major issues that could significantly help or hinder the future of community development:

• The President’s Commission on Housing Finance Reform has proposed revising the corporate tax code, charitable giving and the mortgage interest deduction.\(^{14}\)

• The future of government-controlled enterprises Fannie Mae and Freddie Mac is uncertain, as is the federal government’s involvement in the secondary housing market.

• The Dodd-Frank Wall Street Reform and Consumer Protection Act is under significant review and discussion as Congress considers how much financial regulation is appropriate.

• Sweeping tax reform is on the horizon as Congress looks to reduce corporate and individual tax rates, likely leading to cuts in tax deductions and credits.
After more than 100 interviews with practitioners and stakeholders in the field, it is clear that today's solutions and infrastructure are not sufficient amid an uncertain environment:

- Many governments and organizations working to address poverty take a siloed, rather than integrated, approach.

- The community development field is not currently able to deliver solutions at a scale large enough to meet the growing need.

- Community development is currently directed by an aging leadership cohort, with many successions uncertain.

- Neither community development, nor safe, decent and affordable housing, is high enough on the national agenda to command the resources and public support necessary to tackle our largest challenges.

- Existing government funding is at risk, and new sources of capital must be found to resource the field.

- Measurement is too focused on outputs (for example, number of homes produced) than on human impact (for example, how much better children do in school once they are in safe, affordable homes).

- There is a need to have an active and honest conversation about the racial, ethnic, gender, class and age disparities and that are at the root of many of our community development challenges.

- In 2011, only 44 percent of people believed that today’s young people will have a better life than their parents did, down from 66 percent in 2008.  

At the same time, we have seen encouraging trends emerge, bringing promise for the future of community development:

- In spite of evidence that should undermine it, an overwhelming majority of people in this country – a full three-quarters – still believe in the American Dream.  

- There has been an uptick in recognition that neighborhoods, housing, and health outcomes are inextricably linked, and in recognition of other correlations, including between housing policy and school policy.  

- With social media and new technologies, our field is now able to share and source information in new, more efficient, and open-sourced ways.

- Elected officials from both major political parties have recognized the problems at hand, though they may not agree on solutions. The policy dialogue at the federal level, while
concerning, also provides an opportunity to advance innovative new solutions with respect to appropriations, tax policy, and leveraging public investment.

These trends inform the five action agenda items for community development that are outlined in the remainder of this report.
III. A Vision for Community Development 2020

Enterprise envisions that by 2020, community development can be a dynamic and robust sector that creates shared prosperity and places of opportunity where people can thrive. To do this, we need to rethink how we work. We need to build on what we have learned, question our fundamental assumptions, and welcome new approaches.

We have developed an action agenda that is critical to this rethinking:

- **Connect Housing to Communities of Opportunity.** Create access to opportunity through cross-sector, people-focused partnerships and collaborations.

- **Ensure a Productive and Sustainable Housing Delivery System.** Build a strong, flexible, and sustainable network of organizations to create long-term, scalable results.

- **Diversify Our Capital Base and Maximize Connections to Capital Markets.** Attract diverse sources of capital by leveraging all types of philanthropic resources, impact investors and public subsidies.

- **Accelerate the Pace and Scale of Innovation.** Deliberately innovate to serve more people and respond to a dynamic, more inter-connected world.

- **Communicate Why Communities of Opportunity Matter.** Build a compelling, data-driven case for communities of opportunity and conscious capitalism as central to our country’s prosperity.

The following sections of this paper discuss challenges and areas of opportunity for each action item as well as propose strategies for moving forward.
1. Connect Housing to Communities of Opportunity

Create access to opportunity through cross-sector, people-focused partnerships and collaborations

Affordable housing is a platform to success, but it is not the only thing families need to succeed. All families with school-aged children, regardless of their income, want to live in communities with good schools. A focus on education is undermined when a child does not have a stable home or lives in a dangerous neighborhood. Only by addressing individual and family needs holistically can the community development field develop solutions to these types of complex problems, while ultimately achieving better results with fewer resources.

Thinking about people and places holistically is a challenge for many reasons. It is difficult to attribute success and measure impact within community development’s complex, multi-dimensional issue areas. Government funding sources tend to be siloed, aimed at housing alone, or health, education, transportation, and so on. Social services often focus on population groups rather than places. Success is measured within each silo, and without common impact metrics. Thus, we often see different segments of community development speaking different languages, striving for different goals, and competing for limited resources.

“It is increasingly futile to think about any one aspect of the variables that contribute to a thriving community in isolation from the others.”

— Philanthropic Funder

Despite these challenges, the community development field has been actively testing models that cross silos and coordinate different resources from multiple agencies at various levels of government (for an example, see Miller’s Court: A Case Study in Cross-Sector Cooperation, on page 13). Much of the innovation has focused on comprehensive place-based efforts to transform struggling neighborhoods. This approach aligns housing supports with social services, transportation, quality education, and job opportunities in a particular distressed area.

Although the comprehensive place-based approach is conceptually appealing, it can be tough to implement – particularly given the siloes that fund the community development ecosystem. A sobering report by the Aspen Roundtable found that although many comprehensive approaches to neighborhood change aim to align programs and strategies, and myriad “community building” programs hope to align stakeholders, these goals have been harder to achieve than anticipated.
To overcome these obstacles, a new generation of programs has emerged in this space. In some cases, such as in Choice, Promise, and Sustainable Neighborhoods, the government is taking the lead. In others, such as the Integration Initiative and LISC’s Sustainable Communities, intermediaries are the driving force. Others, such as the Strive Model and Purpose Built Communities, have emerged from the ground up. Purpose Built Communities, for example, is a network of community development organizations, for-profit developers, public schools, charter schools, local and state public officials, and private-sector and philanthropic partners, who are working in communities across the country to break the cycles of intergenerational poverty. They target holistic community development initiatives that include mixed-income housing development, cradle-to-college educational opportunities, youth and adult development programs, jobs and job training, health and wellness programs, transportation access, recreational opportunities, and commercial investment.

As these approaches produce outcomes and results, we must look to them to learn, develop best practices, and find new replicable and scalable models.

These innovative approaches point to the future of community development, which will require putting the needs of the people and the places where they live front and center. This re-framing may result in rethinking how we underwrite and invest, whom we partner with, and where we focus resources. We need to:

- Develop shared goals across organizations, corporations, philanthropy, and government agencies to counter the challenge of siloed budgets, programs and investments. We must find innovative ways to weave siloed funding sources together. Government agencies should invest in place-based interagency initiatives with dedicated, flexible resources that can test and incent new financing models and partnerships in communities of opportunity. Eligible grantees would be required to develop a shared definition of success, outcome goals, and impact measures. Given the complexity of each silo involved in the community development ecosystem, this effort will take willing partners, tremendous work, and resources. The Sustainable Communities Program, sponsored by the U.S. Department of Housing and Urban Development, the Department of Transportation, and the Environmental Protection Agency, is a good, initial example of creating shared goals across agencies, as is New York City’s PlaNYC.

- Create cross-silo delivery models that are replicable and scalable rather than idiosyncratic and exceptional. For example, the intersection of health and housing is ripe for cross-sector collaboration that can be tested within states and then scaled for widespread adoption. Many states are beginning to recognize that programs that use housing as a platform to deliver health care services and supports to seniors have the potential to improve individual outcomes while lowering public health care costs. In Vermont, Enterprise is supporting a Medicare demonstration program called the Support and Services at Home (SASH). This model links all health systems across the state to embed care management and service
coordination in the homes of seniors. Results from a first-year SASH pilot program found a 19 percent reduction in the number of hospital admissions and 22 percent decrease in the number of falls experienced by vulnerable residents, as well as improved nutritional status and levels of physical activity. Vermont is now testing the SASH model at scale, and rolling it out to over 100 affordable housing sites across the state. New York State is also testing cross-silo delivery models developed out of the New York Medicaid Reform Task Force’s Affordable Housing Working Group. Based on the working group’s findings, the state is piloting a mechanism to set aside savings related to hospital and nursing home closures or bed de-certifications, and to reinvest those funds in supportive housing.

- **Figure out how to value, measure, and incentivize community improvement efforts.** We need to develop and encourage the widespread adoption of a shared set of metrics for measuring the success of community development efforts (see Common Metrics: The Key to Measuring Impact, on page 19). These metrics will allow us to improve our measurement and evaluation practices to determine the value of each investment or program, create feedback loops, and understand best practices.
Miller’s Court: A Case Study In Cross-Sector Cooperation

Miller’s Court, a mixed-use project in Baltimore, is a compelling example of how community development actors are reaching across silos to solve affordable workforce housing needs in low-income communities. A joint effort between housing, community development, and educational organizations (led by Teach for America), the project contains green, affordable housing designed especially for Baltimore’s teachers. At the same time, it provides affordable office space for education-focused nonprofit organizations, study and work space designed with input from teachers, and a popular ground-floor café. The project was financed with a combination of New Markets Tax Credits and federal and state historic tax credit equity, and won a 2010 Smart Growth Achievement Award from the U.S. Environmental Protection Agency.

As much as Miller’s Court was created through cross-silo collaboration, the project was designed to have an impact across multiple sectors. For example, it was intended to both spur growth in a disinvested area of the city, and to support Baltimore’s public school system. While there is already a growing body of research which shows that stable, affordable housing is essential to children’s performance at school, Miller’s Court supports critical aspects of the educational infrastructure that are too often ignored – like providing affordable workforce housing to improve teacher retention, and fostering cross-organizational collaboration among education nonprofits.

For education-focused organizations and programs, Miller’s Court offers a consolidated location, and the ability to keep costs down through the sharing of facilities and services such as conference and training rooms, reception areas and technology. Teach for America leases a substantial amount of office space in the new building.
2. Ensure a Productive and Sustainable Housing Delivery System

Build a strong, flexible, and sustainable network of organizations to create long-term results at appropriate scale

The community development delivery system is a mix of large and small organizations; for-profit, nonprofit and social venture firms; philanthropy and investors; and federal, state, and local governments. All these players are connected through various programs, forms of subsidy, financing vehicles, and social agendas to build stronger communities. It is a complex and loosely connected network that, when working in concert, can have significant impact.

Community development, for many reasons, has valued grass-roots delivery of housing. We now see this trend changing, with large and for-profit players playing a growing role in housing and community facility development. There will be a role for various community development players going forward, both nonprofit and for-profit, large and small. The challenges of the economy and the tightening of the financing system for housing projects and programs, however, highlight the importance of sound business models and organizational sustainability (see Providing Affordable Housing: Increasingly Complex Challenges, on page 16). For organizations to remain resilient through hard times, some will need to explore new structures, such as sharing back-office services, joint ventures, or even organizational mergers.

The challenges in affordable housing are not unique to that sector. The other key elements of community development, such as education, economic development, and health care, are reckoning with similar internal and external obstacles. Thus, community development needs a collective and strategic plan of action.

Below are some strategies that we think will help make community development a more robust, flexible, and effective network of diverse organizations:

• Seek and encourage shared services, partnerships, joint ventures, mergers, and acquisitions to create efficiencies, avoid diseconomies of scale, and develop common protocols. For example, a network of large nonprofits teamed up to form the Housing Partnership Network (HPN) and improve their sustainability and impact. One of their programs, HPN DIRECT, buys bulk building and maintenance materials at a discount for members of the network. HPN estimates that this approach is saving tens of thousands of dollars per year. Another approach would be to establish an “M&A fund,” such as the Nonprofit Finance Fund’s Catalyst Fund. This would create a set of shared resources and services for mergers, acquisitions, and dissolutions.

• Identify the organizations critical to the community development network and support their business model to achieve strength and sustainability. For example, direct service providers are essential to the affordable housing sector and to community development in general. They face significant challenges in maintaining their long-term financial and organizational sustainability, as well as in navigating increasingly complex oversight and regulatory
systems. It is critical that we support and strengthen these organizations to add capacity, improve programs, and enhance their effectiveness. This may come in the form of new policies, improved underwriting, or organizational capacity-building that help ensure long-term sustainability. The Kresge Foundation has been a leader in this area, investing in projects that increase the resilience and reach of direct-service organizations.

Another example is the Bank of America Charitable Foundation’s Neighborhood Builders program, the nation’s largest philanthropic investment in nonprofit leadership development. The program has helped nearly 600 nonprofits with operating support and capacity-building since its inception in 2004.

**Building on Strength:**
*Fordham Bedford Housing Corporation*

Strong affordable housing developers are those that have been able to navigate increasingly complex funding and regulatory systems and develop sustainable organizational business models. They have diversified sources of revenue to endure recessions and withstand decreased government funding.

Fordham Bedford Housing Corporation (FBHC) in the Bronx, N.Y., is one example of a housing developer that has managed to stay resilient in the face of rapid changes. FBHC was founded in 1980 in response to widespread abandonment and distress in the Bronx. From its first building purchase for $100, FBHC has grown to oversee the management of 95 buildings with 2,700 apartments. As the local housing stock stabilized, FBHC broadened its mission to focus attention on the quality of the local environment around its affordable housing. It now provides a wide range of services to its neighborhood residents, from operating after-school programs for children to sponsoring local parks. Through its fees, property cash flow, and service contracts, FBHC has a variety of financing sources all contributing to its bottom line. And it has continued to build on its success by staying focused on a particular area of the northwest Bronx.
Providing Affordable Housing: Increasingly Complex Challenges

The affordable housing system is a critical tool for community stability, and provides an illustrative case study of the challenges that threaten a networked, sustainable approach. After more than 70 years of incremental change, the nation has a housing subsidy and delivery system that is complex and constrained by regulations. As we think about community development in 2020, we must acknowledge that affordable housing is currently under stress from a variety of angles. We are confronting:

A decrease in funding that threatens production. The loss of funding sources, such as federal HOME and Community Development Block Grant (CDBG) funds, is forcing housing developers to compete even harder for resources. Many developers are seeing their operating revenue shrink because they do not have the fee income typically used to support operations. It has been a particularly hard hit for developers who are unable to produce housing on a regular basis; those who preserve and rehab existing affordable housing; or those CDFIs whose income from lending has diminished.

Increasingly complex deals. Some Low-Income Housing Tax Credit (LIHTC) and New Markets Tax Credit (NMTC) transactions can have as many as a dozen sources of financing, each with their own regulations and time-consuming compliance requirements.

Increased costs. High-quality housing communities have been a hallmark of affordable housing since the late 1980s. However, in some locations, the cost per unit of affordable housing is sometimes higher than the cost of developing conventional units. This is driven in part by stringent building and zoning codes that compound the rising costs of construction, and in part by public agencies seeking to meet additional public goals through affordable housing.

Organizational sustainability. Many affordable properties are in physical and financial distress because their owners are no longer able to maintain their properties’ quality and stability, especially in the wake of the financial crisis. The success of these properties, and of the entire affordable housing system, depends on ensuring that owners have sufficient capacity. We need to support successful property stewardship by structuring individual projects to provide ongoing economic benefits to owners, and investing in organizations with the most potential for long-term sustainability.

Fewer institutions governed by the Community Reinvestment Act (CRA). As a result of bank consolidation, there is less overall investment and philanthropic support for housing and community development, particularly in certain regions of the country. CRA funds have traditionally supported the community development infrastructure as well as housing and community development financing for bricks and mortar developments.
• **Make the rules governing use of different kinds of capital in community development more consistent, transparent and simplified.** Organizations and government agencies should focus on new and simple approaches that are easy to understand and execute broadly. In Oregon and Washington State, for example, state leaders organized a streamlined compliance process for affordable housing property owners, making it simpler and less costly for operators to meet their reporting requirements. 22

• **Develop policies that protect and improve what has been effective to date, as well as proactively take advantage of what is on the horizon.** For example, the A.C.T.I.O.N. campaign has effectively brought together over 350 organizations to defend and improve the Low-Income Housing Tax Credit. Similarly, the Community Capital Coalition brings together a broad set of constituencies to plan strategic approaches to strengthening communities by advocating for adequate capital flows from the private and government sectors to finance affordable housing and community development facilities.

• **Develop and support coordinated responses to specific problems.** The Mortgage Resolution Fund is an example of major players – Enterprise, Mercy Housing, the National Community Stabilization Trust, and HPN – teaming up to respond to the single-family foreclosure crisis. Working together through the Fund, they have been able to access hardest hit funds that housing finance agencies were having difficulty deploying. Each of the four entities brought a different and complementary area of expertise to address the foreclosure and REO crisis.

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**Changing geographic, wealth, and population patterns.** More people are living in urban areas and on the coasts, where there is also an increasing concentration of wealth. With people and wealth comes bank deposits that determine CRA investment. As a result, some parts of the country (such as New York City and California) have many investors vying for too few opportunities, while other parts struggle with weak investor interest.

**The future of the housing finance system.** As government-controlled entities, Fannie Mae and Freddie Mac have provided critical capital, liquidity, stability and innovation to the affordable housing system. The affordable housing field will need to advocate for reforms that preserve what worked about the system, particularly to ensure the adequate flow of low-cost capital for development and preservation through loan purchases, securitization and investments. It will also be critical that Fannie Mae and Freddie Mac adequately and appropriately meet the needs of historically underserved markets and populations, such as rural communities, seniors, persons with disabilities and extremely low-income households.
• **Intentionally build the infrastructure needed to strengthen connections between community development organizations.** For example, funders should look beyond individual organizations and begin to support collective capacity building. This means creating networks, strengthening intermediaries, and fostering greater coordination across small organizations. Some funders recognize the importance of creating connective infrastructure to achieve scale and impact – illustrated by The Rockefeller Foundation and Omidyar Network’s recent investments in the Global Impact Investment Network.

• **Improve our impact measurement practices by adopting common metrics, building a shared knowledge platform, and creating field-wide feedback loops.** Affordable housing has traditionally focused on production and outputs – number of loans made, number of housing units produced – but neglected measuring the lasting impact on low-income individuals and families. The focus on outputs, rather than impact, has also been driven in part by the government’s focus on regulatory compliance and allocation disbursement, rather than program effectiveness. While this approach is expedient, it has not helped us build the knowledge base needed to make critical resource targeting decisions, or attract diverse capital sources. Common impact metrics would allow community development make fact-based arguments and draw in new impact-driven and market-driven investors (See Common Metrics: The Key to Measuring Impact, on page 19). Therefore it is critical that as we seek to broaden the financing base, we provide additional measurement tools to investors. We have an opportunity to discuss more than production numbers, and to move towards thinking about measures of community success and individual opportunity.

“This has been a wonderful 30 years for community development. We changed from a movement to an industry. But we have reached the zenith in terms of federal, state, and local resources. We have gone through growth and hit maturity and may now be in decline. The name of the game now is to have strong operating efficiencies. We will see consolidation or elimination of the smaller and weaker players.”

— Housing Developer
Community development has not developed a standard set of metrics that can be used to benchmark and measure success. We see ripe opportunities to create, standardize, and strengthen community development impact measurement, while also improving the quality and consistency of data-gathering. To move this effort forward, the community development field will need to collectively:

- Develop a consistent field-wide scorecard and measurements for outcomes, as well as a shared dashboard for communities (community indicators). The Impact Reporting and Investment Standards (IRIS) sponsored by the Global Impact Investing Network (GIIN) and The Rockefeller Foundation are an example of an emerging set of impact measurement standards.

- Use clear and understandable language, and translate our measurements into common “proof points” and stories of impact.

- Create more opportunities to share learning across the field by convening major players, developing a joint research agenda, and building online platforms for information sharing. A current example of this is the MacArthur Foundation’s “How Housing Matters” initiative, which is seeking to strengthen connections across community development silos. MacArthur has commissioned researchers to understand the role housing plays in the long-term well-being of children, adults, and families.
3. Diversify Our Capital Base and Maximize Connections to Capital Markets

*Diversify our capital sources beyond the current base of CRA-motivated investors, institutional philanthropy, and government funding.*

Attracting new and diverse sources of capital is critical to establishing and upgrading the physical and social infrastructure that creates opportunities for low- and moderate-income individuals and families. Today, the scale of community development’s activities is closely linked to the level of public subsidies in the form of appropriations and tax credits, which the sector has skillfully leveraged to bring private capital to bear. Although motivations for funders, investors, and lenders differ, most capital investment available for community development to date has involved some form of direct or indirect government participation.

Unfortunately, even if the level of public resources holds steady, it would be insufficient to address current and future needs for safe, decent, and affordable housing; quality education; access to good jobs and the skills needed to be ready for those jobs; and a healthy environment. We can only truly address the scope of the challenges we face through expanding the capital base that supports community development activities.

Diversification has another important benefit for the field: it is a crucial way in which funding risk can be mitigated. In thinking about what the community development field will look like in 2020, it is far from certain that the public programs at the heart of many of our current activities will be fully funded or even continue to exist. Indeed, in the current budget and tax environments, critical programs are already at risk.

By bringing in new sources of capital, we are also bringing new stakeholders to the table. The more individuals and institutions that understand and commit to our holistic view of community development, the more likely we are to succeed.

To achieve the goal of attracting broad, diversified sources of capital for community development, the field will have to focus on the following strategic areas:

- *Deliver new products to market that can absorb growing interest in impact investing and conscious capitalism.* The Global Impact Investor Network (GIIN) and the Living Cities’ Integration Initiative are examples of efforts to do this. The Living Cities initiative, for instance, has developed a research agenda and created a diagnostic framework to assess the capital absorption capacity of communities. This effort looks at “how communities themselves deploy investment and create an environment that puts dollars to work on behalf of low-income people.” The GIIN is actively engaging its members to collaboratively develop a new and diverse set of products for all types of existing and potential impact investors.
• **Maximize the use of the market and market-based solutions.** We must develop policies, business models, and industry frameworks that align incentives between investor goals and positive social outcomes to grow impact investing – investment with an active social or environmental objective. For example, we have successfully used the tax code to create a $6 to 9 billion equity market to build low-income housing. We must, however, be even bolder in how we engage markets, reach into capital pools, and harness markets and business to achieve our goals. We must tackle structural issues created by regulations and existing law. For example, the Employee Retirement Income Security Act (ERISA) regulates how pension funds can invest their capital. Changes in ERISA in 1974 helped make large pools of capital available to invest in venture capital and fueled the growth of Silicon Valley. How could it be revised to encourage impact investing? Another example is corporate law, which makes it difficult for businesses to take social or environmental impacts into account when making decisions. To address this issue, B Lab has worked to pass legislation in seven states to create a new type of corporate entity, called “Certified B Corporations.” The legal structure of these “Benefit Corporations” expands corporate accountability so that they are required to make decisions that are good for society, not just their shareholders.26

• **Innovate how we raise and use philanthropic capital.** In addition to public subsidy, community development has relied heavily on philanthropic capital primarily from institutions, CRA-regulated banks, engaged foundations, and corporate citizens. All of these sources have been diminishing. We must take advantage of technology, new fundraising techniques, shifting consumer consciousness, the expansion of ecommerce, and robust measurement tools to raise more philanthropic funding from individuals and corporations. For example, microphilanthropy sites, such as Global Giving and Crowdrise, can be powerful platforms to engage small individual donors. Flexible philanthropic capital is critical to testing an investment thesis or market. Monitor and the Acumen Fund’s recent report, *From Blueprint to Scale*, underscores the strategic use of philanthropy to seed and validate a business or market. In its first eight years, Acumen Fund relied on philanthropic capital to test its model of supporting local entrepreneurs in emerging markets to achieve social change. Once it had a proven model, it launched its first return-capital fund, Acumen Capital Markets Fund 1, to fund some of their initial investees.25 Philanthropic capital, by serving in a first-loss position, can also leverage additional return-based capital from impact investors. Using philanthropic dollars in this fashion will be critical to expanding the resources available to community development as public subsidy wanes.

“The financial marketplace is going through seismic changes that are reshaping how consumers, businesses and others access credit, banking services, payment systems and other key elements of financial life.”

• **Develop market-clearing mechanisms to attract capital from new sources.** The key to raising more diverse capital – whether from high-net-worth individuals, family foundations, crowdfunding, or private equity sources – is to create transparency, develop robust impact measurement tools, and connect to existing mechanisms. GIIN’s Impact Reporting and Investment Standards (IRIS) effort seeks to make impact frameworks and investment goals transparent. As a result, impact investors can measure success and compare investment options. B Lab also certifies companies based on a social impact framework. This “Good Housekeeping” seal of approval allows potential investors to know that those organizations have met a baseline threshold of social goals. There are also opportunities to connect to existing market-clearing mechanisms; for example, when Calvert Foundation’s Community Investment Notes began to trade electronically in 2006, using InCapital to distribute their product like other corporate bond offerings.

• **Quantify the public costs of externalities.** When government actors, public and private organizations, or community members make decisions, they do not always bear the full cost of the consequences. These costs, or negative externalities, are often borne by society and rarely quantified. Whether it is the social consequences of a foreclosure, an underfunded school, or the lack of affordable housing, it is critical for us to recognize and quantify these public costs. In the case of homelessness, the cost of inaction was brilliantly captured in Malcolm Gladwell’s 2006 essay on “Million-Dollar Murray,” about a homeless man in Reno who ran up hundreds of thousands of dollars in hospital bills.26 Dennis Culhane’s research on the value of supportive housing, or housing with services, is a model for demonstrating how interventions can produce significant public savings. Not only does this kind of research put a price on inaction, it could also be developed into innovative funding vehicles. The field is already exploring ways we can measure those savings, and then capture and reinvest them in community development (through, for example, Social Impact Bonds, discussed in the last bullet on this page).

• **Strengthen Mechanisms that Address Timing Issues for all Parties.** Many development deals require a rapid deployment of up-front capital. Permanent financing sources from the government, however, are either slow to deploy, or deploy in phases that do not mesh well with the real-world demands for capital. The community development field needs to continue to explore and refine successful efforts to bridge government resources (see Structured Funds: A Shared Risk Approach, on page 27). Similarly, while the community development field often thinks of its investments on a long-time scale, relatively few private actors share that investment horizon. Broadening the investor base will require addressing the potential timing mismatch, and allowing investors with varying time horizons to participate.

• **Use existing public subsidy as efficiently and effectively as possible, leveraging private investment, and demonstrating overall cost savings.** A few organizations are testing the idea of Social Impact Bonds (SIBs), a socially aligned value investment. This approach uses private-sector capital to seed innovative interventions with the potential to save public money. If the government realizes savings as a result of the intervention, those savings are used to
repay and provide a return to the investors. This model taps into private capital to improve the efficiency and effectiveness of government programs. SIBs thus embody many of the same features of private-sector oversight and “pay for success” approaches already familiar to community development in the form of the Low-Income Housing Tax Credit. To expand the SIB model, however, the field would have to overcome several obstacles. For example, it is challenging to measure cost savings and impact within community development’s many multi-dimensional issues, and difficult to identify an able or willing single counterparty to the contract.29

One of the biggest capital challenges to community development is in attracting equity capital, which is most often provided by developers or other private investors. Sources are often limited because most financing for community development work occurs at the project level. Projects often carry soft debt, which is repaid to the lender (often a government funder) if the project has excess cash flow after repaying hard debt. As a result, there is often not enough financial value remaining in low-income housing to attract private capital without a tax credit.

To address this issue by 2020, we as an industry need to move from project-level finance to portfolio- or entity-level finance. With this approach, developers could more easily access equity capital to finance new deals.

The Nonprofit Finance Fund (NFF) has done some pioneering work in this area through its NFF Capital Partners program. NFF Capital Partners helps support nonprofits as they conduct philanthropic equity campaigns, using an approach that brings multiple funders together under a single strategic agenda. In a public statement, NFF Capital Managing Director Craig Regal said, “At a time when nonprofits are facing an uphill battle to solve our nation’s social problems, philanthropic equity allows nonprofits to build the businesses required to implement effective business models, scale impact and create lasting change.” Since 2006, NFF Capital has supported 18 philanthropic-equity campaigns, which together have raised $326 million in investments.28

**Entity-Level Finance:**
A New Direction for Private Capital

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4. Accelerate the Pace and Scale of Innovation

_Expand the number of people served and respond to a rapidly changing world through intentional innovation._

Community development has, almost by necessity, been remarkably innovative and entrepreneurial in weaving together public subsidy and private capital, building high-quality affordable housing, and leveraging community-based organizations. The future of the field depends on our ability to approach problems and solutions in new ways, and leverage available resources more effectively and efficiently. To keep pace with a rapidly evolving world, community development must embrace both incremental and disruptive innovation.

Innovation takes place along a spectrum with disruptive change at one end and incremental at the other. We need to figure out ways to not just focus on the incremental. Disruptive innovation requires engaging new, and sometimes surprising, players; radically rethinking, or even scrapping existing tools, programs, and regulations; and envisioning very different futures. Disruptive innovation is often more difficult for existing, entrenched actors. It’s what made Steve Jobs and his introduction of disruptive technologies, like the iPod, iPhone, and iPad, so ingenious. He was able to envision what people would want in the future and used the Apple platform to realize that vision. As a result, the music, mobile phone and tablet technology markets changed rapidly and dramatically. To address the scale, complexity and variety of issues low-income people and communities face, community development needs to deliberately encourage such disruptive innovation.

How do we do this? As Jim Rouse, Enterprise’s founder, said, “What ought to be can be, with the will to make it so.” We cannot let the limits of today prevent us from imagining a radically different and better future. In fact, that may be the only way we can achieve the dramatic change we need. We must spot and encourage new, and perhaps untested, players and ideas that show vision and promise. Once tested, we must use our existing platforms to resource, replicate, and scale quickly to serve as many people and places as possible. We need to reward existing players who take risks, recognizing that some of those risks will result in failure. We must highlight and learn from failure rather than hide and smooth over it. Most of all, we must have the courage and conviction required to move beyond sustaining the status quo and how we have traditionally approached community development.

For example, two foundations have recently challenged us to think differently. In 2012, the Case Foundation launched the “Be Fearless” campaign. The Case Foundation issued a call to action asking social change leaders to pledge to “Be Fearless.” They define “being fearless” as:

1) Setting audacious, not incremental, goals; 2) Not being afraid to go first; 3) Recognizing that failure teaches and to learn from it; 4) Acknowledging that while it’s comfortable to go it alone, innovation happens at intersections; and 5) Don’t over-think and over-analyze. Do.*** Clara
Miller, the president of the F.B. Heron Foundation, recently released “The World Has Changed and So Must We.” This report makes the case that our old approaches and theories of change, which seek to connect people to the “mainstream” economic opportunity, are no longer valid in the context of our changing social and economic climate. The Heron Foundation, leading by example and recognizing the size and urgency of the problems we face, has committed to working differently by committing 100 percent of its resources to mission. This bold step means that it will deploy all of its financial and human capital to support its mission, not just its grants budget, a portion of its overall investable assets, and its program staff.

At the other end of the spectrum, incremental innovation builds on what is in place and what we know works. It too is very important, as we must constantly learn and improve to increase efficiencies, fill market gaps, and address anything that prevents existing financial tools, programs, and policies from having sufficient impact. Incremental innovation comes in many shapes and forms. It can take the form of better physical design and design codes, more effective community engagement strategies, technology improvements that encourage efficiencies, regulatory reform, or the development of new financial tools.

**Impact Investing:**
**A Source of Diverse Capital**

A variety of organizations are innovating new ways to attract diverse sources of capital to the community development field. Calvert Foundation and Enterprise Community Loan Fund have both created products (Notes) designed to draw in capital from individual investors, as well as small community and family foundations. Giving models that leverage the internet, such as “crowdfunding” websites like KIVA and Kickstarter, and the rise of “social venture capital” funders, also represent new approaches to bringing capital to community development.

Another creative example is the Starbucks/Opportunity Finance Network “Create Jobs for USA Fund,” a joint venture aimed at small business development. The fund pools donations from Starbucks’ customers, foundations, and other institutions to provide capital grants to CDFIs under the Opportunity Finance Network (OFN) umbrella. These CDFIs, in turn, lend to community businesses to create jobs. This initiative represents an example of a leading player, OFN, partnering with a large corporation to both raise capital from new sources and raise public awareness about community development. Community development must learn, refine, and scale such efforts.
An example of incremental innovation is the introduction of the New Markets Tax Credit (NMTC) in 2000. Building on the success of the Low-Income Housing Tax Credit, the NMTC was designed to address the financing gap in funding commercial development and businesses in low-income communities. Ten years after its introduction, NMTC had created or retained 300,000 jobs.

Innovation can happen locally or internally, and then be shared more broadly through replication and scaling. Examples of replication include the Portland Sustainability Institute’s effort to replicate their Ecodistrict model, or Purpose Built Communities’ replication of its holistic revitalization work in Atlanta’s East Lake neighborhood. Innovations can also be brought to scale by introducing new policies and standards. Promise Neighborhoods adoption of the Harlem Children’s Zone model is an example of scaling through policy, and Enterprise Green Communities an example of introducing new field-wide standards (see Shaping Markets: Enterprise Green Communities, on page 28).

To expand the pace and scale of innovation, we need to:

• **Build the culture and infrastructure necessary for innovation.** We must create a central platform that instills urgency, encourages fearlessness, and embraces the collaboration needed to spur disruptive and incremental innovation. It must be an open source platform that engages a broader audience and builds on what works. It must contain “safe” places, using new technologies as well as traditional methods, where organizations can tackle tough problems and discuss what is not working, as well as what has worked. Using this collective knowledge, the platform could help identify where there are significant gaps in the value chain and barriers to connecting housing to communities of opportunity. It could then use its intellectual and financial capital to encourage, spot, incubate and scale solutions – possibly through a “Race to the Top” style fund or an innovation prize [see Rewarding Innovation: Competition Sparks Creative Solutions, on page 31].

• **Attract New Talent.** We need to attract new and diverse people, old and young, with different perspectives and experiences to add energy, creativity and new ways of approaching stubborn issues. Our Strategic Visioning interviews indicated an untapped potential to recruit the next generation leaders and build a talent base. For example, Teach for America has been very successful at leveraging its alumni to fuel innovation at all levels of the education value chain: in the classroom, school, community, statewide, and nationally. Teach for America seeks an elite network of committed and high-achieving individuals, gives them hands on training and practical experience in the education sector, and fosters its alumni network of over 28,000. To apply this proven model for housing and community development will take collective effort, a concerted strategy, significant investment and a pooling of resources. Some organizations, such as the Opportunity Finance Network in its CDFI v2.0 Initiative, have already begun to map out plans for cultivating and recruiting new talent into community development and finance.
Community development financial institutions (CDFIs) and other financial intermediaries typically provide early-stage, at-risk capital for community development deals, as well as financing for under-served segments of the community development field. Along with their long-standing skill at making affordable housing loans, CDFIs have been on the vanguard of financing nonprofit facilities, charter schools, transit-oriented development, small businesses, and inner-city fresh food facilities. They work particularly well when permanent financing vehicles are available.

Structured funds are one way CDFIs have been successful in attracting capital to community development. This approach creates a fund for a specific purpose with risk sharing spread among participants. Typically the government takes the top loss and foundations second loss, allowing the fund to place some combination of CDFI, bank and other investor capital in a less risky position. This approach has been successful in using limited public and philanthropic funds to leverage larger amounts of private capital.

While these funds hold promise going forward, it may be a challenge to bring them up to scale. CDFIs may have difficulty securing top loss capital, due to reduced government funds and limited foundation Program-Related Investment (PRI) dollars. Further, the Achilles’ heel of bridge sources like CDFIs and structured funds is the availability of permanent take-out financing typically provided through government funds, tax credits, or bond programs. If permanent take-out sources continue to shrink, it will reduce the ability of CDFIs and structured funds to raise and deploy capital.

The U.S. Department of Treasury’s CDFI Bond Guarantee Program holds some promise in this area. Under this program, authorized under the Small Business Jobs Act of 2010, the Treasury will guarantee the full amount of notes or bonds issued to support CDFI community development investments. It is critical that this program be implemented quickly to provide CDFIs with a reliable source of long-term, permanent capital.

**Structured Funds: A Shared Risk Approach**

- Use technology, data analytics, open sourcing of ideas and implementation, and the cross-fertilization of experience and expertise to inspire innovation. Open-sourced technology platforms (such as innocentive.com) can help to germinate innovations and build public movements. Social organizing websites, such as moveon.org, change.org, or avaaz.org, offer platforms to tell our story and communicate how communities of opportunity matter. Additionally, public and government-collected data offers huge opportunities for analysis, impact measurement, and resource targeting. The University Neighborhood Housing Program (UNHP) has successfully used public New York City data to develop its Building Indicator Project (BIP), which assesses residential buildings and acts as an early warning system for property distress. In fact, several financial institutions, including Fannie Mae, are incorporating UNHP’s BIP into their standard asset management practices.
• Use community development frameworks and integrated solutions that promote effective responses to issues such as senior housing, access to opportunity, and comprehensive community development to shape markets. A good framework provides definition: a widely understood language and methodology to collect and analyze data. This is critical to measuring impact, developing benchmarks, developing new financial tools and attracting new sources of private capital. For example, NeighborWorks America is leading in this area through its Success Measures program, a participatory outcome evaluation method that allows nonprofit organizations and funders to document community change and measure collective impact across multiple communities. New frameworks are also a tool that can be used to proactively shape markets and reframe national conversations around community development (see Shaping Markets: Enterprise Green Communities, below).

**Shaping Markets:**

**Enterprise Green Communities**

The Enterprise Green Communities initiative – launched in 2004 – is one example where we have seen how a new framework can be used to shift the industry dialogue. The Criteria was developed collaboratively by Enterprise with leading national organizations and experts to provide a clear, cost-effective green framework for all affordable housing development types in any location in the country. It includes new construction and rehabilitation in multifamily as well as single-family buildings. The Criteria has now been fully adopted by ten states and Washington, D.C., as well as integrated into housing policies and programs around the country.

Enterprise Green Communities defied critics by proving that affordable housing could meet high-level green standards and still work financially. At the same time, it has helped reduce residential energy and water use, create healthy living environments, and provide utility cost savings to ensure the long-term sustainability of revenue-restricted affordable housing. The program has set a new, and now widely accepted, standard for the affordable housing industry, shifting the paradigm on housing production, preservation, and operations.
5. Communicate Why Communities of Opportunity Matter

*Build a compelling, data-driven case for communities of opportunity and conscious capitalism as central to our country’s prosperity.*

Despite the tremendous impact that Enterprise and our partners across the community development sector have made over the past 30 years, far too many people and places still lack access to real opportunity that would allow them to provide for their families and reach the middle class. The economic crisis has threatened the stability of many neighborhoods we have worked so hard to transform. Compounding these challenges, public and private resources for community development are more constrained than ever before.

Overcoming these great challenges will require a bold new narrative, one that demands attention and action from policymakers at all levels, the private sector, the media and the public at large. A new dialogue is emerging among key policymakers, funders and other industry leaders around what people need to build better lives for themselves and their families. Governors and mayors across the country are acknowledging the importance of reasonably priced housing, quality schools, efficient public transportation, and access to health care in attracting new economic development to cities and regions. But more often than not, budget constraints limit their capacity to invest in all of these priorities, leaving different interests with similar intentions fighting over a pie that is becoming smaller and smaller.

To marshal resources, the diverse stakeholders who serve low-income communities must acknowledge the interconnectedness of our work and rally around a shared interest – creating access to communities where people have real opportunity where they live – rather than focusing solely on narrower silos of education, health, housing, environmental sustainability or transportation. We need a movement in this country – both grasstops and grassroots – to rise up and say that the promise of opportunity is reality and not rhetoric.

“Homelessness and housing are on everyone’s mind but we don’t really have a movement. We need thought leadership and new ideas; we need to build a movement around generosity.”

— Community Development Professional
There is, as of yet, no shared language or story that weaves together all of the elements of community development and links them to opportunity. Moreover, public perceptions of affordable housing continue to be largely negative. We must advance an influential and decisive agenda, one that compels investment in disadvantaged people and communities, and that spurs people and communities to make investments in themselves.

To tell our story in a way that powerfully resonates with decision-makers and the country at large, we need to:

- **Build a movement that embraces all those with a stake in creating communities of opportunity in this country.** We aspire toward a coalition that incorporates grass-roots groups along with business leaders, academics, the faith-based community, civic-minded youth, advocacy organizations, philanthropic investors, veterans’ advocates, teachers, real estate developers, environmental and transportation groups, and all others who believe that hard work and determination should open the door to opportunity and success.

- **Engage the public in a new way that spurs action and investment in community development as a national priority.** Public sentiment and media engagement are critical to securing public and private investments in community development, as well as combating the “Not-In-My-Backyard” attitudes that often arises in communities. In recent years, we have seen the environmental and education communities jumpstart new dialogue and awareness through the use of documentary filmmaking. The narratives of *An Inconvenient Truth* and *Waiting for Superman* are now in the public lexicon, driving support for doing better by our environment and by our students. Community development needs a similarly compelling narrative, coupled with a vehicle for people to directly engage and participate in the community change, through advocating, donating, or merely understanding the challenges facing their neighbors.

- **Introduce better metrics to measure our true impact.** In housing, we often measure success by the number of homes preserved or produced; the resident income levels these homes are able to serve; and in more recent years, the energy performance and sustainability of buildings. But what is the true impact of an affordable, green home to a person, family, neighborhood, and society? Putting metrics in place that consider connections like these will help to build the case for why discrete sectors must come together in the best interest of the people we all aim to serve, and why public, private, and philanthropic dollars should be invested in community development in a purposefully integrated way.

“When people fund us, we often tell them how many housing units we’ve done. We have to be more thoughtful about what metrics we use to measure what makes a vibrant community.”

— Community Development Professional
Rewarding Innovation: 
Competition Sparks Creative Solutions

The Race to the Top Fund marked a sea change in the education field’s approach to school reform. A competitive process designed to reward success, this U.S. Department of Education program offers major grants to school districts that demonstrate innovative approaches, rigorous standards, and high quality outcomes. Players in the community development field have also started to adopt this high-reward, competitive approach to addressing intractable social problems. Just in May 2012, the Robin Hood Foundation announced a new partnership with the X PRIZE Foundation to support a minimum $1 million competition for innovative solutions to poverty in New York City and beyond.

The Corporation for National & Community Service also offers large, competitive awards through its Social Innovation Fund (SIF) to grant-making intermediaries. Over the past two years, SIF has awarded $95 million to 16 intermediaries. These funds have been dispersed to 138 subgrantees tackling issues of economic opportunity, healthy futures, and youth development. The supported projects have ranged from scaling up major workforce development programs, to replicating a successful anti-poverty program across the country. All the grant applicants are evaluated in part on the replicability of the model, rigor of evaluation, and evidence-based theory of change.

In 2012, Enterprise’s Cleveland market announced the finalists its first Leadership in Community Innovation Award sponsored by Key Bank. Of the eleven applicants from Cuyahoga County, four finalists had the opportunity to present to three judges in front of an audience of 200 people. The finalists included a community development corporation, a public housing authority, a university, and an inner-ring suburb municipality. Enterprise is continuing to work with these finalists to develop replication strategies for their innovations as well as sharing key learnings.

- Expand the pie by collectively advocating to government and the public. The next Congress may well make sweeping changes to the tax system. We must use this opportunity to challenge long-standing policies and use the tax system to attract private capital to benefit low- and moderate-income families. This may include revisiting the mortgage interest deduction. A more thoughtful approach to investing in our country’s people and places is possible, if we stop acting within siloes and start concentrating our power in an approach to advocacy that makes the most of every available dollar and human resource.
IV. Realizing Community Development 2020

Enterprise has spent 30 years rolling up our sleeves, innovating, deploying more than $11.5 billion, and making significant policy achievements. We have helped create homes for more than 1 million people. Yet we know that a growing number of families are waking up every day to wonder how they will afford their next meal, whether their child will return home safely from school, or if they will be able to keep a roof over their heads.

The magnitude and urgency of the problems facing our communities cannot be ignored. We must acknowledge that new approaches to community development are required to meet the large and complex challenges ahead. We can no longer treat affordable and decent housing as a separate concern from quality education, good jobs, healthy families, or neighborhoods that foster access to opportunity.

At Enterprise, we recognize that the world has changed, and we have charted a new roadmap that will help guide our future work. Going forward, we will:

- **Prioritize knowing what works and what does not work.**
  We will effectively gather and analyze knowledge from our collective on-the-ground experience and develop an impact measurement system that will enable us to shape our strategy and identify next-generation solutions to ensure success for the field and the people we serve.

- **Use our platform to encourage innovation and achieve scale.** We will deliver affordable housing and community development solutions at scale, while seeking new capital, innovative solutions, and financing mechanisms to connect housing with quality jobs, schools, services, transportation options, and other amenities that will contribute to creating communities of opportunity.

- **Advocate for community development and engage a broader set of people in our work.**
  We will work with our partners and policymakers to strengthen our innovation and delivery capacity, protect and advance public policies, and create a compelling narrative around communities of opportunity.

With the public launch of this discussion at Community Development 2020, hosted by Bank of America Merrill Lynch on July 23, 2012, we remain dedicated to continuing our vital dialogue and to uniting others in community development around a common vision.
We urge all those engaged in community development to join us in re-imagining the future of our field. This is the time to plan for new, collaborative strategies, foster widespread innovation, diversify our base of support, and put community development front and center on our national agenda. Only that way will we achieve our vision, that one day, every person will have an affordable home in a vibrant community, filled with promise and the opportunity for a good life.

“People will rise to the big and dramatically good plans – they will yawn at the timid, the cautious, the unconvincing.”

— Enterprise Founder James W. Rouse
Endnotes

1 The term “community development” has multiple dimensions and includes investments and initiatives to catalyze social, economic, physical and civic development and advancement. For this paper, community development encompasses the diverse actors – including real estate developers, business owners, financiers, philanthropists, community developers, state housing finance agencies, academics, organizers, advocates, government officials, policy experts, community residents and others – who work to: 1) Bring capital to communities not served by traditional market mechanisms; 2) Create opportunity in challenged communities through community organizing, provision of social services, and other interventions; and 3) Seek access for low-income people in presently thriving communities. Among other efforts, this field includes affordable housing, education, employment, economic development, and public health and safety.

2 The Housing Act of 1949, (Title V of P.L. 81-171).

3 Extremely low-income (ELI) households are those earning 30 percent or less of the Area Median Income. In 2012, the average annual earnings of an ELI household is just $20,210, according to the National Low Income Housing Coalition.


19 For a description of these programs, see Next Generation Community Revitalization: A Work in Progress. The Bridgespan Group (2011).


Endnotes, cont.


27 Successful examples of structured funds include the New York City Acquisition Fund, and TOD funds in Denver and elsewhere.


31 Miller, C., [2012]. The World Has Changed and So Must We. The F.B. Heron Foundation. New York, N.Y.