A Sense of Place

Place-Based Grantmaking in Practice
NFG Mission
Neighborhood Funders Group is a membership association of grantmaking institutions. Our mission is to strengthen the capacity of organized philanthropy to understand and support community-based efforts to organize and improve the economic and social fabric of low- and moderate-income urban neighborhoods and rural communities. We provide information, learning opportunities and other professional development activities to our national membership, and encourage the support of policies and practices that advance economic and social justice.

Special Report
The Neighborhood Funders Group periodically publishes in-depth examinations of emerging issues and strategies of concern to funders. NFG Special Reports are written specifically for funders working to support efforts that strengthen rural and urban communities. Other publications can be found on the NFG website at www.nfg.org.

Acknowledgments
The Neighborhood Funders Group would like to thank Neeraj Mehta, Nexus Community Partners; Jeff Washburne, City of Lakes Community Land Trust; Michelle Martin, Northside Achievement Zone; Janet Ludden, Employer Solutions Inc.; Ted Howard, Lillian Kuri and India Pierce Lee, The Cleveland Foundation; and Diana M. Williams, The Funders’ Network for Smart Growth and Livable Communities for their hard work in writing the white papers submitted for this special report. We would also like to thank Sharon and Jim McGowan and Jim Yarnall of Complete Communications, Inc. for their invaluable assistance in editing this publication.

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A Neighborhood Funders Group Special Report
September 2010
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A Message from the Executive Director

"Place-based grantmaking" has become a popular term in philanthropic circles over the last several years. It illustrates a shift in strategy from a traditional issue- or problem-based philanthropic approach to one focused on improving targeted neighborhoods or communities. Place-based grantmaking strategies have taken many forms and the term itself is used quite liberally to refer to everything from grantmaking based purely on geography to multi-faceted collaborative partnerships among philanthropy, nonprofits and governments aimed at large-scale systems change that leads to healthier communities.

Why is there a growing interest in place-based grantmaking? According to a report published by the Center for Urban Economics called "The Place-Based Strategic Philanthropy Model":

One of the main reasons that place-based philanthropy is becoming more popular is that it gives a spatial context for defining the outcomes. This makes the articulation of the strategy more concrete. By adopting a place, a workforce-readiness strategy, for instance, translates into preschool reading programs, day care programs, dropout prevention, mentorship, etc. in the area that has been adopted. Moreover, the spatial context frames the evaluation. The outcomes, while potentially numerous, are bound to the place, easing the enumeration of the effects. Likewise, comparing the adopted area to other, similar areas which have not experienced the foundation’s strategies can bolster a demonstration of the effects.

A second reason for the growing interest in place is the recognition that so many of the social problems ordinarily addressed by foundations are interrelated and generated by concentrations of poverty. Social capital, collective efficacy, safety, educational outcomes, health, and civic engagement are interrelated and tied to neighborhood conditions.¹

Given the growing interest in the subject, the Neighborhood Funders Group looked at how place-based grantmaking works in practice and asked several foundations and funding collaboratives to describe their experience in this type of grantmaking. This report collects three examples of place-based grantmaking that illustrate the unique challenges and rewards of community-targeted philanthropy.

- Nexus Community Partners reports on work in Minnesota’s Twin Cities with three organizations that are implementing targeted strategies in communities of color around homeownership, education and employment.

- The Cleveland Foundation reviews efforts by the Evergreen Cooperative Initiative to bring about an economic breakthrough in Cleveland by creating living-wage jobs and asset-building opportunities in six low-income neighborhoods.

- The Funders’ Network for Smart Growth and Livable Communities describes activities in three places – Baltimore, the San Francisco Bay Area and the Twin Cities – where funders have joined forces to attract and guide transit investments in equitable ways.

While these funders may target their investments with different leading issues, the methods they use to bring about community change through collaborations, partnerships and innovative programming underscore similar values. All of the examples aim to achieve change by the inclusion of community voices, the deep analysis and identification of policies and systems in need of change, an embracement of diverse perspectives, and a genuine commitment to working together over time. The Neighborhood Funders Group will continue to present cutting-edge reports like this one in our efforts to educate and inform our members.

Melissa Johnson, Neighborhood Funders Group

The Evergreen Cooperative Initiative of Cleveland, Ohio

By Ted Howard, Lillian Kuri and India Pierce Lee, The Cleveland Foundation

Introduction

Cleveland’s Greater University Circle area is home to some of the city’s most important anchor institutions, including the Cleveland Clinic, Case Western Reserve University, the University Hospitals, the Veterans Administration Medical Center and numerous cultural organizations. Together, they employ more than 50,000 people and represent the economic engine of northeast Ohio.

Yet the neighborhoods surrounding these multi-billion dollar institutions are among the most underserved and disadvantaged in the city. Unemployment is high, educational attainment is low and housing is distressed. Retail businesses, service outlets and other amenities are scarce. Relatively few job opportunities exist.

In 2005, the Cleveland Foundation catalyzed a partnership of anchor institutions, community-based organizations and civic leaders to form the Greater University Circle Initiative. Over time, the initiative has put together a comprehensive community-building and development strategy designed to transform the area by breaking down barriers between institutions and neighborhoods. The goal of this effort is to stabilize and revitalize Greater University Circle and similar areas of Cleveland.

The Initiative works on a number of fronts: New transportation projects and transit-oriented commercial development are being implemented. An employer-assisted housing program open to all employees of local nonprofits is encouraging people to move back into the neighborhoods. An education transformation plan has been developed in partnership with the city government. Community engagement and outreach efforts are promoting resident involvement.

The most recent strategic development is an economic inclusion program known as the Evergreen Cooperative Initiative. Launched in 2007, the initiative seeks to bring about an economic breakthrough in Cleveland by creating living wage jobs and asset-building opportunities in six low-income neighborhoods in the Greater University Circle area (Glenville, Hough, Fairfax, Buckeye/Shaker, Little Italy and the eastern portion of East Cleveland) with a total population of about 43,000.

The Evergreen strategy is designed to leverage the procurement and investment power of local anchors to build a network of cooperatively-owned, community-based businesses that supply goods and services to those institutions.

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The Evergreen strategy is designed to leverage the procurement and investment power of local anchors to build a network of cooperatively-owned, community-based businesses that supply goods and services to those institutions.

Rather than using a trickle down approach, Evergreen focuses on economic inclusion and building the local economy from the ground up. Rather than offering public subsidy to induce corporations to bring what are often low-wage jobs into the city, Evergreen supports new businesses that are owned by their employees. Rather than concentrating on workforce training for
employment opportunities that are largely unavailable to low-skill and low-income workers, the Evergreen Cooperative Initiative creates the jobs first, and then recruits and trains local residents to take them.

While drawing on precedents and experience gained in cities around the country, this is the first attempt to harness the economic power of anchor institutions to create widely shared and owned assets and capital in low-income neighborhoods. It is also the first significant effort to create green jobs that not only pay a decent wage and benefits, but also build assets and wealth for employees through ownership mechanisms.

Although still in its early stages, the Evergreen Cooperative Initiative is already drawing substantial support, including multi-million dollar investments from the federal government (particularly HUD) and from major institutions in Cleveland. It is also capturing the attention and interest of officials and philanthropic organizations in a number of other cities – Detroit, Atlanta, Pittsburgh, Baltimore, Newark, N.J., and a number of cities across Ohio – seeking to replicate the “Cleveland model.” Recent positive media coverage has appeared on NPR and in the Economist, Business Week, the Nation and Time. The initiative has been featured on the NBC Nightly News and in an upcoming PBS series called “Fixing the Future.”

There are also important state and federal policy implications and opportunities related to the effort that are being pursued with the Obama administration (in particular with HUD and the White House Office of Urban Affairs) and in Congress (through the office of Ohio Senator Sherrod Brown).

Vision and Broad Goals

The Evergreen Cooperative Initiative seeks to respond to a set of difficult economic questions now facing Cleveland and, indeed, many of America’s other cities:

- How do we create good jobs at a time of growing job dislocation and disinvestment in our urban areas?
- How do we anchor capital, particularly in underserved, low-income neighborhoods, so that it doesn’t get up and leave, as so many corporations have?
- Where do we find financing for job creation at a time of increasingly constrained resources for urban economic development?
- How do we address the lack of economic opportunity that is endemic in many urban neighborhoods, where unemployment is at double-digit levels even in the best of times and where as many as 30 percent of residents live below the poverty line?
- How do we turn the vision and promise of green jobs into real employment opportunities that are available to urban workers today?
- Most important of all, how do we rebuild the economies of our inner cities in a way that stabilizes and revitalizes disinvested neighborhoods?

The Evergreen Cooperative Initiative is based on a vision of “community wealth building.” Community wealth strategies aim at improving the ability of communities and individuals to increase asset ownership, anchor jobs locally, strengthen the municipal tax base, prevent financial resources from “leaking out” of the area and ensure local economic stability.

The initiative is built on several strategic pillars:

1. Re-directing a portion of the multi-billion dollar annual business expenditures of anchor institutions into the surrounding neighborhoods.
2. Establishing a robust network of Evergreen Cooperative enterprises based on community wealth-building and ownership models designed to service these institutional needs.
3. Building on the growing momentum to create environmentally sustainable energy and “green-collar” jobs (and, concurrently, help local institutions achieve their own environmental goals).
4. Linking the entire effort to expanding sectors of the economy (e.g., health care and sustainable energy) that are recipients of large-scale public investment.

5. Developing financing and management capacities that can take this effort to scale – that is, to move beyond a few boutique projects to efforts that have significant municipal impact.

Over the next three to five years, the Evergreen Cooperative Initiative aims to catalyze the creation of up to 10 new for-profit, worker-owned cooperatives based in the Greater University Circle area. The goal is for those 10 businesses collectively to employ approximately 500 residents and serve as model green enterprises in northeast Ohio.

The longer-term objective is to produce 5,000 new jobs for Clevelanders over the next 10 to 15 years. The ultimate goal is to stabilize and revitalize Greater University Circle’s neighborhoods.

Progress to Date

The first two businesses launched in October 2009:

- Evergreen Cooperative Laundry is the greenest commercial-scale health-care bed linen laundry in Ohio. When working at full capacity, it will clean 10 to 12 million pounds of linen for health-care institutions a year and employ 50 residents.

- Ohio Cooperative Solar (OCS) is a community-based clean energy and weatherization company that will ultimately employ as many as 75 residents. In addition to home weatherization, OCS installs, owns and maintains large-scale solar panels on the roofs of large buildings housing nonprofit health and education institutions. The institutions purchase the electricity that is generated from OCS. Projections indicate that OCS will more than double the total installed solar power capacity in the entire state of Ohio within three years. The first 110-kilowatt installation was completed in June 2010 on the roof of a Cleveland Clinic building and two more solar generators are being installed at University Hospitals and Case Western Reserve University.

The next two businesses will launch soon:

- Green City Growers will be a year-round, large-scale, hydroponic greenhouse that will produce approximately five million heads of lettuce per year, along with other crops. Sitting on 10 acres in the heart of Cleveland, with five acres under glass, it will be the largest urban food production facility in the United States and is expected to employ about 45 workers. Ground-breaking is scheduled for early 2011.

- Neighborhood Voice will be an innovative, “hyperlocal,” community-based information source serving the Greater University Circle neighborhoods, as well as the anchor institutions. Combining print and online media, it is designed to be the centerpiece of an ongoing community-building and engagement process. The first issue of Neighborhood Voice will be published in October 2010.

A dozen or so additional business ideas are under discussion, and at least two are expected to launch in the first half of 2011.

What follows is a discussion of the strategic principles that underlie the Evergreen Cooperative Initiative.

Convince Anchor Institutions to Spend Locally

Anchor institutions are among the largest employers and purchasers in many large and mid-size municipal areas. These institutions are rooted in place; unlike corporations, they rarely “get up and leave.” As such, they have (at least in theory) a self-interest in helping ensure that their surrounding neighborhoods are stable, vibrant and healthy. A central element of the Evergreen strategy has been to work closely with Cleveland’s largest anchors (in particular, the Cleveland Clinic, University Hospitals and Case Western Reserve University) to modify some of their business decisions – particularly procurement – to produce greater neighborhood and city-wide benefit. Quite a few opportunities for new business development have been identified within the community. The potential here is enormous: the city’s three largest anchors alone purchase more than $3 billion in goods and services annually. To date, little of this “spend” has been targeted locally.

A systematic attempt to shift procurement to local vendors could add jobs and increase the impact these institutions have on urban rebuilding.
Jobs Are not Enough without Ownership and Stability

In low-income neighborhoods such as those of Greater University Circle, there is a crying need for jobs— but jobs alone are not enough. It is essential not only to provide living-wage jobs, but to increase the asset/wealth accumulation of local residents. Cooperatives and employee-owned businesses are proven vehicles for asset-building: over time, workers increase their equity in the firms where they work through distributions of profits into capital accounts. Financial projections for the Evergreen Cooperatives show that typical employees will accumulate an equity stake in their company of approximately $65,000 within eight years— in addition to wages that are above industry standards and no-cost health benefits.

In addition to the wealth-building potential, the cooperative model has another important virtue. Because the workers own the companies and will rarely vote to send their jobs to another city or country, such firms are inherently more anchored than businesses that are externally owned. Thus, the Evergreen strategy builds productive capital within underserved neighborhoods and sees to it that it remains in place over time. This in turn helps stabilize neighborhoods by ensuring that good employment opportunities remain.

For-Profit, not Subsidy-Based

One of the greatest challenges facing low-income urban areas has been the decline since 1980 of federal funding for community economic development. Philanthropy has been unable to fill this gap.

The Evergreen Cooperative Initiative made a conscious decision at the outset to pursue a model of economic development that would not require ongoing subsidy. Philanthropic dollars are used to provide seed funding for each cooperative business, but the businesses are then expected to be able to turn a profit and stand on their own. Importantly, foundation resources are also used to leverage additional sources of financing such as bank loans, New Markets Tax Credits, HUD 108 funds and state renewable energy investments.

For example, $750,000 in grant funds from the Cleveland Foundation leveraged a total of $5.7 million in funding to launch the Evergreen Cooperative Laundry. A $1.4 million investment by the Evergreen Fund leveraged a HUD grant and loan totaling $10 million, a $1 million ARRA grant and an $18 million New Markets Tax Credit allocation to launch Green City Growers.

As for-profit businesses, the Evergreen Cooperatives will also contribute much-needed tax revenues to fund city services.

Link Strategy to Growing Sectors of the Economy

Many American cities have been hard-hit by the decline of the manufacturing sector and the flight of jobs overseas. However, there are new opportunities for growth in expanding sectors such as health care and renewable energy, which are also receiving large public investments. Evergreen focuses in large measure on linking its businesses to these expanding sectors.

Its strategy of tapping into the procurement streams of anchor institutions that are connected to these growing sectors suggests a new possibility: The greater Cleveland metropolitan area has more than 50 hospitals and more than 250 nursing homes and other types of health-care institutions, along with scores of universities and large-scale cultural and other institutions that serve as local anchors. Many of these institutions could align their strategies to achieve significant impact across the entire metropolitan area. University Hospitals, for example, has already initiated a supply chain-attraction strategy that will award contracts to local businesses that relocate into a newly designated “Health Tech Corridor” adjacent to Greater University Circle.

Green Businesses, Green Jobs, Green Ownership

Environmental sustainability is an essential element of the Evergreen strategy. The initiative’s goal is to build a network of cooperative businesses that are the greenest firms within their sectors. Because it links to anchor institutions that are themselves working to shrink their carbon footprints, this green strategy gives Evergreen a competitive advantage with these clients. And as green businesses, the Evergreen Cooperatives have access to federal and state funds related to the green economy.
The Evergreen strategy also offers a new approach to creating green jobs. First, traditional workforce development trains low-income workers for green jobs that all too often do not exist or are not available locally for the people who receive the training. The Evergreen approach is to identify a new green business opportunity, build the business, and then recruit and train local residents to take the jobs.

Second, Evergreen seeks to create not just green jobs, but green ownership that leads to significant wealth accumulation for the people who hold those jobs.

### Achieving Scale
Most community economic development efforts are unable to reach scale, limiting their impact as a result. In Evergreen’s initial target area, for example, a handful of businesses is not enough to meet the needs of 43,000 residents.

The near-term goal of the Evergreen Cooperative Initiative is to prove the viability of its economic development model by building an initial portfolio of 10 cooperative businesses that will generate roughly 500 jobs within three to five years. But “moving to scale” – from 500 to perhaps 5,000 jobs – is central to the Evergreen strategy. Doing so will require access to capital.

To address this critical issue, the initiative has established the Evergreen Cooperative Development Fund, a nonprofit revolving loan fund that provides financing and strategic direction. The fund has two primary functions: (1) providing low-interest, long-term financing to start-up cooperative businesses in the Greater University Circle area; and (2) providing technical assistance and management support to the start-ups to help ensure their success.

The fund was capitalized with initial grants totaling more than $5 million and Evergreen expects to raise another $10-$12 million over the next year. That in turn will leverage up to $75 million in investment funds over the next three years. Each cooperative that receives initial financing from the fund will re-pay the loan over time at 1 percent interest, keeping financing available for other start-ups. Each cooperative also has an obligation to pay 10 percent of its earnings back into the fund. These annual contributions will help strengthen the overall Evergreen system and start new cooperatives that will provide jobs and wealth-building opportunities for more residents in the target neighborhoods. A portion of these funds may also be directed to charitable activities that benefit the larger community.

Thus, each business makes a commitment to its workers (through living-wage jobs, no-cost health benefits and asset accumulation) and to the general community (by helping create new businesses that can provide stability to neighborhoods).

The fund’s development program is supported by the work of its technical assistance arm, Evergreen Business Services, which provides management, administrative, operational and other support to fund-financed companies (including new venture incubation, market research, initial feasibility study, business plan development, and recruitment of interim and permanent management).

### A Network, Not Just Individual Businesses
Each Evergreen cooperative will be part of a larger network that is coordinated and managed by the Evergreen Cooperative Corporation (ECC). This entity is responsible for ensuring that the cooperatives hold to the vision of community stabilization and building wealth in target neighborhoods. ECC will share ownership with the worker-owners of the cooperatives, and representatives from ECC will provide ongoing leadership and expertise by serving on their boards.

Perhaps most important, the network structure will provide safeguards that prevent demutualization, a process by which cooperative businesses can be taken private. Privatizing can benefit a handful of employee owners, but the community as a whole would lose out.
Capture Local Financial Flows
The Evergreen strategy seeks to substitute local goods and services for those currently supplied from other regions. By way of example, residents of northeast Ohio purchase about $7 billion worth of food each year, yet only a few hundred million dollars of that money is spent on food grown in the region. Lettuce comes from California and Arizona; herbs come from as far away as Hawaii and Colombia.

By building local businesses to meet the needs of Cleveland’s anchor institutions, Evergreen seeks to redirect some of that spending so it circulates within city neighborhoods. Studies show that such spending has a multiplier effect – dollars spent locally can be doubled or tripled. That could help expand business and jobs beyond the Evergreen network to other local companies and entrepreneurs.

Broad Partnership Based on a Shared Vision
Evergreen enlists the active partnership of many of Cleveland’s main institutions – local philanthropic organizations, major anchor institutions, key players in the banking and business communities, city hall and others. To succeed, this partnership must be built around a shared vision of possibility. The CEOs and senior leaders of many of the partner institutions convene quarterly to assess progress and explore new initiatives. They receive a steady stream of briefings and updates.

Evergreen draws heavily on the experience of the Mondragon Cooperative Corporation in the Basque region of Spain. Mondragon is one of the world’s most successful large-scale cooperative models, employing 100,000 workers in a network of more than 120 cooperatively owned industrial, service and financial businesses. To help develop a shared vision among Cleveland partners, Evergreen has organized study visits so local civic leaders can learn first-hand how the Mondragon model works.

The Evergreen Cooperative Corporation will be the vehicle for institutionalizing this partnership. ECC will be governed by a board of directors drawn from anchor institution partners, local philanthropy and the Evergreen cooperatives. The same structure will be replicated in the individual cooperatives as well.

This represents an advance over more traditional worker, producer or consumer cooperatives. Evergreen uses a multi-stakeholder structure that links multi-billion dollar anchor institutions and residents of some of the city’s most disadvantaged neighborhoods to improve business and job opportunities in the community they share.

Plan for Success
The Evergreen Cooperative Initiative takes the long view in planning for success. While its initial target neighborhoods are among the most underserved and distressed in Cleveland, Evergreen envisions a day when its investments will transform Greater University Circle into one of the most desirable places in the city.

Successful development will inevitably result in rising land values, which often leads to gentrification that forces long-time residents to relocate because of higher rents, property taxes, etc. To ensure income diversity among residents and rational land utilization for cooperative economic development in the future, Evergreen is working to create a community land trust that will be directly linked to the initiative.

The land trust will not be a stand-alone entity; it will be fully integrated into the overarching Evergreen structure. Its mission will be to foster stability and revitalization for the community as a whole, not just for participants in the land trust itself. While the Evergreen land trust will eventually work to ensure permanent housing affordability, its main focus for the foreseeable future will be on economic development and job creation activities.
Conclusion

Something important is happening in Cleveland. A community-owned enterprise targeted at sectors that receive substantial public financing has begun to develop powerful momentum. This suggests the emergence of new principles, both for local development and for longer-range structural changes in the American economy. If the Evergreen Cooperative Initiative is successful, funders, business leaders and policy-makers will be looking to Cleveland for innovative ideas that can be translated into national economic strategy.

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Additional Resources about the Evergreen Cooperative Initiative

The Economist: “The Hopeful Laundry: Micro-projects aim to restore a shattered area”

Business Week: “Buying Local on a Large Scale”
http://www.businessweek.com/smallbiz/content/feb2010/sb20100212_832582.htm

The Nation: “The Cleveland Model”
http://www.thenation.com/doc/20100301/alperowitz_et_al

Time: “In Cleveland, Worker Co-ops Look to a Spanish Model”
http://www.time.com/time/business/article/0,8599,1947313,00.html

Apollo Alliance:

Evergreen Cooperative video:
http://www.youtube.com/watch?v=Gt_ZHUDhKJs

Ohio Cooperative Solar video:
http://www.youtube.com/watch?v=BgCIGjBYns

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Drowning in a Rising Tide

By Neeraj Mehta, Nexus Community Partners, with contributions from Jeff Washburne, City of Lakes Community Land Trust; Michelle Martin, Northside Achievement Zone; and Janet Ludden, Employer Solutions, Inc.

Introduction

In spring 2009, President Obama fielded a question about rising black unemployment by saying, “A rising tide lifts all boats,” meaning that, as he addresses unemployment overall, unemployment among African Americans will also be addressed.

But does this metaphor hold up? Does a rising tide really lift all boats? Our answer is “no.” Strategies intended to improve conditions for everyone too often leave certain groups or entire communities behind or pushed to the margins, unable to access new opportunities, resources and benefits.

In June 2010, the Economic Policy Institute published a report titled “Uneven Pain,” which highlights current racial disparities in unemployment. The report states, “While every metropolitan area has experienced some negative economic consequences from the Great Recession, not all areas have suffered equally.”

In Minneapolis, for example, the report showed that African Americans are 3.1 times as likely as whites to be without jobs, regardless of income and education.

That statistic reinforces what those of us working and living in the Twin Cities region have known for decades. While the region benefits from a number of social and economic assets, we continue to be unable to translate these benefits to everyone, specifically our communities of color. In a region where household income is often ranked among the highest in the nation, black household income is often among the lowest. In a region with the highest share of adults with a high school diploma, our racial disparities in education continue to lead the nation.

Despite our successes, we continue to struggle with significant social and economic disparities that threaten the well-being of the Twin Cities region as a whole.

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2 See www.mncompass.org for more information and regional statistics on aging, housing, education, workforce, immigration, public safety, transportation and other indicators of regional health.
3 See “Mind the Gap,” a report published by the Brookings Institution, in partnership with the Itasca Project, a collaboration of more than 40 area CEO’s, mayors and university and philanthropic leaders. For a transcript of lead author Bruce Katz’s address about the report’s findings, see http://www.minnesotameeting.com/wp-content/uploads/Katzspeech.pdf.
If we are honest, these disparities should not surprise us. As a country, we continue to struggle with racial disparities in education, employment, homeownership and elsewhere. And at a time when the Great Recession has had a negative impact on the entire nation, communities of color have been hurt even more.4

When our nation catches a cold, our communities of color get pneumonia
The United States has a history of implementing universal programs with the expectation that everyone will benefit. But our previous attempts, with their one-size-fits-all approach, have proven unsuccessful at addressing the needs of marginalized racial and ethnic groups.5 In fact, as we learned from some New Deal initiatives during the Great Depression, universal policies, if not well designed, can intensify rather than reduce racial disparities.6

The reality is that race and culture matter. If our goal is to close the gap on racial disparities around issues such as education, homeownership and employment, then we must take the time to better understand the ways in which many low-income communities of color are situated differently than other American communities. What works for some will not work for all. We should also acknowledge the stratification that exists within communities, understanding that some individuals are able to access and benefit from current policies and programs while others are left behind.7

We must work harder to create strategies that specifically address the disparities that affect African Americans, Latinos, Native Americans and other communities of color.

While some people within our communities are able to capitalize on existing community development opportunities, there are many more who do not benefit from mainstream community development efforts. To reach the most isolated, vulnerable and economically disadvantaged people, we must put highly targeted strategies in place. Such targeted approaches reach deeper into communities, taking into account unique factors – including culture, language, family and personal background – that can help more people take advantage of existing opportunities and resources.

This paper will highlight the work of three organizations in the Twin Cities that are implementing targeted strategies in communities of color around homeownership, education and employment. Each organization is integrating community engagement and asset-building strategies to reach deeper into the communities they serve. Their work is ensuring that people of color benefit directly from the positive gains occurring in their neighborhoods.

The City of Lakes Community Land Trust is using innovative engagement strategies and a homeowner-centric approach, taking its resources deeper into communities, empowering resident leadership and supporting homeowners well beyond the closing table.

The Northside Achievement Zone is shifting the culture of achievement in North Minneapolis and making sure all kids living in the zone8 are ready for college by actively engaging families as the primary driver for change.

Employer Solutions, Inc., is developing customized job-training programs and other workforce development initiatives in partnership with cultural communities, community-based organizations and businesses, helping communities of color find and keep jobs and demonstrate their value in the marketplace.

Together, their work demonstrates how targeted approaches are creating more equitable outcomes around education, homeownership and employment by bringing specific benefit to communities of color in the Twin Cities. Each of the three organizations has benefited from working with Nexus Community Partners 9, a community-building intermediary in the Minneapolis-St. Paul region that is also described below.

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5 See “Post Racialism or Targeted Universalism” by John Powell for an in-depth discussion of how universalism fails in the goal of creating benefit for all.
6 See Ira Katznelson, When Affirmative Action Was White (2005). Katznelson contends that the universal programs of the 1930s and ’40s not only discriminated against blacks but actually contributed to widening the gap between white and black Americans — judged in terms of educational achievement, quality of jobs and housing, and attainment of higher income.
7 As examples, this often includes people with lower levels of social capital, self-efficacy and education; people who were formerly incarcerated; new immigrants/refugees; and the most isolated and economically fragile individuals in our communities.
8 The zone is a contiguous 13-by-18-block area on Minneapolis’ north side with approximately 5,500 households and 7,500 children.
9 http://www.nexuscp.org
The City of Lakes Community Land Trust

One model that has proven successful in creating new pathways to homeownership in marginalized communities is the community land trust. This model helps to anchor families and stabilize communities while keeping asset-building opportunities within reach of low- to moderate-income residents. A recently released report by the National Community Land Trust Network illustrates some of the ways that land trust homeowners are weathering the current upheaval in the housing market better than others.

In Minneapolis, the City of Lakes Community Land Trust (CLCLT) is taking an integrated, comprehensive approach to providing and fostering stewardship of perpetually affordable homeownership opportunities for low- and moderate-income households.

With funding from Nexus Community Partners, CLCLT conducted a three-month planning process that enabled it to research national best practices, engage homeowners in the planning process and connect with local practitioners. CLCLT emerged from the process with a focused and in-depth community engagement strategy. Afterwards, Nexus funding supported CLCLT’s first year of implementation and seeded its Opportunity Fund.

Since the fall of 2004, CLCLT has assisted more than 100 low- and moderate-income households into homeownership, almost 50 percent of which represent communities of color. By comparison, according to the 2000 Census, communities of color accounted for 35 percent of the population in the city of Minneapolis, but only 15 percent of the homeowners.

CLCLT’s commitment to helping individuals and families on the path to homeownership is matched by its commitment to helping them succeed after they leave the closing table. To CLCLT, owning a home is not just a source of wealth but a source of stability that leads to increased civic engagement, neighborhood leadership and a foundation for achieving other life goals. In addition to helping lower-income communities of color access homeownership, CLCLT is using the land trust model to build social capital, develop social networks and expand civic engagement in many neighborhoods in Minneapolis.

CLCLT uses the term “homeowner-centric” to describe its thoughtful and strategic approach to homeownership. The organization recognizes that its success is dependent upon the success of the individuals and families it assists in purchasing a home.

According to Jeff Washburne, CLCLT executive director, “For CLCLT, viewing every aspect of our work through a homeowner-centric lens acknowledges that successful homeownership goes beyond the homebuyer closing and the physical structure they purchased. While housing production and preservation are essential components to community development, CLCLT believes that a people-focused approach to housing will best strengthen neighborhood recovery efforts and advance social, economic and racial equalities in Minneapolis.”

Building on its commitment to neighborhoods and homeowners, CLCLT has begun to implement community engagement strategies designed to:

- Develop deeper and stronger connections within communities of color.
- Surface more new homebuyers from within communities of color.
- Equip and empower a more diverse group of community leaders.

The long-term result of this innovative approach is a comprehensive homeownership continuum for residents in Minneapolis. CLCLT’s Ambassador program ensures that opportunities for homeownership reach deeper into communities. Its Mentorship

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10 Typically a land trust makes affordability investments (ranging from $30,000 to $100,000 depending on household income), assisting low-income buyers to move into homeownership. In consideration for this investment, homeowners agree to return the investment and share a percentage of any increase in property value if and when they decide to sell. The resulting agreement has the effect of creating and perpetuating housing affordability now and into the future. Land trusts are one of the shared equity housing models that are becoming more common throughout the country.

11 Findings include:
1. Mortgage Banker Association (MBA) numbers show that prime loans were 4.3 times more likely to be seriously delinquent than CLT mortgages.
2. MBA loans were 5.9 times more likely to be in the process of foreclosure than CLT mortgages in 2009.
3. CLTs cured or helped 51 percent of mortgages that were delinquent – compared to a national average of 6.6 percent in 2009. See the full report at http://www.cltnetwork.org/index.php?fuseaction=Main.News.

12 www.clclt.org
program supports the long-term success of new homebuyers. Its Opportunity Fund, which builds upon the stability provided by homeownership, seeds entrepreneurial, educational and leadership development opportunities for homeowners.

The City of Lakes Community Land Trust’s unique approach is adding a new dimension to the traditional land trust model by building social and human capital along with physical assets.

As the nation looks to recover from the most recent housing crisis and economic downturn, we continue to use the same housing-centered approaches that have been applied in previous market downturns. Yet focusing on housing alone has not changed or bettered our communities in the past.

CLCLT, on the other hand, believes that a more people-centered approach to addressing housing issues will better advance social, economic and racial equity. Such an approach must become a greater part of the comprehensive solution if Minneapolis neighborhoods are going to be strong in both good and bad economic times.

The Northside Achievement Zone

Minnesota has one of the largest achievement gaps in the nation between African-American and white children, and the disparities are particularly severe in North Minneapolis. On measures such as youth violence, incarceration rates, education level and wealth attainment, North Minneapolis leads the nation in disparities along geographic, racial and class lines.

The current philanthropic efforts in Minnesota, which are vast, are not effectively addressing the “cradle to prison” pipeline\(^\text{13}\) that has taken hold in North Minneapolis. Among the stark realities:

- Children in the Jordan neighborhood of North Minneapolis fare among the worst on the Minneapolis Public Schools’ Basic Skills Test, with only 13 percent of eighth graders passing the test in 2006 (University Northside Partnership Asset Mapping Report).
- Homicide is the leading cause of death for Minneapolis residents aged 15-24 (City of Minneapolis Youth Violence Prevention Blueprint Report, January 2008).
- One-third of the city’s homicides and incidents of violent crime take place within six square miles in North Minneapolis (www.ci.minneapolis.mn.us/police/crime-statistics, 2008).
- Thirty-six percent of children on the north side of Minneapolis live in poverty, compared to 11 percent within Hennepin County and 25 percent in the city as a whole (U.S. Census 2000 data for Northside census tracks).

The Northside Achievement Zone (NAZ)\(^\text{14}\) is working to redirect the “cradle to prison” pipeline into a “cradle to college” pipeline by taking a collaborative approach to providing opportunities for children from birth to 18 and their families within a defined geographic zone of North Minneapolis. In partnership with families, NAZ works to assure that kids in the zone are college-ready.

In late 2007, inspired by the success of the Harlem Children’s Zone in New York City, a number of community organizations undertook a collaborative effort designed to guarantee opportunities, support and education for all children growing up in a zone on the Northside where crime, violence and poverty were most severe. NAZ aims to translate and apply the key components and the promise of the Harlem Children’s Zone, including rigorous evaluation and accountability measures, to Minneapolis.

NAZ’s primary goal is to ensure that all of the children residing within the designated area are fully prepared to succeed in college. To achieve such an ambitious goal, the collaborative has defined three areas of strategic focus: coordinating with area service providers, improving academic achievement in the zone and engaging families in their children’s success.

NAZ leaders understand that significant, sustainable change will only happen if this work is done in partnership with youth and families in the zone, thereby building community engagement.


\(^{14}\) http://www.northsideachievement.org
Four key strategies will be used to ensure that NAZ resources and opportunities connect with families deep in the zone:

1. **Empowered Neighbor-Leaders**: NAZ will recruit and train neighbors to connect with other families, creating a geographically targeted network of leaders on the ground.

2. **Door-to-Door Engagement and Messaging**: The initiative will bring opportunities, support and achievement messages directly to families through a trained outreach team of paid neighbor-leaders.

3. **Organizational and School Partner Networking**: Using a decentralized outreach approach, NAZ will recruit families door-to-door and train staff within partner schools and organizations to refer families that live within the zone.

4. **GIS Mapping**: NAZ will use GIS technology to map participation in the initiative.

These strategies, designed to reach one family at a time, will help build a critical mass of individuals working towards increased achievement in the zone.

From the outset, NAZ has received support and guidance from Nexus Community Partners. Nexus provided firsthand information about the Harlem Children’s Zone model and participated on the steering committee that worked on replicating that model in Minneapolis. Nexus also provided early funding and ongoing support to develop the NAZ partnership framework and build the community engagement infrastructure.

Through a two-year collaborative visioning and structuring process, NAZ has attracted highly qualified leaders and created a set of cross-sector, goal-oriented partnerships. NAZ is now fully operational and receiving recognition nationally as an innovative model that is further ahead than initiatives with similar goals in other parts of the country.

Like homeownership support or workforce development, education is an important asset- and wealth-building tool for communities of color and immigrant communities. By bridging community engagement strategies with asset-building strategies centered on education, NAZ is building a culture of achievement in the zone and working to assure that all youth graduate from high school college-ready.

The Northside Achievement Zone represents a coordinated, comprehensive and long-term approach to addressing the challenges and opportunities in North Minneapolis. Its strategies will transform the way organizations work together and the way schools educate children. They will help build an engaged and powerful base of neighbor-leaders who participate in the initiative and benefit from its activities.

### Employer Solutions, Inc. (ESI)

On the East Side of St. Paul, a growing number of people are not equipped to benefit from even the most basic job training. Many residents do not speak English, and a significant percentage never had a job of any kind. Those with some work history and limited skills find it difficult to find a job for which they are qualified. Plant closures have eliminated many jobs whose skill levels match the local workforce.

Economic development efforts should be aimed at creating jobs that pay a living wage, but when the requirements for entry-level jobs are far beyond the skill level of area job seekers, “entry-level” takes on a whole new meaning.

As a result, an increasing number of St. Paul residents lack the skills necessary to obtain living-wage jobs. These residents need training and a preliminary job that will prepare them to advance into today’s more highly skilled entry-level positions. They need a first step toward successful long-term employment, and then advancement services and additional training to make their next step toward obtaining a job that will enable them to provide for their families, achieve economic stability and begin to create wealth.
In response, Employer Solutions, Inc. (ESI) put together a workforce development project based on the “first step” and “next step” needs of residents on the East Side of St. Paul.

ESI is owned by the St. Paul Port Authority and the Midway and St. Paul Area Chambers of Commerce, and serves as their workforce development arm. ESI works within traditionally excluded communities to connect them with the potential benefits of job creation and redevelopment investments made in their neighborhoods. ESI seeks to assist individuals to obtain jobs, build assets, advance to self-sufficiency and break the cycle of poverty. Its efforts contribute to area revitalization, promote local decision-making, involve multi-sector partners and engage diverse constituencies in marginalized St. Paul neighborhoods.

The initiative began with a committed employer partner, Regions Hospital, and key philanthropic support. Together, Regions and ESI identified specific jobs and skill requirements, as well as the kind of employees the hospital would hire. Working with the employer partner to design the training ensured that students graduating from the program had the skills they needed to qualify for employment at the hospital. Regions agreed that the customized curriculum would make graduates better qualified than any other applicants.

Additionally, ESI began looking for ways to enhance its impact by rooted the work more deeply at the community level. It began conversations with Nexus Community Partners about ways to build upon its previous success and increase its impact through greater community involvement.

With Nexus’ support and funding, ESI developed a more integrated approach to its work by implementing a Comprehensive Community-Based Workforce Development Model. Throughout the initiative, ESI used an engagement strategy to directly connect its resources with community-based organizations and residents.

A Cultural Advisory Committee was formed to help reach and connect with low-income communities, immigrants, refugees and people of color. At community meetings, participants were invited to shape and inform the initiative. Based on suggestions from the committee, ESI added specific components to the initiative. One suggestion led ESI to forge more direct connections with providers of workforce services to refer and support applicants through training and job acquisition, and provide one year of support services to help graduates retain jobs.

“This more comprehensive approach represents a new way of doing business for ESI. Bringing business, economic, resident and community development perspectives together to inform workforce development and training, we believe, significantly increases our effectiveness and produces better results for employers and the community,” said Janet Ludden, CEO of Employer Solutions, Inc.

ESI’s Comprehensive Community-Based Workforce Development Model has created a triple bottom line in St. Paul:

- Community members are able to define local employment and training challenges and create and implement solutions that they believe to be most appropriate, while benefiting directly from these training and employment opportunities.
- Community agencies are able to develop stronger partnerships, leverage resources and enhance participant outcomes through ESI’s technical assistance and direct connections to its business partners.
- Employers, the city of St. Paul and the entire region are benefiting from a more diverse workforce of skilled employees with strong social supports and networks, which contributes to the economic vitality of the region.

15 http://www.sppa.com/employment-services/

16 McKnight Foundation and St. Paul Foundation provided early support of the initiative, with funding from Nexus Community Partners supporting the community engagement activities.
Conclusion

Today there is a great opportunity for us in the United States to heal not only the wounds of the most recent economic crisis, but those caused by decades of racial disparities and injustice. To do this effectively we must take the time to understand how the situation of many low-income communities of color differs from other American communities. Then we must put approaches in place that are targeted specifically to these often-excluded communities.

Funders such as Nexus Community Partners will play an important part in making this happen. By functioning as both a grantmaker and a partner, Nexus supports inclusive, place-based initiatives that work to build assets and revitalize communities where generations of poverty and disillusionment have broken down the social infrastructure.

As positive change continues to come to our central-city neighborhoods and healthy, stable neighborhoods become the norm, we should ensure that opportunities are created for diverse groups of people to live, work, worship and play there.

We can either work towards building a more equitable future, or repeat the mistakes of our past. Success will take more than just good policies and programs – it will take collective willingness, determination and commitment to the type of change that benefits all in our society, not just some.

This is not just about equality. This is about equity.

For close to 10 years, Neeraj Mehta has been working with others to build on the strengths of north Minneapolis — first as a Program Manager with Project for Pride in Living, then as Program and Strategic Development Director with the Sanctuary Community Development Corporation. Currently, he works as a Program Officer with Nexus Community Partners.
Creating Opportunities for People and Place through Neighborhood Transit

By Diana M. Williams, Program Consultant, The Funders’ Network for Smart Growth and Livable Communities

Introduction

When most people think about household expenditures, daily transportation doesn’t always spring to mind. In fact, however, transportation has become the second most expensive item in the average American’s budget, next to housing. At the same time, more people are riding buses and trains today than in the last 50 years, spurred partly by gas prices and gridlock. Perhaps it should come as no surprise, then, that record numbers of cities are planning and building new transit capacity.

The rebirth of public transit holds tremendous promise for equitable place-making throughout the country. No one stands to benefit more than low-income residents, who should gain better access to jobs, health care and stores while spending less time and money on transportation.

But that depends on whether new transit and nearby development are planned right – with housing policies that ensure residents aren’t priced out, with economic development and loan programs that ensure low-margin businesses don’t shut down during construction, and with zoning and land use incentives that encourage dense development near transit lines so ridership remains high and fares affordable. Planned wrong, without attention to such policies, new transit may simply waste taxpayer money and uproot vulnerable communities.

“Building transit without paying attention to things like equity, local economic development and land use is like building a million-dollar community garden and watching it dry up because you forgot to install a hose. It’s a squandered investment,” says Geoff Anderson, President and CEO of Smart Growth America, a nationwide coalition that supports citizen-driven planning that coordinates development, transportation, community revitalization and preservation of open space and the environment.

This paper outlines the experiences of three places – Baltimore, the nine-county San Francisco Bay Area, and the Twin Cities of St. Paul and Minneapolis – where funders have joined forces to attract and guide transit investments in equitable ways. In this context, “equitable” means developing policies and practices that minimize the negative impacts of transit development (for ex-

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1 Nationally, transportation is the second-largest household expenditure after housing, ranging from less than 10 percent of the average household’s expenditures in transit-rich areas to nearly 25 percent in many other areas. Based on calculations using the 2003 Consumer Expenditure Survey, it is estimated that the average U.S. household spends 19 percent of its budget on transportation, according to “The Affordability Index: A New Tool for Measuring the True Affordability of Housing Choice,” a 2006 paper by the Center for Transit-Oriented Development and the Center for Neighborhood Technology that was published by the Brookings Institution.

2 For the fourth year in a row, Americans took more than 10 billion trips on public transportation in 2009, despite high unemployment, a severe economic recession and lower gas prices, according to a May 2010 report from the American Public Transportation Association (APTA). For more details, see http://www.apta.com/mediacenter/pressreleases/2010/Pages/100308_Ridership_Report.aspx.
ample, disruption during construction and loss of land for other uses) and maximize the positive aspects (such as job creation and physical improvements to streets and neighborhoods), with particular attention paid to communities of color and those where incomes are low.

Some common themes run through the following stories:

- Each funder group views transit as an economic lifeline that links individuals to opportunities elsewhere in the region, and vice versa.
- Each funder group uses the public money that transit brings, and the planning and policy-making it spurs, to engage colleagues with divergent interests such as affordable housing, workforce development, environmental justice, public health and community development.
- Each funder group, through its staff, is extremely hands-on and plays multiple roles, including mediator, context-setter, gap-filler and, of course, investor.

Some funders have found their roles relatively easier or harder, depending on circumstances. All share the belief that without joining together with others in their region, they could not have made the most of the huge public investment represented by these new transit lines.

The Great Communities Collaborative: San Francisco Bay Area

In the late 1990s in the San Francisco Bay Area, a much-heralded transit line opened, connecting the San Francisco Airport with the rest of the Bay Area Rapid Transit (BART) system. It was controversial from the start.

Communities along the new line south of San Francisco convinced BART to build the line underground, making it more esthetically pleasing but also more expensive. In a move they would regret, BART officials failed to ask those communities to zone for any particular kind of land use near the new stations to ensure steady ridership. The biggest affront came when a Costco opened next to one of the new stations, complete with a giant parking lot. It left many wondering who might ride a train to buy a washing machine, and whether another use might have been more suitable.

The new line opened with lower-than-expected ridership. As a result, the regional transportation agency that provided the funding vowed to require certain kinds of zoning the next time around.

Around the same time, the regional transportation agency, the Metropolitan Transportation Commission (MTC), fundamentally changed the way it did business. For years, MTC had used the planning formula preferred by most metropolitan planning organizations (MPOs) across the country: Look at the past, assume it will be the same as the future, enter projections. In the Bay Area, that meant more sprawl. And for MTC, that meant building transit and roads that essentially accommodated sprawl. The big shift came after several years of prodding by advocacy groups. At last, MTC asked, “What do we want our region to look like?” The agency began to use alternative land-use scenarios instead of projections based on the past, becoming the first MPO in the nation to do so.
When MTC began planning one of the biggest transit expansions in the country at a cost of $12 billion, advocates and funders saw a golden opportunity. MTC’s scenario planning together with lessons learned from connecting BART to the airport created a good environment for engaging community members in planning the development around new transit lines. The seeds of the Great Communities Collaborative (GCC) were planted.

Now entering its fifth year, the GCC comprises five advocacy organizations and three community foundations. All members have equal footing in the strategic and operational direction of the collaborative, making joint programmatic and funding decisions while participating in local and national fundraising.

“Our goal is for all people in the Bay Area to live in complete communities, affordable across all incomes, with nearby access to quality transit, by 2030,” says Jeff Hobson, Deputy Director of the advocacy group TransForm. The focus is on influencing plans for 25 station areas throughout the region so the new transit lines and stations maximize benefit to local residents through job creation and place-making.

The work varies by place. Near Oakland’s Chinatown, for example, GCC has made grants to local Asian organizers who are helping shape what the new station there will look like. In the North Bay city of Santa Rosa, GCC has tapped open space advocates to lead on transit planning issues and advocate for inclusionary housing policies that will bring more affordable housing to transit areas, thus saving open space from development and ensuring built-in ridership for the new line. In the nearby city of San Leandro, just south of Oakland, GCC is working closely with congregational leaders on policies that encourage jobs, and the city has passed local hiring ordinances for new construction as a result.

“We want to grow local leadership,” says Heather Hood, Initiative Officer of the GCC. “We want the grassroot locals to be speaking as much as we want our grasstop nonprofit leaders to be speaking.”

The efforts are not without challenges. In local hiring, for example, it has been difficult to define what constitutes a “local” person. Is it someone who lives in the station area? Within the city? The region? And what’s to say a contractor could not hire someone just for an afternoon to paint a door and then count that person towards his or her quota of local hires? “Local hiring faces struggles around the county and we are learning how to make it meaningful as we go,” says Hood.

Other GCC efforts have nurtured local business improvement districts to empower merchants to make the most of the coming transit line. One of the GCC’s newest efforts involves creating a revolving loan fund that can be used to buy property for affordable housing near future transit lines and “bank” the property to avoid land speculation. The first $10 million in the so-called Transit-Oriented Development (TOD) Fund came from MTC – showing the degree to which the transportation agency is coordinating with advocates and funders.

Today, GCC has 13 funders, including national philanthropies, and a $2 million annual budget, up from its launch budget of $800,000.

The Central Corridor Funders Collaborative: Twin Cities

Nearly two decades ago, ambitious plans to build an 11-mile light rail line that connected Minneapolis to St. Paul were developed – and then shelved for lack of political will and funds. In the mid-2000s, the plans were revived with a roaring start. This was good news. It was also challenging news.

The good news was that the so-called Central Corridor Light Rail represented a long-awaited chance for St. Paul to connect to the surrounding region via public transportation. The line promised
to connect nearby residents to regional jobs and services and spur growth along University Avenue, a major and somewhat struggling corridor that crosses the capital city.

The challenging news was that quite a few residents, along with some vocal politicians, did not necessarily want the new light rail system. Having lived through a 1960s freeway that destroyed Rondo, one of the area’s oldest African-American neighborhoods, many people wanted nothing to do with another transportation project proposed by the government.

Meanwhile, the area’s small-business owners feared construction for reasons of their own. They knew that on-street parking – crucial for their customer base – would be taken away by a new street configuration that accommodated tracks, stations and amenities intended to make walking and biking safer and more pleasant.

Geography and governance further complicated matters. Because the Central Corridor line traverses two cities and two counties, each with its own planning staff and processes, and is overseen by a regional transportation agency, coordination is a challenge.

This was the environment in which the Central Corridor Funders Collaborative was created in 2008. Many of the Collaborative’s 12 funders had worked in these communities for years and saw the transit project as an opportunity to create positive change.

“They came together because they already worked in many of the low-income neighborhoods along the line, and they saw the incredible potential for access to jobs,” says Jonathan B. Sage-Martinson, Director of the Central Corridor Funders Collaborative. “They knew that if not done right, or well, the light rail line could damage these neighborhoods.”

Much of the Collaborative’s work has focused on filling gaps, providing information to enable informed decision-making, and seeking consensus – lest disagreements derail the project.

The single most triumphant gap-filling came last year when, after a long and bitter fight, three stations in heavily low-income neighborhoods were added to the line. The story began when transit advocates attending a national conference approached Federal Transit Administration head Peter Rogoff and described the need for the three stations and the barriers created by the FTA’s own rules. Rogoff became a champion and helped circumvent the arcane federal funding formula that stood in the way of the stations. Yet even after the rule was reversed and nearly $15 million found to build the stations, a funding gap remained. Within days, the Collaborative delivered the half-million dollars needed to ensure the stations would go up.

“Our funders come from different backgrounds and have their own program priorities, but they share the goal of wanting to see ideas that benefit low-income people implemented, and plans created by low-income communities actually built,” says Sage-Martinson. “That is the focus they all agree upon.”

The Collaborative’s guiding principles emphasize participation, fairness, comprehensive solutions, sustainability and healthy living.

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How They Work
The Central Corridor Funders Collaborative: St. Paul and Minneapolis

Year founded: 2008

Members: 12 foundations.

How they operate: All 12 foundations support the administrative costs of the collaborative. In addition, eight of the foundations pool grant money into a so-called “catalyst fund,” which is used to make CCFC grants. Some foundations “align” their own grantmaking, meaning they take CCFC goals and projects into account when giving their own grants.

Budget: CCFC has an annual operating budget of $200,000, funded by membership fees paid by all 12 members. The grantmaking budget for the first three years (2008-2011) is $5.3 million.

Grant application process: “We do it in a variety of ways,” says CCFC Director Jonathan Sage-Martinson. “We go out looking to find ideas, we propose ideas, and sometimes people bring ideas to us. One thing we don’t do is ask for unsolicited proposals on a deadline.”

Decision-making: Funders meet on a regular basis to review and approve proposed grants. Foundations that contribute to the pooled fund decide jointly on grants.

Where the funds live: The money is housed at the Saint Paul Foundation, a Collaborative member.

Staff: One staff member, Jonathan Sage-Martinson.

More information: Go to www.funderscollaborative.org.
How They Work

The Baltimore Neighborhood Collaborative

Year founded: 1996

Members: The BNC comprises 23 organizations, including foundations, financial institutions and a government agency.

How they operate: The BNC has two major pools of funds, one of which is for “transit-centered community development.”

Budget: For 2010, the budget was nearly $700,000, with about $500,000 for grants and the remainder for education, training, research, evaluation and capacity-building assistance. BNC’s starting budget in 1996 was about $150,000.

Grant application process: Grant applications are invited, rather than the BNC issuing a request for proposals.

Decision-making: The BNC has a grants review committee that forwards recommendations to the full group, which meets quarterly to decide on grants by consensus. “Everyone is invited to participate in grant process,” says BNC Director Ann Sherrill. “When we were a younger organization, everyone did participate. I would say some people are happy to delegate the authority to others.”

Where the funds live: Association of Baltimore Area Grantmakers.

Staff: The BNC has two full-time staff, led by Ann Sherrill, plus a half-time staffer.

More information: Go to www.bncbaltimore.org.

With support from local and national foundations, the Collaborative has thus far given $3 million in grants and technical assistance funds and envisions granting roughly $12 million more through 2016, two years after the new line is scheduled to be up and running. Grants fall within, or straddle, four priority areas: contributing to affordable housing, strengthening the local economy, creating vibrant places around stations and ensuring effective collaboration.

Early investments included money to study creating a Central Corridor Acquisition Fund, like the one recently created in the San Francisco Bay Area. The idea is to help purchase key properties along the line before land values rise and, if the market is not yet right, hold them aside until development conditions are primed for mixed-income housing. Another grant helped affordable housing organizations create a joint strategy for identifying policies, programs and investments that preserve existing affordable housing and ensure that new development includes affordable housing.

Strengthening businesses has also been a priority. One of the larger grants went to create the University Avenue Business Preparation Collaborative, known as the U7, to help the corridor’s many small businesses prepare for the changing Central Corridor marketplace through training, technical assistance and financing. To the cities of St. Paul and Minneapolis, the Collaborative recently granted $500,000 as a matching investment to create a Small Business Loan Fund to provide financial assistance to businesses during construction of the light rail line. To help create jobs, the Collaborative supported the regional transportation agency, known as the Metropolitan Council, to launch the Light Rail Transit Works Project; its goal is to help facilitate participation by women and people of color in the construction of the light rail line.

Additional light rail lines are planned for the Twin Cities’ system. The planning approach used for the Central Corridor will be adopted as a model to promote equitable development as future transit lines evolve.

The Red Line: Baltimore

The Baltimore Neighborhood Collaborative (BNC) differs from the funder groups discussed above in that it existed before any concrete plan had been made for new transit in the area. Created in 1996 with eight funders, the BNC came together because individual funders sensed they could be more strategic about community development by working collectively. At first, they focused on “in-the-middle neighborhoods – we didn’t know what to call them in those days,” says Ann Sherrill, Director of the BNC. “These were the places in transition, with signs of population loss and vulnerability, but you could also see assets to build on.”

An early grant supported community planning and asset mapping in West Baltimore. An existing commuter rail stop was identified as a key leverage point for helping the largely low-income neighborhood, where many people did not own cars and depended on transit. At the same time, a new regional rail plan included a proposed light rail project called the Red Line, which would connect West Baltimore to eastern parts of the city and to jobs and other regional opportunities.

5 The BNC has since grown to include the following local and national foundations, banks, corporate giving programs and state and local governments: the Abell Foundation, Baltimore Community Foundation, Baltimore Housing, Bank of America, BB&T Bank, Black & Decker, Jacob & Hilda Blaustein Foundation, the Annie E. Casey Foundation, Citi, Enterprise Community Partners, Fannie Mae, the Ford Foundation, Goldseker Foundation, Zanvyl and Isabelle Krieger Fund, M & T Bank, Maryland Department of Housing and Community Development, Joseph and Harvey Meyerhoff Family Charitable Fund, NeighborWorks America, Open Society Institute, PNC Bank, T. Rowe Price Foundation, SunTrust Bank, Surdna Foundation and Wachovia Wells Fargo Foundation. For more information, see www.bncbaltimore.org.
But as happened in the Twin Cities, the 14-mile Red Line was feared by many. Neighbors remembered the infamous "Highway to Nowhere," which ripped through a largely African-American neighborhood in Baltimore and displaced 1,300 residents, leaving physical and psychological scars.

"While the community understood the benefits of the transit line in the abstract, they had zero trust in city agencies or the state to deliver a project that was not impactful on their community," says Jamie Kendrick, Deputy Director of the Baltimore City Department of Transportation.

The next years of the funder partnership focused on grants and technical assistance to strengthen the community’s capacity to organize and determine what it wanted from a light rail line. For example, BNC funded an analysis of how proposed Red Line alignments meshed, or clashed, with existing community plans in West Baltimore. Perhaps the most pivotal activity was a "Transit Around the Nation" tour. Teams of residents, housing advocates, planners, business leaders, city council members and others traveled to cities where light rail was under way. When the trips were over, the teams compared notes on policies and practices that worked – and didn’t work – in other places.

“That is where the kernel of the Community Compact was born,” says Sherrill, referring to the Red Line Community Compact, which has become a national model for how to bring community members together to articulate what they want from a public investment.

After the national tour, the mayor hosted a summit that brought together experts in transit and development from Atlanta, Portland, Seattle, St. Louis and Los Angeles. The event reflected one of the Red Line’s biggest assets – government itself. The city’s own department of transportation worked to ensure diverse stakeholders were part of the Community Compact and, in a move that demonstrated the project’s high priority, hired someone to become the Red Line Coordinator.

“The theme of the summit was, ‘Define the success of the project before it defines us,” says Kendrick. “We knew that before we determined alignments, we had to determine what the community thought success meant. It was not about number of riders or particulate matter removed from the air; it was about benefit to the community.”

The Community Compact’s four sections mirror the major issues identified from tours and the summit: jobs, making the Red Line green, community-centered design and stewardship, and planning and managing construction to lessen the impact on neighborhoods. In a high-profile signing, the Compact was formally endorsed by dozens of individuals and organizations ranging from the mayor and the head of the Maryland Transit Administration to local schools and neighborhood groups.

While not everyone in Baltimore is enthusiastic about the Red Line – some disagree with the chosen alignment, arguing it will damage upper-income, white neighborhoods – the tenor of the discussion is fundamentally different than it was 10 years ago, largely because of tangible wins.

The largest win is the Community Compact, which is used as the framework for Red Line conversations involving the community, developers and city agencies. Other wins include approval of the Uplands, a 100-acre mixed-income redevelopment project on land that once held a nearly abandoned public housing project in West Baltimore. On a smaller scale, the city has put new street lighting in five neighborhoods where the light rail corridor will run.

In response to concerns that local residents benefit from the Red Line economically, the city has hired an Economic Empowerment Officer whose job is to ensure that local residents are hired as the Red Line is planned and built. As in the other cities, employment is a major issue. The city has reformed on-the-job training requirements and pushed the bounds of permissible local hiring requirements.

With station area planning set to begin in the fall of 2010 for the Red Line’s 20 new stations, the BNC is in discussions about funding technical assistance through a local design center to ensure the stations respond to local input and reflect the neighborhood’s character.

Construction of the Red Line is set to begin in 2013.

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6 The national transit tours were captured on videos, which can be accessed at www.gobaltimoreredline.com/transit_tours.html.
Looking ahead: Planning vs. Building

As the transit lines in Baltimore, the Bay Area and the Twin Cities enter new phases and break ground, discussion continues about how philanthropy can best add value. There is a healthy philosophical tension, for example, between those who believe grants are best used for planning and technical assistance and those who believe that more foundations should spend capital to purchase and build actual projects, particularly to jump-start “weak market” neighborhoods and cities.

“Creating plans and developing strategies for implementing plans are important,” says the Twin Cities’ Sage-Martinson, “but none of it matters if it doesn’t produce results. It’s results that we are aiming for.”

But Sage-Martinson is clear that just getting the light rail line up and running with buildings nearby is not what he and his colleagues have in mind.

“We are looking for community-based, equitable results. For that, we believe planning and engagement are important prerequisites.”

Looking out over the next decades, beyond the Twin Cities, Baltimore or the Bay Area, it is clear that more transit lines will be built in cities across the country. How can funders engage in ways that bring benefit to those who need it most?

“Get involved at the very start of decision-making,” says Sam Zimbabwe, Director of the Center for Transit-Oriented Development, a national nonprofit effort that provides best practices, research and tools to support market-based development related to transit systems.

In transportation planning, it is common to have conflicting opinions from engineers, planners and residents about basic decisions – such as the best alignment for a route. Some will argue that a new transit line should go where it can fit most easily and disrupt the fewest people, which often means in places that are farther away from population centers. Others will argue that a new line should come right through population centers so it is closer to riders, which means more disruption at the front end but more opportunities for community and economic development. It’s a controversial and complicated business, but Zimbabwe believes being in on such fundamental decisions is the best way to ensure a transit line can truly help people later on.

“If you make good decisions at the front end,” Zimbabwe says, “it makes the job of creating thriving, strong communities a lot easier once the transit is built.”

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NFG is a membership association of grantmakers who support social justice and social change. We work to improve the economic and social fabric of urban and rural low- and moderate-income communities.