At a time when economic growth and development initiatives are often directed toward reviving commercial corridors and downtowns, the tapestry of what makes a community economically vibrant is fraying. Neighborhoods are losing stable affordable housing, safe streets and public spaces and access to quality food, health care, education, jobs, and training. But in the midst of all of this, there is an opportunity to develop a new approach to neighborhood revitalization. Traditional approaches to community development have operated in silos where housing, workforce, financial health and small business development issues are considered and funded separately. To unify these fragmented efforts, drive collaboration among multiple organizations and more holistically address community needs, JPMorgan Chase & Co. launched its fifth annual Partnerships for Raising Opportunity in Neighborhoods (PRO Neighborhoods) competition in April 2018.

PRO Neighborhoods is a $125 million, five-year commitment to address the neighborhood quality issues that are among the biggest drivers of income and wealth inequality. Part of PRO Neighborhoods is the Community Development Financial Institution (CDFI) Collaborative competition, which encourages CDFIs (specialized nonprofit organizations certified by the U.S. Dept. of the Treasury to provide financing for small businesses and community projects that are typically unable to qualify for traditional loans) to pool their resources, create solutions to tackle the biggest barriers to opportunity in their communities and develop innovative financing options for projects in distressed neighborhoods.

CDFI Collaborative is an innovative model for economic growth in which a set of CDFIs align their talent, technology and balance sheets to address specific community development challenges.

The PRO Neighborhoods CDFI Collaborative Competition has five primary objectives:

- To connect CDFIs to a more holistic strategy to advance more comprehensive solutions, improve organization and solution sustainability, increase community support and deepen the outcomes for residents and communities;
- To seed creative and collaborative problem-solving to address persistent community development challenges in JPMorgan Chase footprint cities and areas;
- To deploy capital to low-and-moderate-income (LMI) neighborhoods and to serve LMI individuals and small businesses (with revenues under $1 million);
- To create access to more sophisticated streams of capital and improved delivery of service for local and regionally focused CDFIs with less than $75 million in net assets by pooling balance sheets, technology and talent; and
- To document and share best practices and new models to improve social conditions in distressed neighborhoods within the community development field.

The 2018 PRO Neighborhoods competition introduced a focus on equitable development, recognizing it as a comprehensive approach to creating healthy, vibrant, communities of opportunity for all, regardless of income and demography.

**WHAT IS EQUITABLE DEVELOPMENT?**

Equitable development is an intentional method to fostering growth among all populations and demographics in communities, and especially to avoid the known potential negative consequences of economic growth, including resident displacement and disempowerment. There is no “one size fits all” approach to building local wealth and addressing interconnected neighborhood challenges. It requires a collaborative, resident and small business-driven, place-based approach that builds upon an inclusive neighborhood plan to develop and drive equitable outcomes for all. Equitable development served as the basis for the 2018 PRO Neighborhood competition to ensure that all community members identified within the proposed approaches benefited from economic gains and shared prosperity.
Key Characteristics of Equitable Development

JPMorgan Chase defined the following emerging set of key characteristics of an effective equitable development strategy:

- **Data-Driven**: Create a transparent, data-driven approach to fostering inclusive neighborhoods and local economies, reducing racial, ethnic and income segregation and directly addressing local disparities and barriers to opportunity.

- **Longevity**: Improve and continuously measure outcomes critical to an individual and community’s ability to progress socially and economically in the long run, including in the areas of health, education, employment, safety and financial security.

- **Community and Resident Engagement**: Maximize resident organization and participation throughout the entire process, from planning to implementation.

- **Local Utilization**: Actively prevent and work against displacement of low-income individuals and small businesses by increasing ownership and leveraging local capacity, assets, and talent.

- **Cultural Preservation**: Respect the uniqueness of the local culture, history, and diversity throughout the process.

- **Coordination**: Connect to other planning efforts and have a multi-sector approach to improve coordination of resources and reduce duplication to compound impact.

CDFIs have historically been a channel into communities where they have deep local relationships and enough infrastructure and resources to funnel national investments. Because of their local ties, CDFIs are already in touch with many of the challenges facing the low- and middle-income communities they serve. They are increasingly plugging into equitable development by targeting areas that have historically faced a lack of funding options and environments that were created inequitably; for example, CDFIs are explicitly listing “equity in economic mobility” for disadvantaged and excluded groups in their strategies and vision statements. These organizations are tackling these challenges head on with capital that will create opportunity that otherwise was not available in target neighborhoods. The PRO Neighborhoods Competition encourages CDFI transactions to connect to a more holistic strategy, ensuring capital reaches the most vulnerable communities and achieves the greatest impact.

The PRO Neighborhoods Competition also empowers CDFIs and local community-focused organizations to spark dramatic neighborhood improvement alongside residents, businesses and local decision-makers. This year, PRO Neighborhoods solicited proposals for two opportunities:

- **Capital grants**: Designed for communities with a capital strategy to advance an existing equitable development plan that addresses challenges within their target geography, and how their collective strategy among the local community lenders will benefit the neighborhood(s).

- **Planning grants**: Intended for local leaders and stakeholders to identify the greatest needs facing their communities and develop an equitable development plan in distressed neighborhoods; these plans require intentional, upfront planning to incorporate the local community and ensure the needs of vulnerable residents are addressed, and to mitigate adverse effects from future investments.
CAPITAL GRANTS

The PRO Neighborhood Capital Grants encourage CDFIs to form strategic Collaboratives to develop holistic solutions that address the most pressing needs of residents and small businesses in a perpetually underserved area. The capital grant solutions proposed by Collaboratives are expected to address key community challenges tied to an existing equitable development plan, such as insufficient affordable housing units, low levels of ownership of commercial properties and high barriers to accessing capital. Successful applicants are eligible for up to three-year, $5 million awards.

This year, twenty Capital Grant applications from over 60 CDFIs across the country were received. Over 30% of the lead organizations were past PRO participants, demonstrating their growing capacity to lead a CDFI Collaborative. Listed below is a breakdown of the regions from which applications were received as well as the asset classes (products and services) they proposed to introduce to their target populations:

There were several trends observed across the capital grants applicant pool:

- **Trend #1:** The geographic distribution of the capital grant applicant pool, which is illustrated above in Figure 1, is consistent with the distribution of Certified CDFIs nationally.

- **Trend #2:** The most commonly listed focus area (product/service type) among applicants was “mixed focus”, or a combination of different offerings such as small business lending and affordable housing, which is consistent with the national trend of CDFIs moving away from their heavy focus on housing as the primary method to improve distressed communities. Additionally, 30% of the applicants listed small business loans as their proposed product/service, which is slightly higher than the national average across CDFIs, indicating that CDFIs consider entrepreneurship and small business development as key vehicles for economic growth.

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2 Source: CDFI Fund

3 Source: CDFI Fund 2003 and 2012 snapshot report based on CIIS-ILR and TLR data
• Trend #3: An increasing number of applicants are pairing capital solutions with non-capital ones to help ensure that the interconnected challenges distressed neighborhoods face are being addressed.

• Trend #4: Many applicants proposed establishing a single point of access to increase program activity. Streamlining the way in which potential program recipients navigate and get matched to program offerings demonstrate how Collaboratives are committed to consolidating and combining resources in innovative ways to improve the process.

• Trend #5: Across all of the capital grant lead organization applicants, 50% are female-led CDFIs. Furthermore, 55% of the capital grant applicants are led by CEOs that identified as diverse (e.g. Black, Hispanic, Asian, etc.), which is higher than the percentage of nonprofits leaders that participated in a recent study conducted by The Center for Effective Philanthropy that identified as a racial/ethnic minority.

**PLANNING GRANTS**

For the first time, the 2018 PRO Neighborhoods competition included Planning Grants—opportunities for local organizations to identify the greatest needs facing their communities and develop a holistic, multi-asset class neighborhood equitable development plan. These plans will outline a vision for how capital for residents and/or small businesses can address some of the biggest barriers to opportunity in their communities, and a roadmap for how to execute this vision. Without proper planning, multi-stakeholder efforts are prone to fail given the broad scope, variance in organization capacity, and range of multi-sector targeted outcomes. Furthermore, there is less philanthropic funding available for purely planning efforts (as compared to implementation), further highlighting the importance of this grant funding being made available to community development leaders.

Successful applicants are eligible for a one-year grant with an average grant size of approximately $128,000 across the 2018 winners. Planning grant winners that meet all the required milestones will become eligible to apply for capital grant funding in future competitions to implement their planning proposal. JPMorgan Chase’s investment in planning grants is driven by the clear need that exists in market to equip distressed communities with plans that fully address the needs of the most vulnerable members of the community. This PRO Neighborhoods grant is seeding the market by building a pipeline of neighborhoods with equitable development plans that can inform a range of different capital solutions to be deployed going forward. In other words, this grant is for communities who are not yet ready for full capital strategies via CDFI Collaboratives, but who need to lay the groundwork.

This year, thirty-six applications were submitted for planning grants from over a combined 200 organizations in 50+ neighborhoods across the country including CDFIs, anchor institutions, local and regional foundations, community development nonprofits, and municipalities. Listed below is a breakdown of the regions from which applications were received:

**Figure 3:**

**Applicant Regional Breakdown**

- Central: 30%
- East: 53%
- West: 17%

**Figure 4:**

**Focus Area Breakdown**

- Not Applicable (N/A): 6
- Economic Development (ED): 5
- Revitalization Stabilization (RS): 4
- Community Services (CS): 3
- Affordable Housing (AH): 1
- Mixed Focus: 1

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There were several trends observed across the planning grants applicant pool:

• **Trend #1:** With over 200 organizations collectively applied through 36 applications, representing 45+ individual neighborhoods and communities, which represents a clear desire that communities around the country want to grow wealth equitably, starting with the voice, history and culture of the local residents.

• **Trend #2:** Several of the planning grant applicants proposed extending the work of existing city-wide or regional housing and small business plans to help ensure that there is balanced alignment between the perspective of residents, businesses and (top-down) policymakers.

• **Trend #3:** The installation of a large-scale development or revitalization initiative, such as a new transit line, was the trigger for many planning grant applicants to develop plans to address resident and small business displacement.

• **Trend #4:** The most comprehensive equitable development plans bring together a range of actors to lead and implement, demonstrating the need for a diverse group of public and private organizations and resources to drive change in our communities. Many of the 2018 proposals included a diverse group of stakeholders such as community organizations (e.g., the local YMCA), schools (K-12 and community colleges), local government, and CDFIs, that wanted to come together to drive change in their communities.


### IMPACT TO DATE AND CONCLUSION

A 2018 impact assessment by the Joint Center for Housing Studies of Harvard University found that as of December 2017, the Collaboratives from the first three PRO Neighborhoods competitions have issued 21,600 loans totaling more than $411 million. These wide range of loans helped create or preserve more than 3,300 units of affordable housing and supported nearly 11,000 quality jobs. In addition, the CDFIs leveraged JPMorgan Chase’s nearly $68 million in support to raise an additional $717 million, a leverage ratio of 10.6, boosting their balance sheets by more than $137 million and pumping $442 million into community development projects.

JPMorgan Chase has hosted five PRO Neighborhood competitions to-date, awarding more than $98 million to 25 Collaboratives, representing nearly 70 CDFIs across the country. The competitions have served as a critical proof point that CDFIs continue to be one of the most effective channels through which national funders can reach underserved communities.

For communities to thrive, it is critical to continue focusing economic development efforts not only on commercial hubs, but also on the neighborhoods that both support and depend on them. Intentional efforts to invest in building the wealth of residents and small business owners will drive economic growth and prosperity within and across neighborhoods. The five years of the competition have proven that CDFIs are well-positioned to play this role, as they are uniquely able to both provide the capital needed to jumpstart personal and commercial success and have the strong community links required to forge partnerships and provide critical technical assistance. The PRO Neighborhoods competition catalyzes this important role played by CDFIs, increasing their capacity to lend capital equitably and break cycles of income and wealth disparity.
WINNER'S SPOTLIGHT

There was a total of four winners for the 2018 PRO Neighborhoods capital grant. Highlights of each are included below:

- In Philadelphia, PA, the Kensington del Corazón Collaborative led by the Local Initiative Support Coalition (LISC) - Philadelphia, in partnership with three CDFIs in Pennsylvania: Impact Loan Fund (ILF), Financing and Technical Assistance (FINANTA), and Community First Fund (CFF), seeks to address the challenges of decades of neighborhood disinvestment and lack of affordable housing in northern Philadelphia—further complicated by an intense opioid epidemic. The proposed Collaborative will support existing and attract new small businesses through capital and coaching, finance the redevelopment of mixed-use properties and support pathways to homeownership and affordable rental housing options. The mission is to layer community engagement, resident, entrepreneur and developer capacity building and complementary CDFI products and services, particularly for the local Latino community.

- In Fresno, CA—the #2 city for highest concentrated poverty in the US—the Central Valley Community Foundation (CVCF) in partnership with three CDFIs in California: Fresno Community Development Financial Institution doing business as (dba) Access Plus Capital (APC), The Northern California Community Loan Fund (NCCLF) and Opportunity Fund, will lead the Fresno Community Capital Collaborative for Economic Mobility to lift Fresno residents and businesses out of poverty. The Collaborative will turn local neighborhood organizations and minority-serving small business programs, who are the front line of contact with residents, property owners and potential entrepreneurs and micro-developers, into pipelines for CDFI lending and technical assistance. They will also highlight investment opportunities and priorities and connect neighborhoods with needed outside capital and development expertise.

- In Milwaukee, WI, Local Initiatives Support Coalition (LISC) and 4 CDFI partners in Milwaukee: Hmong Wisconsin Chamber of Commerce, Inc. (HWCC), Columbia Savings and Loan Association (CSLA), Wisconsin Women’s Business Initiative Corporation (WWBIC) and Milwaukee Economic Development Corporation (MEDC), will emulate the innovative Detroit Motor City Match model to address the risk of displacement predominantly Black and Latino business owners and residents face given the fast-paced investment and development in downtown Milwaukee. The Collaborative includes a competitive process through which small businesses and property owners will receive financial and technical assistance, underutilized or blighted commercial properties become enhanced and activated and vibrant commercial corridors are created to attract customers.

- In New Orleans, LA, destruction from hurricanes has required a decade-long building effort and unaffordable housing and displacement remains a key challenge. Housing NOLA and New Corp seek to create a unified loan fund through the Claiborne Corridor Community Development Plan to provide a range of financing and training products and services to increase the production and supply of affordable housing, meeting the housing needs for a broad range of residents while retaining the communities culture. This includes working with small-to-medium, minority-and-women-owned construction contractors, property owners and developers to build the capacity of local talent.

There was a total of 14 winners for the 2018 PRO Neighborhoods planning grant. Sample highlights of winners include:

- A resident-led study of Chicago’s Woodlawn neighborhood to ensure existing residents benefit from several revitalization efforts, including the Obama Presidential Center.

- An individual development plan for three vulnerable neighborhoods in Southern Dallas, TX focused on creating and renovating affordable housing and commercial facilities consistent with an upcoming housing policy.

- A neighborhood driven development strategy in St. Louis, MO addressing residents and small business needs amidst large scale public infrastructure changes, imminent gentrification and the addition of a new anchor institution.

- An affordable housing plan in South Florida to ensure that development around 3 stations along the new Tri-Rail Coastal Link will result in improved accessibility to housing options, quality jobs, educational opportunities, improved healthcare and more.

- A neighborhood-based, inclusive development plan to minimize displacement and homelessness in Boston’s Upham’s Corner through increased affordable housing, expanded investment (e.g. in small businesses and resources and services that can address health and wellness and education concerns.

- A plan to help residents and small business of Southwest Philadelphia access and secure funding to build skills, create job opportunities and develop new community, commercial and mixed-use facilities to serve resident needs and spur wealth creation.

- A neighborhood rehabilitation plan in Seattle’s Chinatown International District, to retain, rehab and create affordable housing and commercial spaces that will prevent displacement, preserve culture and allow residents to maintain ownership of buildings they have owned for years.

The full list of planning grant winners can be found in the Appendix.
<table>
<thead>
<tr>
<th><strong>$100K UNLESS OTHERWISE NOTED</strong></th>
<th><strong>LEAD ORG</strong></th>
<th><strong>COLLABORATIVE</strong></th>
<th><strong>GEOGRAPHY</strong></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Chicago Community Loan Fund</td>
<td>Woodlawn Involuntary Displacement Strategy</td>
<td>Woodlawn, Chicago, IL</td>
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<tr>
<td>2</td>
<td>Real Estate Council Community Fund (TREC Community Fund) [Total: $400K]</td>
<td>Equitable Development in Southern Dallas</td>
<td>Southern Dallas, TX</td>
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<tr>
<td>3</td>
<td>Rise Community Development [Total: $200K]</td>
<td>STL Equitable Neighborhood Dev Plan</td>
<td>St. Louis, MO</td>
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<tr>
<td>4</td>
<td>BHP Community Land Trust / South Florida Community Land Trust</td>
<td>An Equitable Housing Implementation Plan for the Expansion of South Florida’s Tri-Rail Coastal Link</td>
<td>South Florida, FL</td>
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<tr>
<td>5</td>
<td>Dorchester Bay Economic Development Corporation</td>
<td>Pathways Home: A Neighborhood-Based Inclusive Development Plan for Uphams Corner</td>
<td>Upham’s Corner, Boston, MA</td>
</tr>
<tr>
<td>6</td>
<td>PIDC Community Capital</td>
<td>Capital Access Plan for Equitable Development in Southwest Philadelphia</td>
<td>Southwest Philadelphia, PA</td>
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<tr>
<td>7</td>
<td>Chinatown International District Preservation and Development</td>
<td>Seattle CID Building Rehabilitation Financial Options Collaborative</td>
<td>Seattle, WA</td>
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<tr>
<td>8</td>
<td>Jubilee Park &amp; Community Center Corporation</td>
<td>Affordable Housing Preservation Planning Initiative</td>
<td>Southeast Dallas, TX</td>
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<tr>
<td>9</td>
<td>Community Solutions International, Inc.</td>
<td>North Hartford Neighborhood Improvement Initiative</td>
<td>North Hartford, CT</td>
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<tr>
<td>10</td>
<td>East Baton Rouge</td>
<td>Planning for Equitable Development Grant</td>
<td>East Baton Rouge Parish, LA</td>
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<tr>
<td>11</td>
<td>Local Initiatives Support Corporation (LISC) - Greater Newark</td>
<td>Pro-Neighborhood Planning Grant</td>
<td>Fairmont and Clinton Hill, Greater Newark, NJ</td>
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<tr>
<td>12</td>
<td>Little Haiti Housing Association Inc (Miami)</td>
<td>Little Haiti Community Capital Plan</td>
<td>Miami, FL</td>
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<tr>
<td>13</td>
<td>Jacobs Center for Neighborhood Innovation (JCNI)</td>
<td>Planning for Small Business Lending Needs in the San Diego Promise Zone</td>
<td>San Diego, CA</td>
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<tr>
<td>14</td>
<td>Carolina Small Business Development Fund (CSBDP)</td>
<td>West End Neighborhood Revitalization Project - Charlotte, North Carolina</td>
<td>West End, Charlotte, NC</td>
</tr>
</tbody>
</table>
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