



Innovative Approaches to Equitable Development in America's Cities

July 2017

About Next Street

Next Street was founded in 2005 with the goal of transforming the way finance and business advice are provided in underserved markets. We believe that sustained economic development requires leadership and collaboration across all sectors and aim to maximize the growth, impact, and success of our clients, thereby driving economic development in America's cities. We serve as a trusted advisor to some of the most dynamic organizations in the country's most complex markets, establishing relationships that deliver significant and measureable results for our clients.

Learn more about Next Street at [**nextstreet.com**](http://nextstreet.com), or email [**info@nextstreet.com**](mailto:info@nextstreet.com).

Authors:

- Adina Astor, Partner
- Kara Hayward, Managing Associate

Introduction

Our country's cities are in a moment of uncertainty. We are experiencing major economic and demographic shifts resulting in dramatically different landscapes from 20, 10, or even 5 years ago. Economic development has the potential to foster equitable and inclusive economic growth, but it is often associated with top-down change and resident displacement and disempowerment. Persistent challenges, changing needs, and learnings from prior efforts are driving leaders to seek out new approaches, including the formation of new initiatives that complement the existing landscape and increasingly work towards equitable benefits for their local communities. This paper was developed with the goal of helping local leaders evaluate how to launch new initiatives to cultivate economic development for the benefit of existing residents. In the following pages, we frame several emerging and promising approaches and offer considerations for the further adoption of those models in other communities.

Creating inclusive and equitable growth is a complex, long-term effort, and there is no such thing as a singular, successful “cut-and-paste” model that can be transplanted from one context to another with ease. Roadblocks to accelerating equitable development with a new initiative can range from picking a focus area to navigating the politics of serving a wide range of organizations and audiences. These roadblocks can be particularly challenging in places that feel destabilized, whether from violence, disinvestment, the threat of gentrification and displacement, or other stressors.

The infrastructure and solutions for community development have evolved significantly over the years, leading to shifts in how launching new efforts is approached. Practitioners continue to put learnings into practice, making changes as models are tested, improved, and rolled out elsewhere – we have a responsibility as a field to share what works and what hasn't. In particular, funding from public and private sources has shifted towards investing less liberally, focusing on projects rather than providing operational support, and requiring highly targeted outcomes. This has also driven significant change in how organizations interact with communities and implement programs.

Some of the most influential shifts include:

- ◆ **Moving away from top-down approaches to community-engaged efforts:** Experience has shown that top-down approaches often fail to gain traction or lack practical value for the community. Incorporating more community members into design and planning efforts helps to encourage relevance and greater uptake.
- ◆ **Building capacity in existing providers and community-led resources:** New initiatives are increasingly dedicating resources to capacity building for existing / nascent businesses, nonprofits, and individuals, strengthening existing infrastructure and teaming with others, rather than competing with existing efforts.
- ◆ **Federal funding uncertainty:** In just the past few months, the federal funding landscape has shifted dramatically, with significant budget cuts proposed to Housing and Urban Development, including public housing and community development grants – this shift will require the field to be creative and experiment with alternative funding streams and models to bring about the same desired outcomes.

In this paper we review four different approaches to community economic development, examining how new efforts were put into practice in four cities. The below framework helps organize the different approaches based on our work and experience in the field, with the hope that this is helpful for determining the right approach for your effort.

Our framework

Over the past 11 years, we have worked with dozens of local businesses, community-based organizations, government agencies, and anchor institutions to develop innovative approaches to place-based community economic development. Two drivers define this framework for launching a new community economic development initiative: focus and leadership. Most groups also have an early vision of the outcomes they seek to achieve in their community. This vision should inform key decisions on how to focus efforts and how broad or narrow leadership should be.

- ◆ **Broad or narrow focus:** Will the new initiative focus on going deep in a set of initiatives and focus areas, or will it aim to touch a wide variety of community challenges?
- ◆ **Broad or narrow leadership:** Will the new initiative's decision-making be driven by a large group of stakeholders, or a small set of leaders? Is the new initiative looking to build a coalition and capacity among many leaders to coordinate efforts together or move quickly with a subset of empowered decision-makers?

Decisions on these key dimensions drive groups down different paths, each of which can be mapped broadly to the below matrix and subsequent approaches to community economic development. It should be noted that these approaches are not necessarily mutually exclusive, but are structured as such as a tool to support decision-making.

Approaches



Approaches (continued)

	Systems Collaborator	Capacity Builder	Focused Do-er	Community Driver
	Broad leadership, broad focus	Broad leadership, narrow focus	Narrow leadership, narrow focus	Narrow leadership, broad focus
Strategic Emphasis	Coordinate and mobilize existing stakeholders for impact at a systems level, executing efforts jointly	Prioritize empowering the community, building local capabilities, and creating leadership pathways for residents	Focus on one area of community development with central strategic importance and / or lack of partner capacity	Focus on a subset of transformative initiatives, consulting community, partners and funders along the way but centralizing and concentrating coordination
Best suited for scenarios when...	A convener is needed to facilitate collaboration between an existing group of stakeholders	Residents want to lead their own efforts, however, training and support is needed to enable other organizations in the community to take on new efforts	A targeted effort is critical to address a specific or urgent challenge that requires depth of expertise and leadership not readily found in the community	Resident engagement is crucial to the success of a new organization, but leaders are trusted enough to take action on its behalf
Critical for success	<ul style="list-style-type: none"> ◆ Uniting the right mix of stakeholders with expertise and influence in decision-making ◆ Capacity and effectiveness of partners and collaborators 	<ul style="list-style-type: none"> ◆ Ability to balance engagement and discussion with taking concrete action ◆ Complementing engagement with best practices 	<ul style="list-style-type: none"> ◆ Attracting leaders with specific expertise required ◆ Effectively identify the area of focus that will drive targeted outcomes 	<ul style="list-style-type: none"> ◆ Ongoing 'pulse' on needs / gaps ◆ Execution partners with resources outside of organization ◆ Local credibility and trust
Challenges	<ul style="list-style-type: none"> ◆ Deeply-rooted structural challenges requiring focused attention can go unaddressed ◆ Project management challenges are common ◆ Decision-making paralysis without clear governance structure 	<ul style="list-style-type: none"> ◆ Heavy engagement process often slows pace of action 	<ul style="list-style-type: none"> ◆ Model is most common for regional or city-wide challenges; may be challenging to execute in a hyperlocal context ◆ Depth of change may be limited due to operational silo 	<ul style="list-style-type: none"> ◆ High risk of pushback from community if leadership team is not representative of the neighborhood or if clear process of continuous engagement is not established

Next Street is continually researching and interviewing different community-based organizations in our economic development work. The below case studies were chosen to bring the highlighted approaches to life. Understanding the strengths and weaknesses of these approaches will help your initiative chart a path to success in your community. While there is no one right way to execute on a new community economic development initiative, implementation should always complement and leverage what infrastructure already exists. These organizations faced unique circumstances and community dynamics which were critical factors to the selection of their approach and should be examined before replicated – see [Considerations when getting started](#).

Considerations When Getting Started

Community assets, gaps, and perspectives:

Every community we have worked in has incredible assets, leadership, community-based organizations, and institutions, and we recommend taking an asset-based approach to build around these and complement them. To be effective, new solutions must consider and leverage the diverse mix of assets, knowledge, and wisdom that already exist, and be tailored to the community's needs.

Key questions:

- ◆ Who (including individuals and organizations) is already active here? What aspects of community development does their work touch? What is their capacity? How are they funded?
- ◆ How do organizations complement one another and collaborate?
- ◆ How are they doing? Who is being served? Where do gaps exist?
- ◆ What local leaders and local talent are creating change and / or organizing residents?
- ◆ What organizations have a poor track record in this community? With whom are they affiliated?
- ◆ Where does the community want to see change? How does this align with your vision for the community / your theory of change?

Supplementing the existing ecosystem:

Build a foundation of trust. Distrust or skepticism rooted in a new initiative's affiliations or outsider status can be a major stumbling point to creating effective change or even just beginning collaboration.

Key questions:

- ◆ What relationships (if any) does your institution / organization have?
- ◆ Do you have the trust of the people / businesses / organizations you are looking to serve and collaborate with? If not, why?

Role:

Community and economic development entities are often challenged to 'be everything to everyone,' while advancing an agenda that will achieve meaningful progress. Making intentional choices about where and how to engage will be vital to align focus and resources. New organizations or partnerships must ensure that the first efforts are manageable, well-communicated, and meaningful to demonstrate success early on and build credibility.

Key questions:

- ◆ What role do you have today? What competencies does your organization have in-house? Where do you have expertise or particular strengths?

Your capacity:

Lack of execution capacity and lack of coordination can often create major implementation challenges. Whether your neighborhood needs a strategist, an implementer, a convener, a funder, an advocate, or some hybrid of multiple roles, your organization must have a clear role. The resources and value proposition of the organization must be built and conveyed intentionally to fill that role.

Key questions:

- ◆ What resources (including funding, time, and people) are you willing and able to commit to making a new initiative successful?
- ◆ What additional resources will you need to be successful?

Case Studies

Systems Collaborator: Central Corridor Funders Collaborative Minneapolis-Saint Paul, Minnesota

By bringing together a combination of locals with ‘skin in the game’ and topical expertise in specific verticals, Central Corridor Funders Collaborative (CCFC) executed on a collaborative plan that activated existing resources in the communities of St. Paul and Minneapolis.

CCFC was a temporary 9-year partnership (2007 – 2016) supported by 14 foundations, with a shared goal of fostering development without displacement along the new Green Line Light Rail Transit in St. Paul – Minneapolis. Nine working groups, each with 20 or more stakeholders, were organized in support of the organization’s four key goals: 1) Promote effective coordination and collaboration; 2) Build a strong local economy; 3) Ensure access to affordable housing; and 4) Create vibrant transit-oriented places. The partnership created a supporting organization focused on program management and execution to ensure that stakeholders were held accountable to their commitments, as well as a grant fund to mobilize money quickly for efforts on the ground that needed additional support.

What made them successful?

- ◆ **Built trust and empowered community members by bringing previously disengaged residents to the table:** Representatives from different communities who previously had little or no interaction with the City were engaged in the process and had dialogue with policy-makers / decision-makers.
- ◆ **Transparency in organizing structure and roles, and dedicated staff to manage projects kept things moving:** By staffing a dedicated project management team to drive efforts, the working teams were held accountable; additionally, creating a shared community-level strategy with grant funding enabled big institutions to coordinate their own strategies with the Funders Collaborative.
- ◆ **Pooling philanthropy into a Fund created the flexibility to get resources allocated where they were needed:** CCFC created a significant pool (\$15 million) to enable funding with flexibility and accessibility; this allowed the group to quickly respond to opportunities.
- ◆ **High-quality impact tracking and capacity for storytelling supported accountability and spurred additional investment:** By demonstrating successes quickly, programs developed through the Collaborative were able to obtain additional funding rapidly, enabling the Collaborative to magnify impact.

Case Studies

Capacity Builder: Dudley Street Neighborhood Initiative Dudley Street Neighborhood Initiative (DSNI) Boston, Massachusetts

Through education and capacity building, DSNI helped empower residents to create a vibrant and high-quality neighborhood with community-owned assets.

A community-based planning and organizing entity in Roxbury, Boston, DSNI has a membership base of 3,600 residents, businesses, non-profits and religious institutions, governed by an innovative board of directors that prioritizes community decision-making. While neighborhood organizing is central to the chosen operating model of the organization, the organization is best known for its community land trust, which has been its central tool for building resident power and bringing to life a community-defined vision for Roxbury.

What made them successful?

- ◆ **Building an effective leadership structure for the long-term:** DSNI's foremost goal was organizing the neighborhood as a political force rather than becoming another developer of low-income housing or a broker of social services.
- ◆ **Commitment to a resident controlled process generated the community power to tackle more ambitious projects later on:** DSNI's stated goal is to develop other leaders, not followers; the governance system is structured so that old leaders don't 'hold on,' and the organization can continue to change and evolve, recognizing when the community might need a different leader.
- ◆ **An inclusive board and community engagement strategy was used as a capacity building opportunity over time:** DSNI developed a 'Resident Development Institute' to train board, staff, and community members. DSNI grew its credibility through its community-elected and community-accountable governance structure.

Case Studies

Focused Do-er: Homeboy Industries Los Angeles, California

By focusing on connecting previously incarcerated and gang-affiliated individuals with access to jobs and career training, LA-based Homeboy Industries has helped bring stability and security to a particularly underserved population. Homeboy Industries tailors its resources / support to the individual's specific challenges to extricate themselves from gang influence and start new careers.

Homeboy is a community-based organization that works in downtown Los Angeles to directly train and employ previously incarcerated and / or gang-involved youth in a variety of primarily culinary-focused social enterprises, including catering, restaurants, and cafes, as well as provide wrap-around services to help extricate individuals from gang activity, including case management, tattoo removal, employment services, mental health services, curriculum and education, a charter high school, and solar panel training and certification, all free of charge. Due to a lack of services and capacity that are targeting this underserved group, Homeboy has been able to build trust over time with the community, though the path has not been without challenges: for example, Homeboy is currently situated in gang-neutral downtown Los Angeles, rather than its original location in Boyle Heights (East Los Angeles).

What made them successful?

- ◆ **Programming focused on the journey out of dependency on gang life and key challenges for previously incarcerated people:** Needs are very tailored to an individual's experience of transitioning to independence, with wrap around social services tailored to the specific needs of former gang members, including tattoo removal, mental health, domestic abuse, and case management.
- ◆ **Partially sustainable model with a healthy mix of funding:** Homeboy's revenue comes from its social enterprises (over 25% of annual revenue), with the remainder sourced from a cross section of supporters, including a mix of private, family, and corporate foundations, Board members, fundraising events, and some government funding.
- ◆ **Successful quantification of impact to augment qualitative case for the organization:** By collecting the data needed for quantitative impact tracking, Homeboy is able to effectively identify its impact on recidivism and articulate the value it offers compares to incarceration or other rehabilitative methods, which has been a critical component of its value proposition to philanthropic funders.

Case Studies

Community Driver: Partners Achieving Community Transformation Columbus, OH

A temporary institutional / governmental planning body-turned nonprofit, Partners Achieving Community Transformation (PACT) is looking to transform the Near East Side of Columbus into a better place to live by strengthening education, improving the safety of the neighborhood, and creating quality housing. PACT has demonstrated early success by partnering with other local organizations to implement and execute on key areas of need.

What made them successful?

- ◆ **A resident-focused planning process helped build consensus:** In the first year of planning, PACT focused on engaging and listening to residents to identify needs and aspirational goals; discussions with nonprofits and other stakeholders were secondary, building a true set of 'resident identified' focus areas.
- ◆ **Identified a priority effort to lead first among the many, even if it wasn't a 'quick win':** PACT identified education as the key to revitalization and signed an MOU with Columbus Public Schools to change curriculum and stand up the Health Sciences Academies.
- ◆ **Successfully established a structure to neutralize contention between stakeholders:** By playing the role of a separate entity distinct from organizations with long histories with the community, PACT was able to work one on one with community-based organizations to collaborate effectively and neutralize contention.
- ◆ **Brought the most impactful stakeholders who were in control of the most significant resources and assets in the community to the table:** PACT partnered with United Way, the WIB, and Ohio State University to build credibility and obtain creative sources of funding.

As we mentioned previously, we have worked with many organizations to develop innovative approaches to place-based community economic development over the past 11 years. This review has intended to serve as a tool for individuals, groups, or organizations designing a new initiative for their community, and has framed several approaches to creating community change that have shown progress and / or promise. While there is no such thing as a one-size-fits-all approach, we sought to augment the wealth of knowledge of those working in the field to advance our country's urban communities. Community economic development efforts rarely operate in a vacuum – it is always important to consider how your organization or initiative fits into and supports the broader ecosystem. We offer these tools and considerations with the hope that it will support thoughtful decision-making as you begin to strategize for your community's particular strengths and needs.

Keys to Success

Creating a new community initiative doesn't mean starting from scratch – an effort that is brand new should be built on the wisdom and knowledge of residents and best practices from the field. Whether you are starting something new or looking to strengthen the work that your organization is already doing, there are several key principles we uncovered that are always helpful to keep in mind.

- ♦ **Listen to residents – individuals, community leaders, and business owners.** There is no such thing as a singular 'community,' which makes getting a diverse mix of residents involved in planning and ongoing leadership of your organization even more critical. Accomplishing equitable outcomes requires having an equitable process.
- ♦ **Clearly articulate your vision and what your organization will do to create the change you want to see.** Having a clearly-defined set of goals and an understanding of how your initiative will achieve them will help to ensure you are best set up for success in the community.
- ♦ **Plan for success.** If you succeed in achieving your vision, what will be the impact on current residents and businesses? Make sure you think and plan for those implications at the start of your effort. For example, if your strategy triggers external investment and rising housing, business, and land costs, land set aside early on (e.g., through the transfer of vacant, abandoned, or city-owned land to community land trusts) can be used to support the creation of spaces with long-term affordability. In talking to experienced practitioners in community development from around the country, there was no stronger recommendation than this.
- ♦ **Don't reinvent the wheel.** It is critical to ground a new effort with a strong understanding of what is already happening, so you can design your new effort to intentionally complement and reinforce other organizations and individuals who are working to achieve the same broader goals and vision.