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James Mitchell, Jr.
Patrick Mumford
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CITY COUNCIL WORKSHOP

Monday, June 4, 2007

Room 267

- 5:00 p.m. Dinner**
- 5:15 p.m. Economic Development: 2009 Annexation Study Areas**
- 5:45 p.m. Housing & Neighborhood Development: Charlotte Neighborhood Fund**
- 6:15 p.m. Housing & Neighborhood Development: FY2007 Housing Trust Fund Project Recommendations**
- 6:45 p.m. Environment: Proposed Sale of Former Statesville Road Landfill**
- 7:30 p.m. Citizens' Forum
Room 267**

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: 2009 Annexation Study Areas

COUNCIL FOCUS AREA: Economic Development

RESOURCES: Jonathan Wells, Planning
Mike Boyd, City Attorney's Office

KEY POINTS:

- Staff will provide an overview of 2009 annexation schedule.
- Staff will explain the need to define Study Areas to initiate the process.

COUNCIL DECISION OR DIRECTION REQUESTED:

Staff will be requesting Council approval – in the form of “resolutions of consideration” – of the eight 2009 Annexation Study Areas at the June 11, 2007 meeting.

Deferral could jeopardize timely consideration of 2009 annexation within satisfactory time requirements.

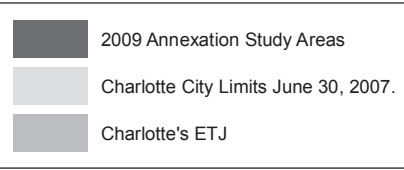
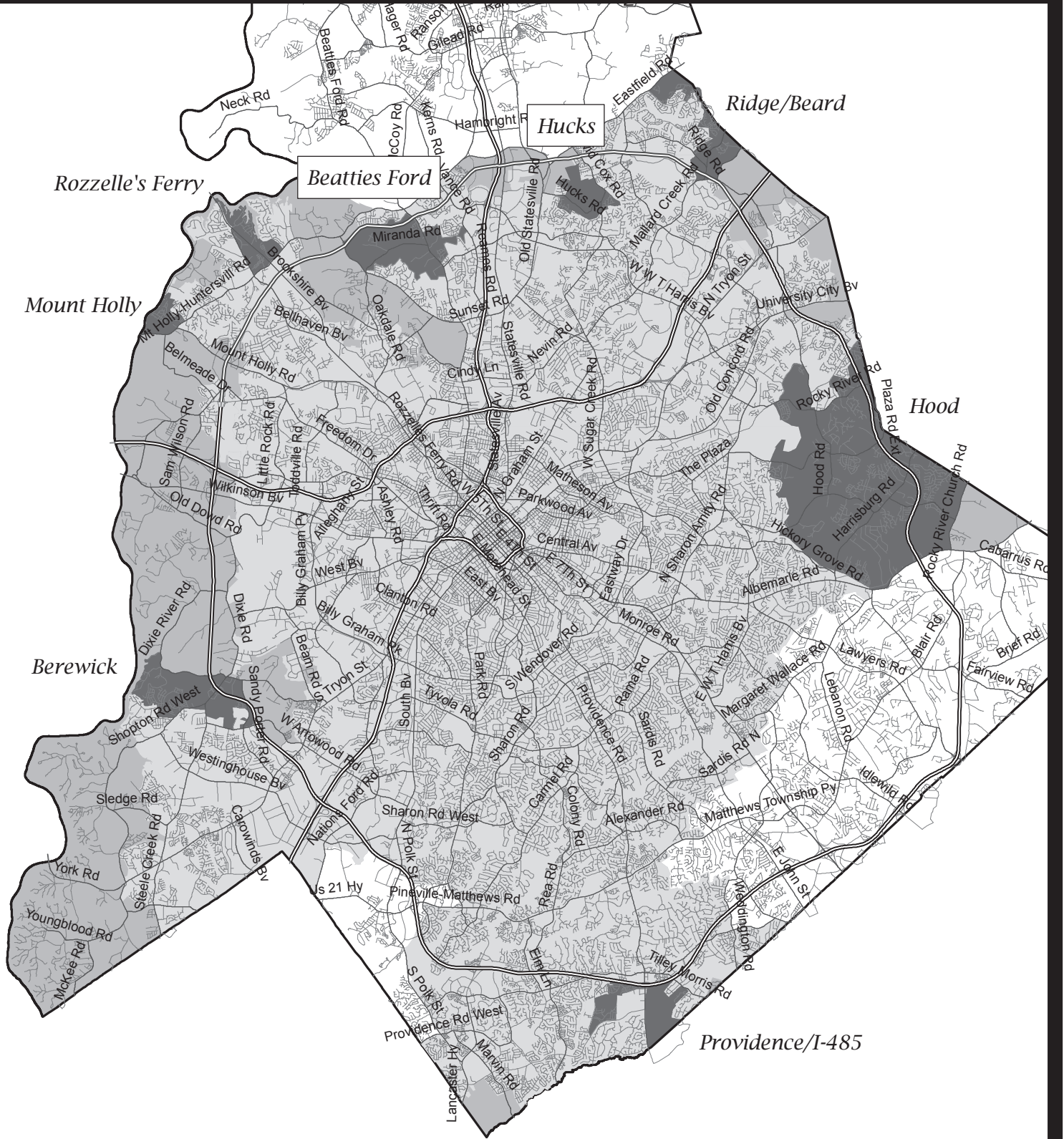
ATTACHMENTS:

Generalized 2009 Annexation schedule
Maps of proposed 2009 Annexation Study Areas

2009 Annexation: Generalized Schedule

June 4, 2007	Presentation to Council of 2009 Study Areas
June 11, 2007	Council adoption of Resolution of Consideration approving Study Areas
March, 2008	Conduct field work in Study Areas
April, 2008	Determine Qualifying Areas
May-June, 2008	Develop summary report for annexation and annexation service plans for Qualifying Areas; integrate service plans into Annexation Reports
July, 2008	Present summary report to City Council Council adoption of Annexation Reports and Resolution of Intent
August, 2008	Mail notification to property owners in Qualifying Areas
September, 2008	Hold annexation informational meeting
October, 2008	Council conducts annexation public hearing
November, 2008	Council adopts annexation ordinances, approving 2009 annexations
June 30, 2009	Annexation becomes effective; City services extended to annexation areas

2009 Annexation Study Areas



Source: Charlotte-Mecklenburg Planning Department, May 2007.

2009 Annexation Study Area - Beatties Ford

Town of Huntersville

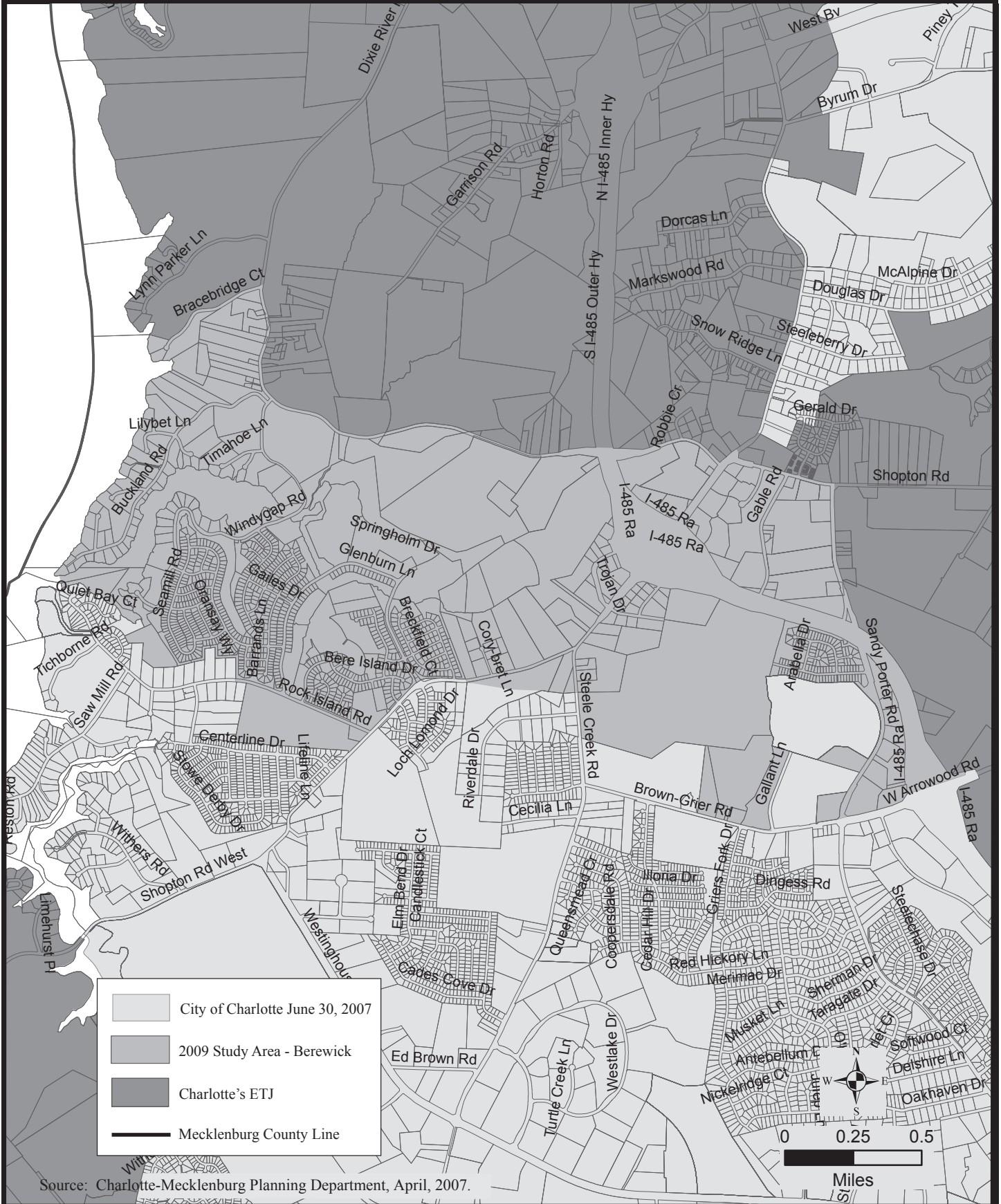


- City of Charlotte June 30, 2007
- 2009 Study Area - Beatties Ford
- Charlotte's ETJ

Source: Charlotte-Mecklenburg Planning Department, April, 2007.

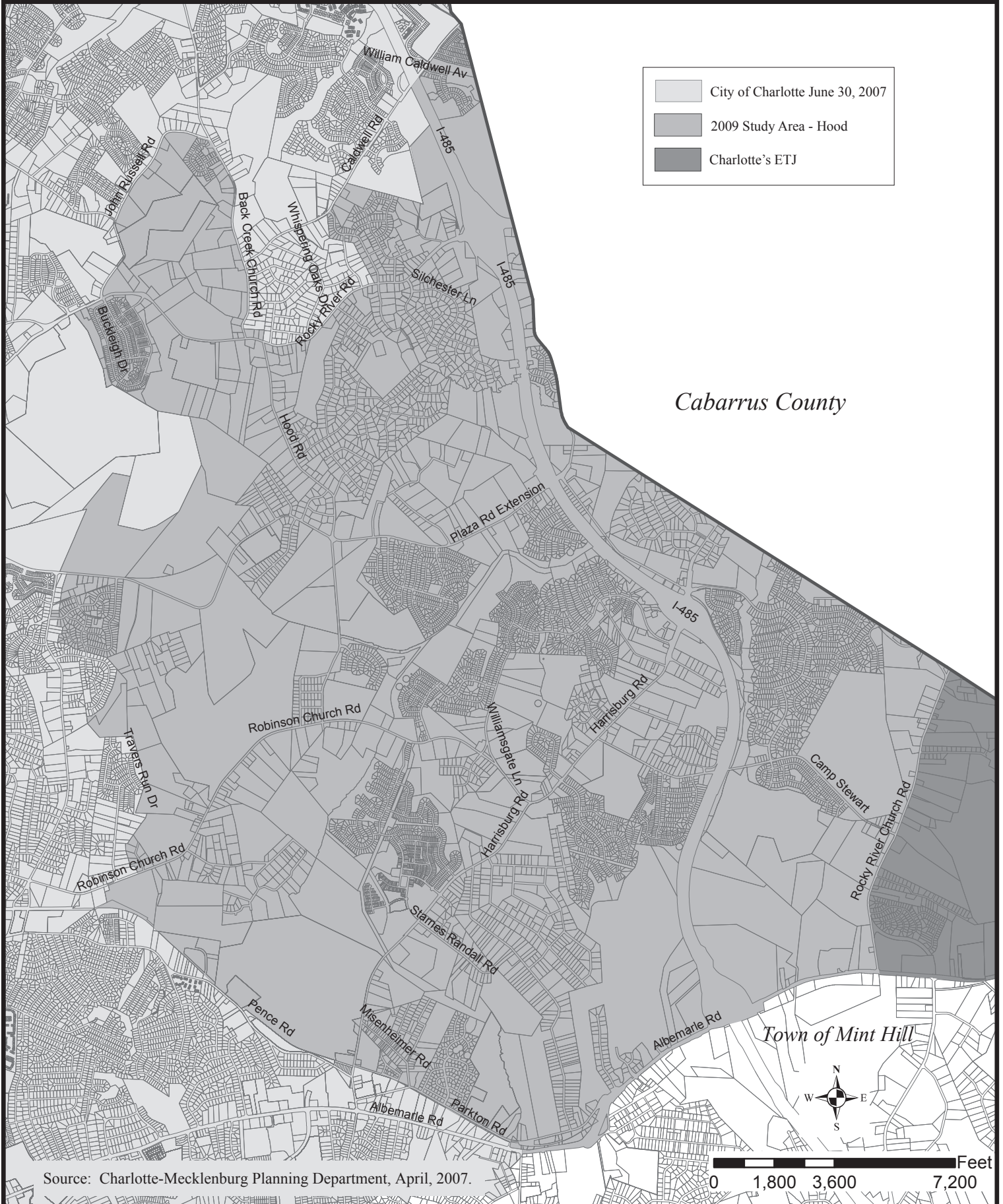


2009 Annexation Study Area - Berewick



Source: Charlotte-Mecklenburg Planning Department, April, 2007.

2009 Annexation Study Area - Hood



Source: Charlotte-Mecklenburg Planning Department, April, 2007.

2009 Annexation Study Area - Hucks



Source: Charlotte-Mecklenburg Planning Department, April, 2007.

2009 Annexation Study Area - Mount Holly



Source: Charlotte-Mecklenburg Planning Department, April, 2007.

2009 Annexation Study Area - Providence/I-485



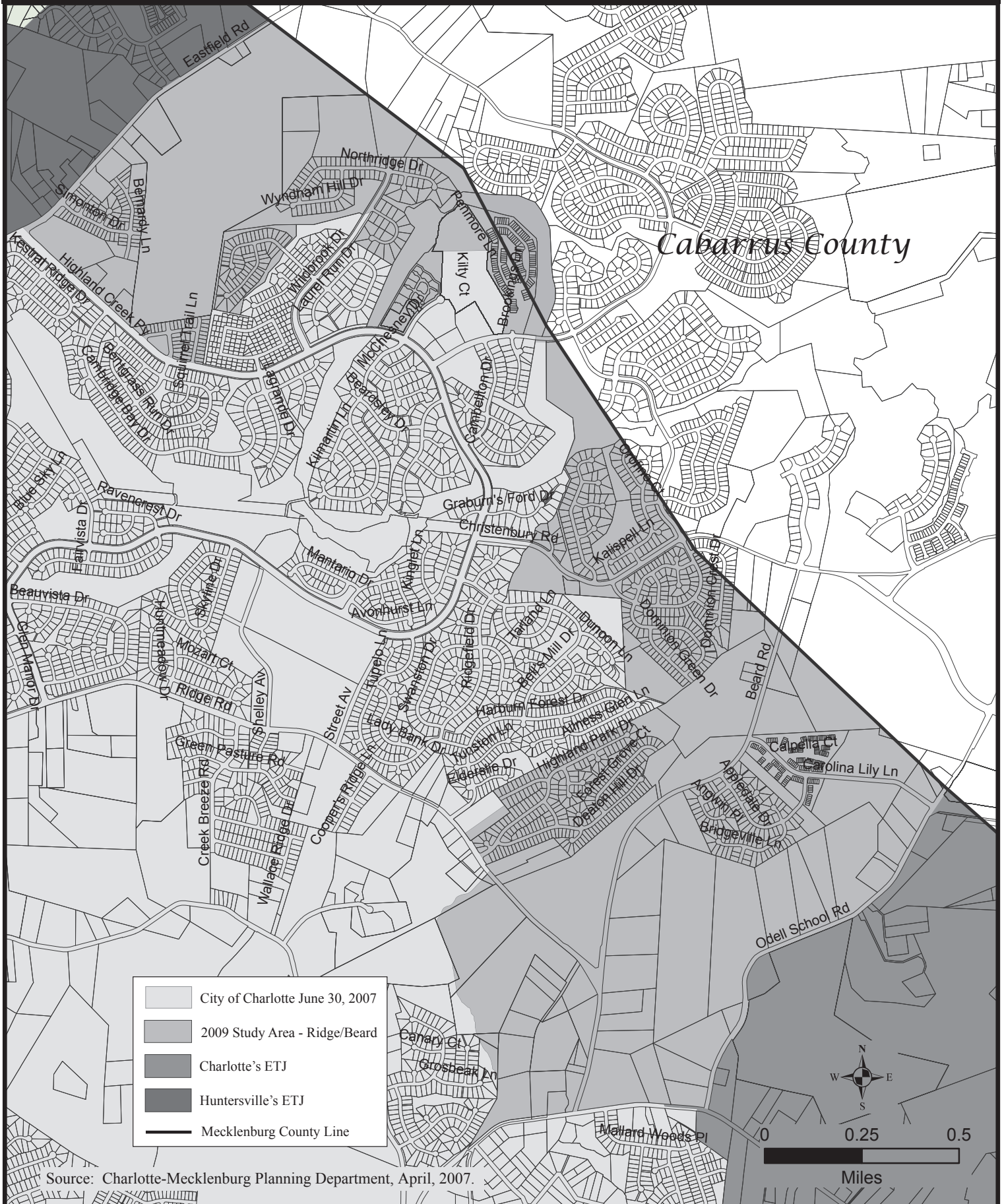
	Charlotte City Limits June 30, 2007
	2009 Study Area - Providence/I-485
	Mecklenburg County Line



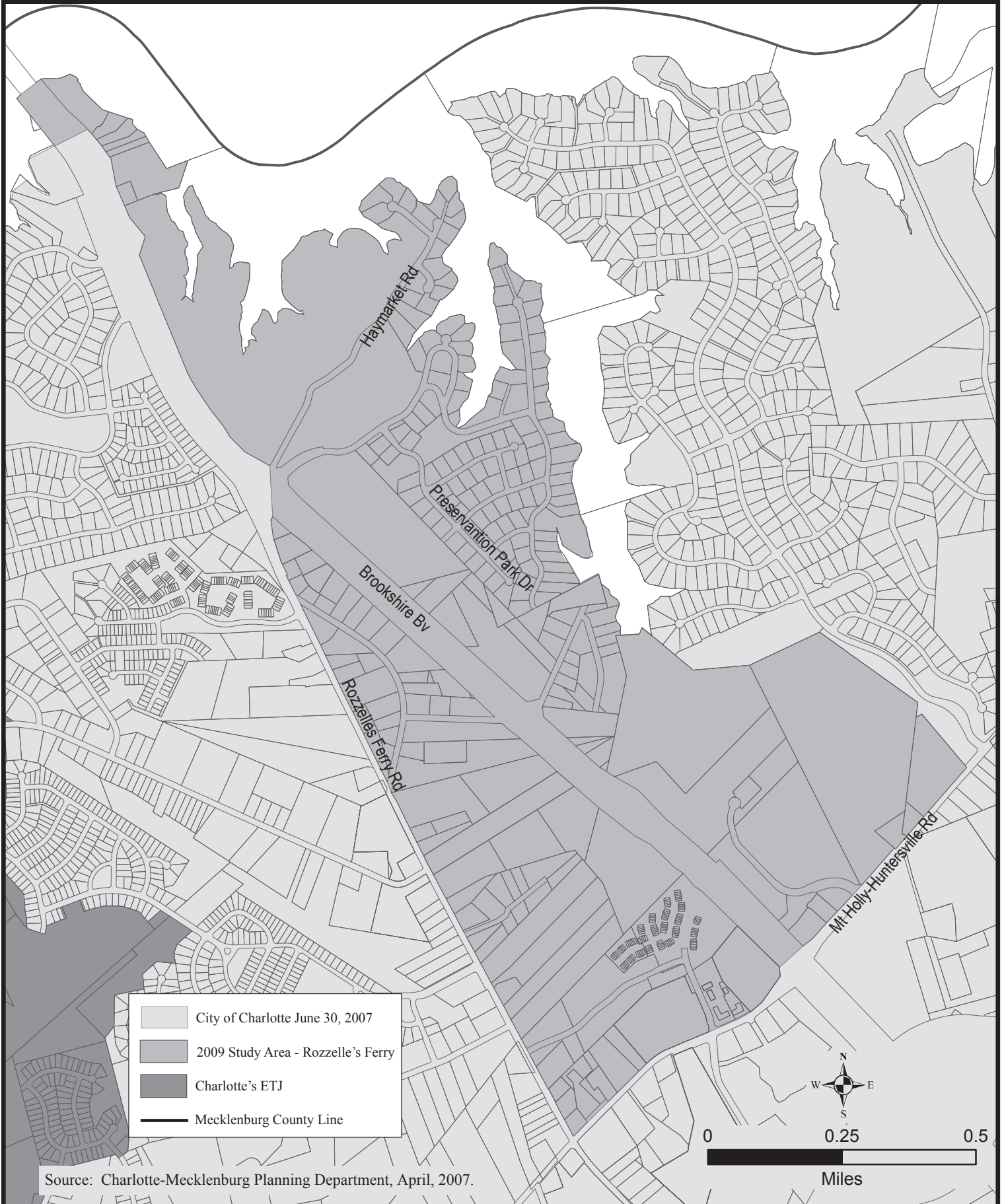
Miles

Source: Charlotte-Mecklenburg Planning Department, April, 2007.

2009 Annexation Study Area - Ridge/Beard



2009 Annexation Study Area - Rozzelles Ferry



Source: Charlotte-Mecklenburg Planning Department, April, 2007.

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Charlotte Neighborhood Fund

COUNCIL FOCUS AREA: Housing and Neighborhood Development

RESOURCES: Stanley Wilson, Neighborhood Development
Maria Gutierrez, CamBia Associates

KEY POINTS:

- On October 23, 2006, City Council voted to continue the Charlotte Neighborhood Fund (CNF) under the direction of City staff and directed staff to research a new business model for the CNF.
- The Charlotte Neighborhood Fund (CNF) provides operating funds to support five local Community Development Corporations (CDCs) – Belmont, CityWest (formerly Reid Park), Friendship, Lakewood, Northwest Corridor.
- Community Development Corporations (CDCs) are non-profit organizations that provide housing development, economic development and social services to their respective neighborhoods. They have their own board of directors that hire staff to carry out their corporate mission.
- The CNF current business model is a partnership between the City, local financial and philanthropic institutions and an intermediary. The City and funders provide financial resources while the intermediary provides the technical expertise on project development and organization development.
- The City provides \$300,000 annually (\$150,000 in local funds and \$150,000 in federal HOME funds) to support CDC operations.
- Staff contracted with CamBia Associates and Local Initiatives Support Corporation (LISC) to provide research and a report identifying successful CDC business models throughout the country. The report also includes information regarding the following:
 - National definition of a Community Development Corporation (CDC).
 - Identify activities performed by CDCs in communities.
 - Identify resources, (annual funding levels) that are typical for CDCs.
 - Identify the challenges/issues facing CDCs.
 - Identify success indicators (housing, economic development, etc.).
- Based on the national research the City’s current CNF model, with an intermediary (*managing the fund, providing technical assistance and capacity building*), funding partners, and housing development resources, is consistent with successful models throughout the country.
- Also, staff conducted a Community Input session with local CDCs to get their views on the future of the Charlotte Neighborhood Fund.

COUNCIL DECISION OR DIRECTION REQUESTED:

Staff is recommending that the City continue to direct the CNF and initiate a process to find another intermediary to manage the CNF. Refer to the Housing and Neighborhood Development Committee for review and recommendation to the full Council.

ATTACHMENTS:

Background – Charlotte Neighborhood Fund

Status Report – Charlotte CDCs

CNF Community Input “Wrap-Up” Session

CDC Report – CamBia Associates

Charlotte Neighborhood Fund Background Information

Community Development Corporations (CDCs)

The term CDC refers to a type of non-profit entity known as a "community development corporation". CDCs are characterized by their community based leadership and their work primarily in housing production, economic development, job creation and social services. This is what differentiates them from other types of non-profit groups.

CDCs are formed by residents, small business owners, congregations and other local stakeholders to revitalize low and moderate-income communities. CDCs typically produce affordable housing and create jobs for community residents. Jobs are often created through small or micro business lending or commercial development projects. Some CDCs also provide a variety of social services to their target area.

Charlotte Neighborhood Fund

The Charlotte Neighborhood Fund (CNF) was established in 1996 to assist the CDCs in providing housing and other development activities to revitalize neighborhoods. The CDCs are located in Charlotte's most fragile neighborhoods. To be a part of the CNF, CDCs must be certified as Community Housing Development Organizations (CHDO) pursuant to federal regulations.

The City funds invested in the CNF are leveraged with funds from other partners to provide technical assistance and funding for the CHDOs' operations. Other partners, such as financial institutions, benefit because they are able to help fund development projects in these neighborhoods, thereby allowing them to meet their corporate and regulatory investment goals. The neighborhood benefits because the community is revitalized.

The City annually invests \$300,000 in CDC operating funds, (\$150,000 from local funds and \$150,000 from federal HOME funds).

U.S. Department of Housing and Urban Development (HUD)

HUD encourages cities to use federal HOME funds for operating expenses for CHDOs and requires a minimum of 15 percent of the annual HOME allocation (approximately \$450,000 annually) for housing development activities in which CHDOs are the owners, developers and/or sponsors of the housing.

City Council Policy

- The Housing and Development Focus Plan supports increasing affordable housing and homeownership opportunities in threatened and fragile neighborhoods to foster neighborhood stabilization.

- The City's FY 2007 Action Plan for Housing and Community Development approved by City Council on June 26, 2006 identifies the need for affordable, safe and decent housing for low and moderate-income families.

**Charlotte Neighborhood Fund
Status Report – July 1, 2006 to March 30, 2007**

During FY2007, the Charlotte Neighborhood Fund (CNF) completed eight units of production. The performance goal was to complete 19 units for this fiscal year. The summary of the results are listed below along, with City funding and non-housing related activities performed by five organizations.

Name	Units Target	Completed Units	Percent of Goal	Funding Awarded
Belmont	8	2	25%	\$60,000
City West	0	0	0	\$60,000
Friendship	5	1	20%	\$60,000
Lakewood	6	3	50%	\$60,000
Northwest Corridor	0	2	0%	\$60,000
Totals	19	8	42%	\$300,000

***Note: Grier Heights was not funded by the City in FY2007
Grier Heights completed 11 units (41%) of its goal (27 units)*

**A. Charlotte Neighborhood Fund Status
Belmont Community Development Corporation**

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	8	2	25%

FY2008 Projections	
Other Housing Activities	Description of Activities
Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.	<ul style="list-style-type: none"> • Acquisition of six additional lots in Belmont. • Build six of ten housing units in partnership with CHA as a component of the HOPE VI project. Final four to be completed by January 2009. • Build four housing units from property acquired by the City of Charlotte. • Increase Housing Counseling of potential homebuyers from 150 to 200 individuals in FY2008. • Administer the new Handyman Program created by the Belmont CDC, which assists senior citizens and handicapped homeowners in Belmont. We anticipate assistance to ten homes.

**Belmont Community Development Corporation
Continued**

FY2008 Projections	
<p>Non-Housing Related Activities</p> <p>Describe any non-housing-related community development activities</p>	<p style="text-align: center;">Description of Activities</p> <ul style="list-style-type: none"> • Continue Christmas projects that assist needy families in Belmont and the surrounding areas. • Partner with Rebuilding Together/Hands on Charlotte to provide five renovation projects and various community outreach programs that assist our youth. Scheduled for October 2007. • Continue Landlord/Tenant series to educate tenants about their rights as tenants and the importance of homeownership. Scheduled throughout the year.

**B. Charlotte Neighborhood Fund Status Report
City West Community Development Corporation**

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	0	0	0%

Other Housing Activities	Description of Activities
Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.	Due to organizational transitions, the City West CDC did not project any quantifiable housing related activities. The CDC is seeking to hire an Executive Director.

Non-Housing Related Activities	Description of Activities
Describe any non-housing-related community development activities	<p>The major goal for FY07 is to strengthen the CDC board through recruitment and training. Also, the CDC hopes to enhance the assets of the organization through grant development and other revenue enhancing strategies.</p> <p>The CDC contracted with a consultant to provide board training and do an assessment of the organizations strengths and challenges.</p>

**C. Charlotte Neighborhood Fund Status Report
Friendship Community Development Corporation**

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	5	1	20%

Other Housing Activities Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.	Description of Activities
	<p>1. Completed rehab of one single family home.</p> <ul style="list-style-type: none"> ✓ Rent subsidized by FCDC ✓ Supportive services provided to the family <p>2. Ex-Offender Housing.</p> <ul style="list-style-type: none"> ✓ Provide one apartment for an ex-offender who is coming out of Work Release and Restitution ✓ Also provide community support services to ex-offender <p>3. Acquisition of 43 units.</p> <p>23 duplexes in Lincoln Heights 20 garden and townhomes in Washington Heights</p> <ul style="list-style-type: none"> ➤ Acquisition is being reviewed by lenders prior to being submitted to CNF for possible grant funding <p>4. Rehab of seven town homes and new construction of seven townhomes.</p> <ul style="list-style-type: none"> ➤ The FCDC has acquired property at 2208 Catherine Simmons and 2205-07-09 Custer Avenue, which consists of 7 townhomes, 1 duplex, and 1 single family home. Our plan is to rehab the existing 7 townhomes, demolish the single family and duplex dwellings and build 7 new townhomes on that footprint. <p>STATUS:</p> <ul style="list-style-type: none"> ✓ Acquisition ✓ Environmental Review ✓ Survey Architectural Drawings (in process) ✓ Estimate for asbestos Removal ✓ Estimate for rehab Estimate for new construction (waiting for architectural drawings) <p>TIME LINE:</p> <p>Estimate rehab beginning July 1, 2007 (pending HOME grant approval) Estimate new construction begin August 1, 2007 (pending HOME grant approval)</p>

Non-Housing Related Activities

Describe any non-housing-related community development activities

Description of Activities

ADVOCACY:

- ✓ Panel member for gentrification discussion at 2007 Annual Neighborhood Symposium
- ✓ Spoke at Boarded up Housing Public Meeting
- ✓ Coordinated AARP/Family Financial Literacy Council free tax prep
- ✓ Hosted monthly meeting of the CNF Executive Director
- ✓ Coordinated the development of the first CNF bi-monthly newsletter (1st issue June 2007)

COMMUNITY EDUCATION:

- ✓ Hosted free grant writing workshop in collaboration with the African American Community Foundation
- ✓ Designed and hosted a poverty simulation for 150 participants of the faith community
- ✓ Coordinated education workshop(s) on senior property tax reduction with NWC CDC and McCrorey Y

TEEN ACADEMY OF BUSINESS AND LEADERSHIP:

- ✓ Hosted TABL for 19 teens during Spring Break to teach business, leadership and financial literacy skills and paid a stipend of \$150 per teen

SUMMER YOUTH EMPLOYMENT PROGRAM:

- ✓ Started first teen employment program along the Beatties Ford Road corridor
- ✓ Provided job readiness workshop for 36 teens
- ✓ Coordinated job fair for 18 employers who provided 21 jobs

NEIGHBORHOOD INVOLVEMENT:

- ✓ Member of the Lincoln Heights Board of Directors
- ✓ Wrote Front Porch grant for LH and received \$2000
- ✓ Coordinated first LH Fall Festival
- ✓ Printed first newsletter for LH
- ✓ Developed Ad campaign to solicit area businesses to develop long term financing structure for newsletter
- ✓ Provided free office space for the LHNA
- ✓ Developed and mailed letters to over 300 absentee landlords resulting in recovery of ~\$1000 in neighborhood dues
- ✓ Provided meeting space for LHNA Board at no charge
- ✓ Supported neighborhood association programs by giving away gift certificates and donating prizes

ECONOMIC DEVELOPMENT:

- ✓ Operated Great Things!, a community thrift store providing new and gently used merchandise at a reasonable price
- ✓ Hired 1 additional full time employee at store for a total of 2 full time employees

	REVITALIZATION: ✓ Spearheaded design, funding and execution of New Brooklyn Initiative, a collaborative effort to identify the Vision for the Upper West End of Beatties Ford Road between Oaklawn Road and Sunset Road.
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FY2008 Projections	
Other Housing Activities	Description of Activities
Describe any other housing related activities, such as land acquisitions, homebuyer assistance, etc.	1. Complete Catherine Simmons Project of 7 rehabbed townhomes and 7 townhomes new construction 2. RFP for mixed use expansion of Great Things! to include 2 stories of apartments on top of new building 3. Development of RFP for senior housing on Friendship Missionary Baptist Church 108+ acres

FY2008 Projections	
Non-Housing Related Activities	Description of Activities
Describe any non-housing-related community development activities	1. Continuation of above activities 2. New initiatives under development: ✓ Workforce development program target for the ex offender community ✓ Addition of internal community supportive services capability

**D. Charlotte Neighborhood Fund Status Report
Grier Heights Economic Foundation**

Grier Heights was not funded by the City in FY2007 based on City Council approving a termination grant in FY2006.

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	10 single family 17 multi-family	2 single family 9 multi-family	20% - single family 53% - multi-family

**Grier Heights Economic Foundation
Continued**

<p>Other Housing Activities</p> <p>Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.</p>	<p>Description of Activities</p> <p>GHEF, with our development partner (Self-Help), has acquired properties (8 lots) in the Grier Heights community that will yield six new single family homes. We have also partnered with Habitat For Humanity to develop seven new single family homes, with one underway. GHEF collaboration with City of Charlotte’s Planning, Infrastructure Department and Neighborhood Development, will produce a new connectivity street that will be the center piece of the new subdivision (“The Heights”). We have held and participated in several housing counseling information sessions that produced six promising individuals or families for first-time homeownership.</p>
<p>Non-Housing Related Activities</p> <p>Describe any non-housing-related community development activities</p>	<p>Description of Activities</p> <p>GHEF has received a \$30,000 grant from Neighborhood Development to landscape and enhance the entryway into the Grier Heights community at Monroe Road and Dunn Avenue. Due diligence is being met by GHEF for the City.</p>
<p>FY2008 Projections</p>	
<p>Other Housing Activities</p> <p><i>Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.</i></p>	<p>Description of Activities</p> <p>Develop and build eight or more single family homes in our “The Heights” subdivision project. Complete the rehabilitation of our Wallace Townhomes project, with the renovation of nine multi-family townhome units. Petition the City for necessary zoning and subdivision of properties.</p>
<p>FY2008 Projections</p>	
<p>Non-Housing Related Activities</p> <p>Describe any non-housing-related community development activities</p>	<p>Description of Activities</p> <p>Complete Dunn Avenue/Monroe Road landscaping enhancement project.</p>

**E. Charlotte Neighborhood Fund Status Report
Lakewood Community Development Corporation**

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	6	3 Completed (3 Under construction)	50% (Projection of 5 completions for 83.3%)

Other Housing Activities	Description of Activities
Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.	<p>Acquisitions: Goal = 0, Actual = 8 Demolitions: Goal = 15, Actual = 17 Counseling Sessions: Goal = N/A, Actual = 88 Workshops: Goal = N/A, Actual = 13 ND Rehabs: Goal = 3, Actual = 5 Code Enforcement Initiated: Goal = N/A; Actual = 13 Code Enforcement Final: Goal = N/A; Actual = 17 New Homeowners (existing homes): Goal = N/A; Actual = 1 (transitional) Phase III (12 New Homes): Application Completed</p>

Non-Housing Related Activities	Description of Activities
Describe any non-housing-related community development activities	<p>Dead Tree Inventory: Completed Zoning Cases Initiated: Goal = N/A, Actual = 11 Zoning Cases Closed: Goal = N/A; Actual = 6 Health Realization Training: 2 Staff Completed Weekly Food Distribution: Goal = N/A; Actual = 42 Households, 121 Individuals Grand Opening of LNA Building: Postponed Social Services: Volunteer Social Worker providing case consultations Park Redevelopment: In progress Greenway Development: In progress Mountain Bike Trail Development: In progress Commercial Building Revitalization: In progress Mixed Use Development: In initial planning stage</p>

**Lakewood Community Development Corporation
Continued**

FY2008 Projections	
<p>Other Housing Activities</p> <p>Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.</p>	<p>Description of Activities</p> <p>Acquisitions: Goal = 0 Demolitions: Goal = 1 Counseling Sessions: Goal = 60 Workshops: Goal = 12 ND Rehabs: Goal = 3 Code Enforcement Initiated: Goal = 6 Initiate Phase III (12 New Homes over 2 years)</p>
FY2008 Projections	
<p>Non-Housing Related Activities</p> <p>Describe any non-housing-related community development activities</p>	<p>Description of Activities</p> <p>Dead Tree Project: Seek Funding Zoning Cases Initiated: Goal = 3 Health Realization Implementation: Seek Funding Weekly Food Distribution: Goal = 40 Households, 120 Individuals Grand Opening of LNA Building Youth Programming: Seek Funding and Initiate Social Services: Volunteer Social Worker providing case consultations Park Redevelopment: Continue progress Greenway Development: Continue progress Mountain Bike Trail Development: Continue progress Commercial Building Revitalization: Complete 3301 Rozzelles Ferry Road Mixed Use Development: Continue planning</p>

**F. Charlotte Neighborhood Fund Status Report
Northwest Corridor Community Development Corporation**

	CNF Contract Goal	Actual Thru March 30, 2007	Percent Complete
Housing Production	2	0	0%

Other Housing Activities	Description of Activities
Describe any other housing related activities such as land acquisitions, homebuyer assistance, etc.	<p>Met with Self Help Credit Union and Mechanics and Farmers Bank to establish relationship to help market their mortgage product in the corridor and decrease number of persons incurring brokerage fees and high interest loans.</p> <p>Conducted monthly homeowner education classes. Thirteen persons completed the class. Three of these reside in the corridor. Three are participating in the homebuyers club.</p> <p>Sent letters to tenants on NWCCDC rental properties to encourage participation in homeowner education and purchase of rental property they reside in.</p> <p>Completed map and list of owners to identify vacant lots in the NW Corridor.</p> <p>Sent letters to owners of boarded up properties to solicit purchase of their properties or partnership redevelopment.</p> <p>Received an Offer to Purchase and Contract on NWCCDC owned vacant lot at 306 Dixon.</p> <p>Purchased 2412 Dundeen Street – performing minor rehab work – currently rented to homeowner for rent to own.</p> <p>Put a contract on vacant land at 1530 Russell Avenue for Single Family development.</p>

Continued

Non-Housing Related Activities	Description of Activities
Describe any non-housing-related community development activities	<p>Met with Ed Norris, Greater Carolina Group to design Financial Literacy Workshops.</p> <p>Met with JCSU Students In Free Enterprise (SIFE) to partner on Financial Literacy Program. Series begins May 29, 2007 on JCSU campus. Foreclosure Prevention, Reverse Mortgages, Banking Basics, Long Term Care, Financial Planning, Retiring From Your Own Business, Entrepreneurship, Will and Estate Planning, Predatory Lending, Final Expenses, and Medicare Supplement are the workshops to be presented.</p> <p>Planned the Mecklenburg County Senior Tax Exemption Program w/McCrorey YMCA and Friendship CDC.</p> <p>Held 3 Gentrification Dinner and Discussions at the Phillip O Berry Recreation Center.</p>

Charlotte Neighborhood Fund Community Input “Wrap-Up” Session

Friendship Missionary Baptist Church
3400 Beatties Ford Road
Charlotte, NC 28216

March 2, 2007

Name	Organization
Dale Harrold	Self – Help
Mary E. Wilson	Friendship CDC
Stan Cook	CMHP
Chris Wilson	Belmont CDC
Reginald Jones	Belmont CDC
Linda Alexander	NuLevel Strategic Solutions
George A. Wallace	Grier Heights Economic Foundation
Dave Nichols	Lakewood CDC
Gwenarda Isley	Northwest CDC
Johnnie Wallace, Jr.	Eastside CDC
David Willis	NuLevel Strategic Solutions
Bert Green	Habitat – Charlotte
Debbie Miller	Lakewood CDC
Toni Tupponce, Facilitator	Tupponce Enterprises, II

I. Meeting Objective:

- a. Review/comment/correct February 28, 2007 Meeting Notes
- b. Dialogue on “solutions” to issues related to the City’s existing CDC Business Model.

II. Corrections and Comments on Meeting Notes:

- Page 3. Correct comment regarding “land trust” to read: CDCs need resources to acquire land to be set aside as “land trusts” so that the land on which houses are constructed - remains in the hands of CDC so that when houses are re-sold they remain available for low to moderate income housing so that communities may remain “mixed income”.
- Page 5. Clarification of “organizational ...entitlement”. Group agreed that the term referred to the perception that some CDC staff and board members think that they should keep their jobs and City funding even if they have not produced the City’s required objectives.
- Explain in accompanying narrative why CDC “capacity” shows up as both strength and a weakness.

- Drop “Credit Union” from Self-Help title since the credit union is a single component of what the organization does.

III. Refined SWOT Analysis – CDC Relationship to the City’s Current Business Model

Strengths	Weaknesses
<ul style="list-style-type: none"> • Narrowly focused; easily measured • Access to capital • Potential for strong partnerships • [Their work] leaves money in the ground • Ability to be flexible in their annual work plans • City’s ability to change the CNF Business Model 	<ul style="list-style-type: none"> • Lack funding source to [allow them] to move quickly on projects • Narrowly focused • CDCs do not take [their own] formalized work plans to the City for consideration during the City’s annual work plan process. • CDCs lack an objective analysis of what it takes to deliver on their product • [There is] no provision for land banking tied to the strategic plan • Lack of development partners • Lack of a comprehensive list of options on ways to use City dollars • No publication or notification of how CDBG dollars are spent • CDCs are not represented on affordable housing funding advisory committees
Opportunities	Threats
<ul style="list-style-type: none"> • To collaborate with partner agencies (City, County, non-profits, etc.) • To use CDCs as adjunct to City within the neighborhoods (contract with CDCs to broker City programs such as matching grants in their neighborhoods) • Development of a comprehensive list of options for the use of City funds- ex. Using City dollars to cover “interest carry” during project construction • [For the] City to provide a single request form to CDCs for funding for “emergency” (or contingency?) [work plan amendments] • Revise timeline metrics and timeline for CDC funding from 1 year to 5 years. 	<ul style="list-style-type: none"> • Lack of mutual communication around the strategic plan: <ul style="list-style-type: none"> ○ City does not provide internal strategic plan to CDCs ○ CDCs are not getting buy-in from the City on their [CDC’s]strategic plans • CDC perception of the City’s lack of capacity to support the CDC’s success (guidance, training, direction in organizational development) • Lack of City service coordination around CDC projects. • CDC’s lack of information regarding options for using City funds • City’s current business model is a threat to the CDCs

IV. Suggested Action Step Ideas for Changing the CDC Business Model

Programs:

- Place the Neighborhood Action Plan Implementation Process under the CDCs and fund the CDC's to execute the process
- Streamline the [business plan] process for identifying and transferring land to CDCs for development (Site Control)
- Provide support services to help residents be ready to purchase CDC houses (financial preparedness, knowledgeable about the product, etc.)
- Allow CDC's to build spec or model home(s) so that they may be previewed by potential buyers. (To help with marketing)

Planning:

- [There should be] joint CDC strategic planning sessions with the City to be held around February – then continue quarterly plan review sessions with City staff around CDC work plans.

Collaboration:

- City (Neighborhood Development) should build internal capacity to better guide Charlotte Neighborhood Fund process – with out third party intermediaries. (City should work directly with the CDCs without other entities.
 - [There needs to be] direct City engagement with CDCs
- [There should be] shared City and CDC responsibility and accountability for the success of the CDCs
- Integrate Neighborhood Development so that [program changes, initiatives] are done **with** CDCs and not **to** the CDCs.
 - Neighborhood Development divisions need to **communicate with each other** about what's going on in the neighborhoods and then talk to neighborhoods (neighborhood association, CDCs) before [Neighborhood Development] actions occur.
- Develop CDC Collaborative process with City and County around building communities
- [The current CDC] business model needs to work for/with CDCs regardless of changes in City personnel. (Model should not be left to individual interpretation)
- Continue to collaborate and share individual business models and programs; what works and what does not.
- CDCs should begin to partner with each other around the development of specific efficiencies.

Evaluation:

- [The City should] use the “power of the purse” and reward those CDCs that perform and do not reward the CDCs that don’t perform.
- Develop metrics to value what the CDCs do –in alignment with the Quality of Life [indicators]. (Not all CDCs – such as Eastside CDC - build houses but their work in the community is no less valuable in revitalizing neighborhoods)
- CNF Process needs to be more out-come oriented.
- CDCs believe:
 - The City should put the history of the CDCs behind them and treat the CDCs as partners
 - CDCs have weakness and failures but so does the City – there seems to be no acknowledgement of City’s role in the failure of the CDC [Business Model].
 - City’s top down – instead of inside/out approach – does not value the CDCs input.
- If the City and CDCs are willing to look at mutual inadequacies with a mindset to plan and act “globally” the existing business model may work.
- CDCs need an annual opportunity to give and receive feedback from the City on the Business model and their work plans.

V. Final Steps and Adjournment

The consultant agreed to electronically distribute notes from the meeting to participants as soon as possible during the week-end so that they could be reviewed and commented on during a conference call on Monday morning.

**A Scan of the CDC
Industry, its Support
Systems and Selected
Profiles of Organizational
Excellence**

Prepared for

the

City of Charlotte, NC

Housing Services Division

March 2007

By

Maria Gutierrez



CamBia Associates
New York Atlanta

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CamBia Associates

CamBia Associates is a boutique consulting, facilitation & training practice specializing in organizational diagnostics, transformation & turnaround, outcomes-based program development, high performance teams and asset & property management. With offices in New York and Atlanta, CamBia Associates offers services to clients nationally. CamBia also has associate relationships with a number of high quality consultants across the country, and often partners with local firms on large engagements.

CamBia Associates is a minority and women-owned firm. CamBia's principal, **Maria Gutierrez**, is a Cuban-American woman with a long history of service to low income, moderate income, and minority communities. Ms Gutierrez has more than 23 years of experience in organizational development, community development, & the real estate industry including asset & property management, maintenance management, development and construction. She is an accomplished trainer and facilitator, and an expert in organizational assessment, Outcomes-Based Planning and in the development of Outcomes-Based work plans. Gutierrez is also a widely known for her asset management expertise with numerous asset management training, technical assistance engagements, publications, tools and assessments to her credit.

Ms. Gutierrez previously served as Vice President for Organizational Development for the Local Initiatives Support Corporation (LISC), the country's largest community development intermediary, where she was responsible for senior leadership, design and strategic implementation of a vast array of large scale capacity building initiatives across the country. She is a published author who most recently contributed a chapter to "*A Funder's Guide to Organizational Assessment*" (Fieldstone Alliance & Grantmakers for Effective Organizations (GEO) – 2005), and is currently working on a book on the art of transforming troubled organizations. She is the immediate past president of the Consortium for Housing and Asset Management (CHAM), and was recently appointed to the Executive Board of the Alliance for Nonprofit Management.

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Research Methodology

This report relies heavily on local interview information, conducted by CamBia researchers, and a review of non-profit, community development and business literature and research. Primarily qualitative data was gathered through interviews with practitioners from national and local intermediaries, community development corporations (CDCs), and other informed observers. These interview subjects were identified based upon conversations with Charlotte city staff, and the chief researchers' own knowledge of the field. They represent a cross section of knowledgeable industry experts with first hand experience in the field, or current responsibilities that provide them with exceptional insight into the trends and history of community development support systems.

Quantitative data was obtained primarily through significant analysis of capacity mapping information from more than 320 organizations in the Local Initiatives Support Corporation (LISC) network, provided by LISC's Organizational Development Initiative (ODI). Additional profile information on 220 organizations in the Neighborworks America network was obtained from their website (www.NW.org) and provided critical updated data on basic industry wide organizational trends.

The organizations selected for in-depth profiling do not represent the largest, most well-known or greatest producers of affordable housing units in the country. In fact, many of the largest community development corporations in the country that work regionally or in large urban centers have reached an operating size and a scale of production that is difficult to benchmark to for most organizations, and especially for those in smaller markets and funding environments. These organizations were selected in part because of their records of sustained excellence, or in the case of Northwest Jacksonville CDC as an example of what can be accomplished in a relatively short time when the supports are there. Consideration was also given to the degree to which the organization was neighborhood focused, and the size of city in which they work as we sought to explore successful models of support for community development. They represent a mere fraction of the many high performing organizations working in communities across the country today.

Executive Summary of Findings

In response to a request from their City Council, staff from the Department of Housing Services, City of Charlotte, NC commissioned CamBia Associates to research and provide an overview of the community development industry. The specific charge was to review the findings of various studies and surveys conducted in recent years by a spate of illustrious research teams, interview knowledgeable practitioners in the field, and to synthesize this data in order to more fully describe typical community development corporations (CDCs) and their support systems. A wide variety of high performing organizations were also examined, and six were selected for more in-depth profiling.

The “Typical” Community Development Corporation (CDC)

Community development has been described as the self-directed economic, physical, and/or social revitalization of a community, by that community. The organizations that do this work come in many shapes and sizes, label themselves differently and owe their genesis to a variety of causes, motivations and agendas. While a precise definition of a community development corporation can be an elusive target, most would agree that they are those nonprofit organizations that are “actively engaged in producing or financing affordable housing, developing commercial or industrial space, operating a business, or providing capital or loans to support other business enterprises.”

- Standard activities that CDCs engage in include housing development, commercial development, job creation and business development, community building and program services.
- While the “typical” CDC has ten employees based upon surveys of numerous CDCs across the country, most organizations in the more sophisticated community development centers and those that engage in a wider range of comprehensive community building activities tend to be much larger and have twenty to thirty staff.
- Board size typically ranges from ten to twenty members, generally with a balanced mix of neighborhood constituents, and other professionals who bring important technical abilities to their leadership role.

- The “typical” CDC generally has an Executive Director, a Director of Real Estate Development, a real estate project manager, a Director level position managing the provision of any social services or Community Programs the organization may deliver, a community organizer, a Finance Manager or Director who may also handle human resources, and an administrative professional who may act in many roles (receptionist, admin, rent collection, mail, low level bookkeeping).
- Typical resources tend to derive from a very narrow universe of funding sources including government, private foundations, and earned revenue, with most organizations across the country operating with budgets under 500K a year. However, most of the high performers profiled for this study, were significantly larger in operating size.
- Federal resources are critical, especially Community Development Block Grants & those distributed by Housing & Urban Development’s (HUD) HOME program. However, only approximately 30% of all surveyed CDCs receive core operating support from a federal source of funds. Foundations & corporations provided 43% & 34% of CDCs respectively with \$10,000 in fiscal year 2005.¹
- The vast majority of the 4600 community development corporations in the US today produce fewer than 10 units a year, while a much smaller universe of organizations account for the highest levels of production, consistently producing hundreds of units per year. In fact, survey data suggests that fewer than 20% of CDCs have produced more than 25 units per year over the last four years, and only 44% have produced more than 100 units over their organizational lifetimes.²
- The amount of annual operating support provided by funding collaboratives around the country varies greatly, ranging from \$30,000 to \$300,000 per organization.
- The challenges & issues facing CDCs include the never ending pursuit of operating money, a wide variety of asset and property management issues,

¹ National Congress for Community Economic Development (NCCED), *Reaching New Heights: Trends and Achievements of Community Based Development Organizations*. 2005

² NCCED

gentrifying neighborhoods, a lack of support from city hall, long term succession and leadership deficits, changing environments and outdated business models, and board capacity issues.

Models of Support

The community development support systems that have emerged over the last fifteen years in many parts of the country have led to impressive growth in the productivity and effectiveness of their local nonprofit community development corporations. The level of increase in the total affordable housing units produced, as well as significant gains in the production of commercial facilities testifies to this fact. However, these gains were not universal in all cities and regions.

Cities and regions that worked diligently to organize their support for community development, reduce red-tape and bureaucracy, broker relationships and created new key institutions such as funding collaboratives achieved the greatest productivity gains and the highest levels of organizational capacity growth among their nonprofit community developers.

One of this paper's important conclusions is that the participation and support of city government is critical to the creation of an effective (and productive) local community development industry. Interviewees and industry literature and research are consistent in their agreement: Local and state governments play a critical role in creating and maintaining vibrant community development systems. From the local and federal funding they control, to the relationships they broker and support, city agents and agencies have the power to make or break a community development infrastructure. And many report that it "begins at the top."

When asked about the models of city support that had contributed to the growth of their community development industries, interviewees for this study shared a number of concrete and often innovative approaches their cities had used to support the development of affordable housing and the growth of CDCs. **Cities that are noted for the effectiveness of their community development industry (Portland, Seattle, New York, and Cleveland) employ many of these strategies which are detailed in the study.** First, and foremost, cities that have brought their community development industries to scale assure that there is significant sources of project subsidy allocated and available for nonprofit housing development, often investing substantial Community Development Block Grant

(CDBG) and federally allocated HOME funds in housing (directly or indirectly through funding collaboratives), to the organizations, neighborhoods and projects championed by the CDCs.

Cities participate in a variety of other ways as well: Zoning variances, set asides, demolition services, land trusts, acquisition funding pools and favorable vacant land disposition policies all helped to promote development, in the opinion of interviewees. Operating support provided by city coffers for planning and organizing activities conducted by CDCs helped build community consensus, and brought neighbors into relationship with their city planners and community developers (both non & for profit). Indeed, the investment strategy a city government chooses for the federally allocated dollars it controls was reported as a pivotal decision.

Models for support that have proved most helpful to building strong community development industries include

- **strong national intermediary presence**
- **strong political & financial commitment from local government, including to operating support of community development corporations**
- **strong financing tools for production of affordable housing from the private and public sectors**
- **access to “early” pre-development capital for land acquisition and preliminary site & design work**
- **funding collaboratives that provide multi-year operating support, capacity building technical assistance and training to community development corporations**

In addition to strong city government support, national community development intermediaries were key to much of this growth in many locations. Along with critically important financial resources, including significant predevelopment funding for projects, they created great access to intellectual capital, best practices and peer experience for their constituent community developers. LISC’s Organizational Development Initiative (ODI), an in-house management consulting & research department, has created a particularly impressive vast body of work including training programs, research papers, technical assistance approaches, publications and numerous tools and templates designed to assist community development corporations in growing their capacity.

While this study was not commissioned to evaluate the quality or effectiveness of community development initiatives in the City of Charlotte, it is clear that many of the components that have characterized Charlotte's model of support for community development would be considered "best practice." City of Charlotte Housing department staff report a number of efforts and program initiatives that they have designed to effectively partner with community development corporations over the years. And the historic support from the Charlotte funding community for both a regional (North Carolina Community Development Initiative) and national intermediary (Enterprise Community Partners) certainly qualifies as a proven strategy for bringing a community development system to scale.

Charlotte's Neighborhood Fund, a reliable source of operating support and capacity building funding for community development corporations, is certainly another example of an investment strategy that has been extremely successful in other parts of the country in growing a successful industry. Administered in the past by the intermediary staff, it has reportedly provided base funding for the nonprofits in Charlotte for many years.

However, the presence of any of these components does not guarantee the successful scaling of a community development industry. It is the quality of their coordinated application and the ongoing commitment and support of the both the funders and the nonprofits themselves that has historically proven successful around the country.

Section I

An Overview of the Community Development Industry

National Definition of a Community Development Corporation

Community development has been described as the self-directed economic, physical, and/or social revitalization of a community, by that community.³ The organizations that do this work come in many shapes and sizes, label themselves differently and owe their genesis to a variety of causes, motivations and agendas. Many community-based development organizations are not specifically incorporated as Community Development Corporations (CDCs), but may call themselves community action agencies or assistance programs, Community Development Financial Institutions (CDFIs), or housing or economic developers. A precise definition of a community development corporation can be an elusive target. However, the vast majority of them share common goals and engage in similar activities and strategies to achieve success:

1. They seek to improve the physical landscape of the communities they serve
2. They often seek to empower the people & strengthen the social bonds of the community in which they work
3. They often seek to develop the local economy
4. They are neighborhood/community based and/or resident/constituent-controlled
5. They are incorporated, not-for-profit organizations
6. Their missions specifically involve the social, economic, and physical transformation of the neighborhood or communities in which they work
7. The vast majority serve poor and low income populations, or work in low income communities⁴
8. According to a 2005 census, 66% of CDCs have a "local focus serving a single city, several neighborhoods, or a single neighborhood."⁵

³ Presentation to Cornell University Planning Dept by Maria Gutierrez, VP for Organizational Development, LISC *Lean and Mean... or Frail and Fragile? Building Capacity in Community Development Corporations* October, 2003

⁴ NCCED, *Reaching New Heights: Trends and Achievements of Community Based Development Organizations*. 2005 pp 3,8; The census found that 87% of the people served by CDCS are low, very low income, or at the poverty level

⁵ NCCED

For the purpose of its 2005 census of the community development industry, the National Congress for Community Economic Development (NCCED) limited inclusion to those community based organizations that were “actively engaged in producing or financing affordable housing, developing commercial or industrial space, operating a business, or providing capital or loans to support other business enterprises.”⁶

Activities Performed by Community Development Corporations in Communities

A high degree of program diversification took place over the 1990’s, with CDCs across the country embracing a wider variety of activities than ever before.⁷ However, this in no way should be interpreted to be universal, with many organizations opting to specialize in areas of proven success, focus on their core competencies with more limited, but proven, business models.

Housing Development is the primary development activity engaged in by CDCs. Since 1998, CDCs have added more than 600,000K homes and apartments to their inventory – more than 86K annually, of which 68% have been rental units. But individual organizational productivity varies greatly. According to the most recent industry survey of the field performed by NCCED in 2005, only approximately 20% of the 1000 CDCs responding to the survey have produced 25 units or more annually over the past four years, while 44% of responding CDCs have produced more than 100 units over their organizational lifetime. CDCs also engage in housing-related activities such as rehabilitation of existing housing stock, construction management for are homeowners and others, administration of home repair or weatherization programs, housing preservation activities and asset and property management.⁸ Many organizations create special needs & supportive housing for targeted populations, often providing the service programming components themselves, or partnering with service providers to bring needed resident supports into their housing projects.

Commercial Development – CDCs are increasingly engaging in the development of commercial space including community facilities such as

⁶ NCCED

⁷ Walker, Christopher *Community Development Corporations and their Changing Support Systems*. 2005. Urban Institute DC

⁸ NCCED

recreation centers, health or child care centers and facilities for youth or arts programs; retail and commercial corridor revitalization; office buildings and small business incubator facilities. In fact, 45% of all CDCs surveyed reported some level of engagement in commercial development activities. Production totaled more than 61 million square feet from 1998 – 2005.⁹

Job Creation and Business Development – While some CDCs have always focused on economic development, an increasing number of CDCs have been engaging themselves in business development activities over the last 10 years. More than 33% of the CDCs surveyed reported being engaged in activities that promote small business development and job creation. Their activities range from owning and operating businesses directly, to providing training and/or technical assistance to prospective business owners, making equity investments in business and/or micro-lending to small businesses and local entrepreneurs. These loans reportedly totaled more than \$1.5 billion dollars thru 2005. Another area of substantial increase has been the rate of jobs created by CDCs with almost twice as many jobs created from 1998 – 2005 (more than 500,000) than were created in the prior ten years (247,000 jobs).¹⁰

Community Building & Program Services CDCs continue to expand the range of services and programming they provide in their communities, with all data confirming the comprehensive nature of their offerings. The most common services offered are advocacy and community organizing around specific issues or constituent interests; homeownership counseling to facilitate increased access to homeownership opportunities; budget and credit counseling; and education and training. Many CDCs now offer extensive services for immigrants including English as a 2nd Language, and assistance with the legal challenges of relocating their families to a new country. There has also been a significant emergence of prisoner reentry programming, which seeks to support an ex-convict’s successful reentry into his or her community and connect these individuals and their families with the housing and services that they need. ¹¹

⁹ NCCED

¹⁰ NCCED

¹¹ See Appendix A for NCCED breakdown on community building activities

Typical CDC Staff Size & Composition

The median CDC, according to NCCED's most recent survey of almost 1000 community based organizations, "has ten paid employees, an eleven-member board and incorporated in 1987."¹² This data is roughly consistent with an examination of the 234 organizations in the Neighborworks America network, as well information received from Local Initiatives Support Corporation (LISC) program sites across the country. However, most of the organizations that engage in a wider and more comprehensive range of activities tend to be much larger with an average of 20 – 30 staff members.¹³

Based upon LISC site interviews, the "typical" CDC generally has an Executive Director, a Director of Real Estate Development, a real estate project manager, a Director-level position managing the provision of any social services or community programs the organization may deliver, a community organizer, a Finance manager or director who may also handle human resources, and an administrative professional who may act in many roles (receptionist, administration, rent collection, mail, low level bookkeeping).

Typical Resources & Annual Funding Levels for CDCs

Community development is funded by a wide array of private, philanthropic and public sources. According to the latest NCCED survey, "CDCs received more than \$50K in grants, investments or loans from 40 different federal programs." The role of industry intermediaries in channeling funds to community development corporations has been critical to the growth of the sector. As the survey concludes, "Intermediaries are an important and growing part of the financial support system," often pooling & managing large funding collaboratives through which a multitude of funders channel & coordinate their social investments in community development. These collaboratives typically provide significant amounts of flexible annual funding, sometimes reaching several hundred thousand dollars a year, to their selected recipients, along with

¹² NCCED

¹³ The Urban Institute limited their study... to "capable" CDCs producing 10 units or more "in order to exclude the large number of "letterhead" organizations, which have produced few, if any, units and do not contribute in a meaningful way to neighborhood improvement." Walker, pg 14

technical assistance and training resources. “The new local collaboratives are particularly consequential.”¹⁴

Other important, but non-financial, resources that CDCs can access include training and technical assistance provided by local management support organizations (MSOs) and non-profit resource centers. On a national level, large training providers dedicated specifically to developing CDC staff capacity have played an important role in strengthening the industries’ professionals. Examples include the Neighborworks America Training Institute which rotates throughout the country 4 – 6 times a year, Development Training Institute (DTI), and professional conferences targeted to specific CDC job functions such as LISC’s Financial Management Professionals’ Conference or the Consortium of Housing & Asset Management (CHAM) ‘s annual conference for asset managers. Access to a vast array of intellectual capital on the internet including forms, templates, how-to guides & studies of best practices in all areas of non-profit management has exponentially increased over the last 5 years. The internet also now provides access to a wide range of funders, and lessens the burden of application and communication with potential sources of revenue and grant support.

Sources of Funding

Sources of funding for community development work include the Federal & state governments, banks, foundations, local governments, intermediaries (such as LISC, Enterprise Community Partners, and Neighborworks America), the business sector and religious institutions. While federal monies from the Department for Housing and Urban Development (HUD) including Community Development Block Grants (CDBG), the HOME programs, Section 8 funding, Section 202 funding & others are the mainstays of community development, more than 40 different federal programs including the United States Department of Agriculture (USDA), Dept of Human Services and the Dept of Labor fund the industry. Indeed, according to NCCED’s survey, more than 88% of CDCs report receiving more than \$50,000 in grant, investments and loans from a federal source.¹⁵

¹⁴ NCCED pg 6

¹⁵ NCCED

Foundations, banks and intermediaries are the next largest supply of funding for the industry, with almost 50% of all CDCs receiving \$50K or more from each of those sources. While the percentage of organizations receiving significant funding from federal government or intermediary sources has risen dramatically since 1994, the percentage of organizations receiving more than \$50K from state and local city government sources has dropped by more than 25%.¹⁶ More than 24% of all CDCs have received more than \$50K from LISC, while 11% have received this level of financial support from Enterprise or Neighborworks America.

With the advent of the Internet, individual donors are increasingly starting to play an important role in funding community development, as well, with more than 26% of all CDCs receiving \$10,000 or more in core, unrestricted operating funds (some of the most difficult money to raise) from individual contributions, often over the internet. As Ben Hecht, co-founder and COO of One –Economy, has pointed out in a number of forums, a failure to fully embrace the technological realities of the moment & build important organizational capacities for internet use, will put some community development corporations in dire financial straits, and will cause many the loss of a vast array of opportunities to be of greater service in their communities.¹⁷

Core operating support		
Source of Support		% CDCs
Individuals' contributions		26
Foundations		43
Corporations		34
Intermediaries		18
Federal government		32
State governments		29
Local governments		33
Earned income		36
Other		13

Some of the toughest dollars to come by, for CDCs and other nonprofits, too, are funds that can be used to support an organization's routine operations, from staff salaries to utility bills.

This chart indicates where CDC operating funds come from. It shows the percentage of CDCs receiving \$10,000 or more from the listed sources during the most recent fiscal year.

As in the past, foundation dollars continue to be a mainstay of CDC operating support.

Source: **Reaching New Heights: Trends & Achievements of Community Based Development Organizations, 2005 – NCCED**

¹⁶ NCCED, Funding Sources

¹⁷ Hecht: Keynote luncheon speech, LISC FM Professionals conference, 2005 & "The Dynamic CFO;" Webcast interview with Maria Gutierrez, LISC Vice President for Organizational Development (2006)

Funding Sources

The community development field draws dollars from a wide array of funders. Many groups have become adept at using resources from public sources to leverage investment from the private sector.

Source of Financing	% 2005	% 1998	% 1994
Federal government	88	90	77
State governments	38	46	51
Banks	49	49	48
Foundations	49	46	45
Local governments	30	31	40
Intermediary organizations	44	41	27
Corporations	26	24	26
Religious Institutions	12	13	15

Includes CDCs receiving more than \$50,000 in grants, investments, or loans from the listed sources.

Source: Reaching New Heights: Trends & Achievements of Community Based Development Organizations, 2005 – NCCED

Challenges & Issues Facing CDCs

The Pursuit of Operating Funds Interviewees repeatedly reported on the continued struggle for CDCs to raise unrestricted operating funds to cover the management and overhead of project development and service provision. Although in many markets the creation of funding collaboratives has significantly improved the situation, many funders continue to fund direct program expenses while refusing to fund the cost to actually manage and run the program. To raise the necessary operating funds to execute their “funded” programs, CDC executives are forced to spend an inordinate amount of time chasing down unrestricted funds, often in the form of numerous small grants.

The cost of these efforts is significant, both in terms of actual time spent, but in the leadership and management opportunities lost, the time that *could have been spent* on strategic planning, implementation management and oversight or partnership building.

Asset & Property Management CDCs, especially the most successful ones, are increasingly facing the challenges of managing the assets that they have built for the long haul. After many productive years, some CDCs now own and manage hundreds or thousands of rental units. The composition of these portfolios, including the aging physical structures of the older deals, now pose real capital needs and asset management challenges to their sponsors. For many projects, rental increases have failed to keep up with the rising costs of operating the projects. After exhausting any operating reserve funds that may have been set up, some CDCs find themselves significantly underwriting operating losses out of organizational net assets or operating income.

Gentrifying Neighborhoods In some more mature markets, market forces have indeed been reignited resulting in fewer development opportunities and increased competition from the for-profit sector. This has left many CDCs with access only to the most difficult projects conceded by the marketplace, and the prospect of significantly reduced revenue streams from development activities. At the same time, rising rents and gentrifying forces have made the challenge of affordable housing preservation an even more pressing one in many of these same neighborhoods.

Lack of Support from City Hall Some interviewees reported that community development efforts were seriously hampered by a lack of support from local government. Examples provided ranged from a refusal to provide any operating support to community based organizations, to failures to provide essential services such as adequate garbage collection or policing support to communities targeted for CDC driven development, thereby undermining their construction, operation or long term impact. Some localities were charged with “playing politics” with the allocation of important resources for affordable housing, such as CDBG and HOME funding, subject to the gamesmanship of council members or the vagaries and biases of city officials in positions of power. Frequently, the failure to align and coordinate development activities with improved services (such as transportation or education) was cited as particularly debilitating.

As one executive put it, “The tone at the top matters! When the mayor and department heads signal that they “get” affordable housing, that it’s important – it tells the people in the apparatus of government what their priorities need to be, what they need to be paying attention to; and it sends the message to other important players that what you are doing for affordable housing and community development is “civic positive.” That’s invaluable; in fact, it’s an essential. If you send mixed signals, what you will see on the ground will be adversely impacted.”

Leadership Crisis on the Horizon - Many having begun their careers in the 60s and 70s, aging executives will be retiring in large numbers across the sector over the next ten years. Recent studies by CompassPoint Nonprofit Services and The Bridgespan Group predict the convergence of a mass exodus of “boomer” leadership from field along with a need for an increasing number of non-profit managers and leaders caused by an expected expansion of the sector will have potentially devastating impact upon the ability of, especially small, nonprofits to compete for talent.¹⁸

Changing Environments & Outdated Business Models

Increased competition, shifting sources of support that require performance and productivity, and other changes have fundamentally altered the community development landscape. Organizations that operate on outdated assumptions, and do not adjust, improvise and overhaul their business models in response to new business realities will not survive.

“There are so many challenges facing CDCs - aging portfolios that were created without a clear strategy or any long term operating efficiencies in mind, inadequate financial management capacity, boards lacking in professional strength to provide guidance - shrinking grant and subsidy resources- but perhaps the issue that wraps these disparate challenges together is "lack of alignment" - these energetic mini conglomerates often do not have clear business strategies that link mission, capacity and capital to take on this difficult environment,” says Harold Nassau, of Neighborworks America.¹⁹

¹⁸ Bell, Moyers & Wolden, *Daring to Lead* 2006 Compasspoint; Tierney, *The NonProfit Sectors Leadership Deficit* 2006 Bridgespan Group

¹⁹ Author interview with Harold Nassau

Board Capacity

A recent study surveying leaders across the country yielded surprising results. Many executive directors reported that they do not have the kind of strategic partnership with their boards that they would like, and that it is a source of extreme frustration to them. The study indicates that this dissatisfaction is strongly associated with executive director turnover. As the authors note, less than 30% of the executive directors responding “strongly agree that their board challenges them to be more effective.”²⁰ The most desired improvement was in the area of board member fundraising capacity.²¹ Many boards do not have individuals with the right skill sets or experience to participate effectively in strategic decision making or guide staff on financial or highly technical real estate dealings. Unlike many nonprofit sectors, community development is characterized by complex deal structures, financial tools and the high level of debt the organizations take responsibility for. Local resident board members are sometimes intimidated by the technicalities, the knowledge or experience of their staff, severely impacting their ability to lead.

City Participation in Community Development

Intermediary and CDC staff interviewed repeatedly reported that the participation and support of city government was critical to their efforts to create an effective (and productive) local community development industry. And cities participate in a variety of ways: Zoning variances, the allocation of Community Development Block Grants and HOME dollars (directly or indirectly through funding collaboratives), to the organizations, neighborhoods and projects championed by the CDCs, set asides, demolition services, land trusts, acquisition funding pools and favorable vacant land disposition policies all helped to promote development, in the opinion of interviewees. Operating support provided by city coffers for planning and organizing activities conducted by CDCs helped build community consensus, and brought neighbors into relationship with their city planners and community developers (both non & for profit). Indeed, the investment strategy a city government chooses for the federally allocated dollars it controls was reported as a pivotal decision.

Several interviewees lauded their city officials for intentionally promoting joint ventures between non-profits and for profit developers, stating that that policy

20 Bell, Moyers & Wolden

21 Ibid

had led to more community support, fewer challenges to the projects after construction had begun, better designed projects, and in most cases increased non-profit capacity as a result of having effectively partnered with and learned from the for-profit's staff and their systems for implementing development.

Section II

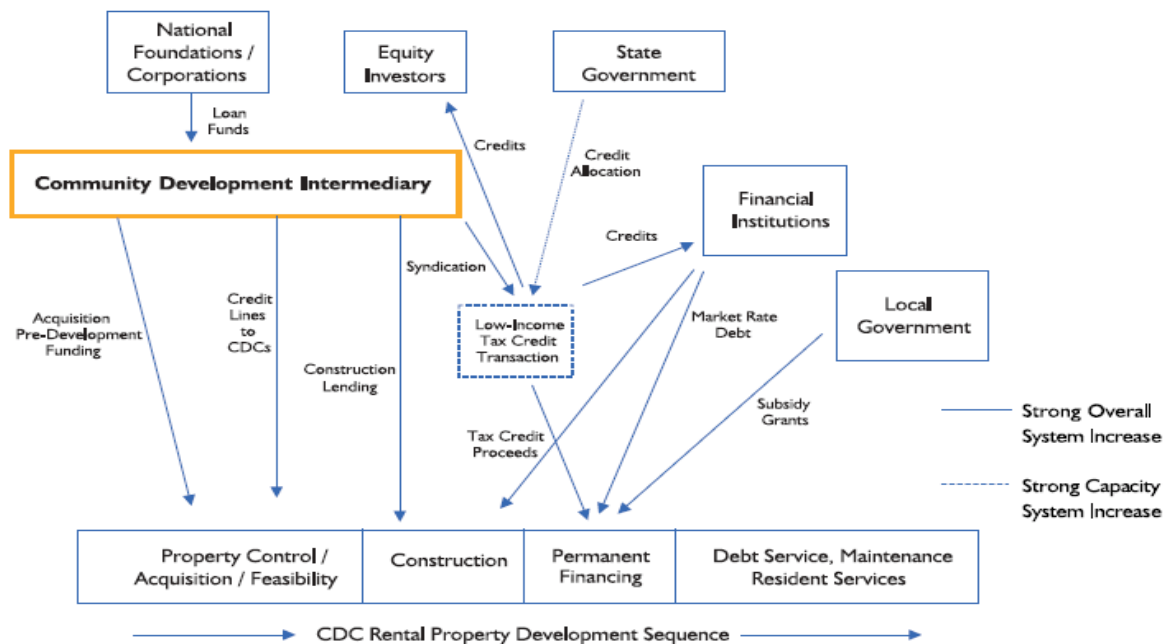
Models of Support for Community Development

Models of Support for Community Development

The community development support systems that have emerged over the last fifteen years in many parts of the country have led to impressive growth in the productivity and effectiveness of their local nonprofit community development corporations. The level of increase in the total affordable housing units produced, as well as significant gains in the production of commercial facilities testifies to this fact. However, these gains were not universal in all cities and regions.

“CDCs in cities that created effective community development systems early on tend to have multiple, strong, capably managed CDCs able to pursue neighborhood revitalization over the long haul. The key component of support systems is the relationships among individuals and institutions that can be used to mobilize and wield finance, expertise, and political influence for community development....Generally speaking, the biggest influence on the overall size of the CDC industry across cities is the amount of federal housing and Community development aid it receives.” ²²

Affordable Tax-Credit-Assisted Rental Housing Production System



Source: Walker, Community Development & its Changing Support Systems

The Value of Intermediaries

Intermediary organizations with the specialized skills and experience to provide links between community-level institutions on the one hand and national & local institutions are a critical part of a robust community development support system. The intermediary facilitates communication between CDC beneficiaries and funders & government; helps to identify and voice community needs; supports participation and group formation; trains and builds the capacity of community groups; and channels resources to the community level.

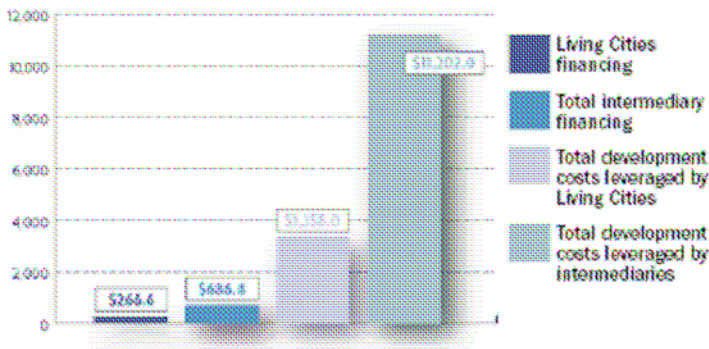
Walker asserts that intermediaries are especially important because they bridge “gaps between portions of [production, capacity-building and leadership] systems that have not worked well together in the past.”²³ As Chris Walker’s chart above demonstrates, there are multiple institutions and relationships at work in creating a sound affordable housing rental production system. By extension, the same can be said for the entire community development system within which housing production takes place.

²³ Walker, pg 4

What Intermediaries Finance: CDC Projects Financed by LISC and Enterprise in 23 Cities

	PERIOD 1: 1991-2001 (10 YEARS)	PERIOD 2: 2001-2004 (3 YEARS)	CHANGE IN ANNUAL RATE OF DEVELOPMENT FROM PERIOD 1 TO PERIOD 2
Number of development projects	3,079	726	+ 16.4%
LISC/Enterprise investments in CDC projects	\$444,591,337	\$242,197,833	+ 81.6%
Housing units produced	86,095	26,208	+ 1.5%
Community-facility production (square footage)	3,650,358sf	4,448,602sf	+ 306.2%
Total development costs	\$7,919,651,000	\$3,283,259,187	+ 38.2%

Intermediary Leveraging of Additional Private-Public Capital, 1991-2004 (millions of dollars)

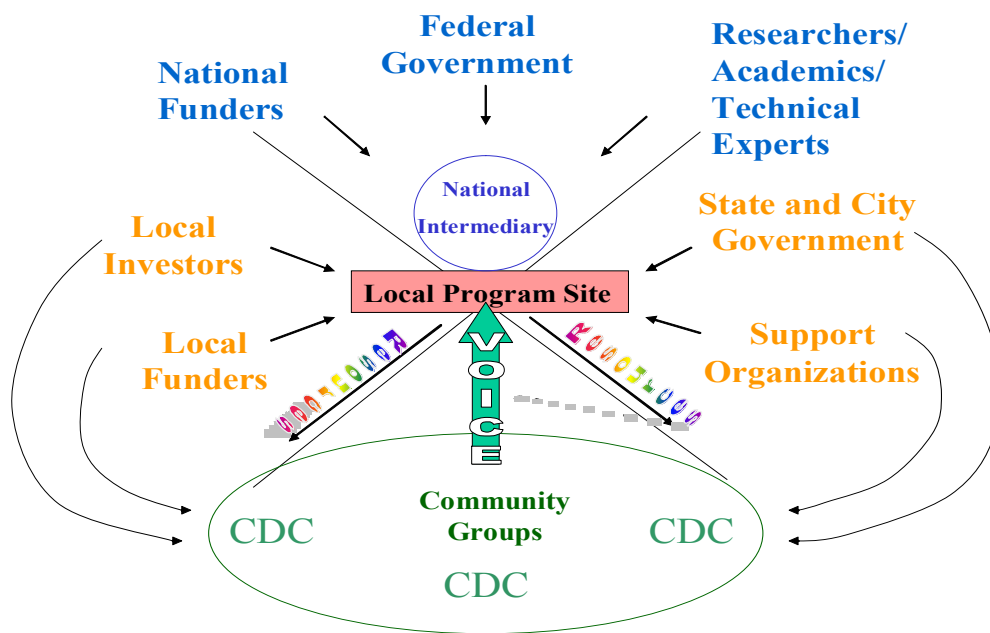


Source: Living Cities Evaluation. Metis Associates 2005

Intermediaries provide important early money like predevelopment and construction funding, lines of credit, bridge financing, acquisition pools, and operating support for community organizations undertaking this work. Especially in gentrifying neighborhoods, CDCs can only compete effectively for land if they can access capital quickly, and develop a pipeline of projects. In addition, intermediary willingness to provide support to CDCs for non-housing project activities like commercial development has also been critical to achieving robust community development systems in cities like Chicago, Seattle, Boston and New York²⁴

²⁴ Walker

National intermediaries are credited by a number of researchers with the significant growth of the capacity building systems and organizational growth of CDCs within the cities they function in. The strongest community development systems we examined as part of this study were characterized in part by the presence of a national intermediary in the local environment. Strong infrastructures of support for community development generally involve systemic partnerships that align the private business sector, public governmental sector and the philanthropic community. When a strong local commitment is coupled with the access to financial, valuable technical assistance, and intellectual capital such as emerging best practices and specialized expertise that a national intermediary affords, powerful results can be attained. This finding is corroborated by a number of other studies including Glickman & Sevron & Walker.²⁵

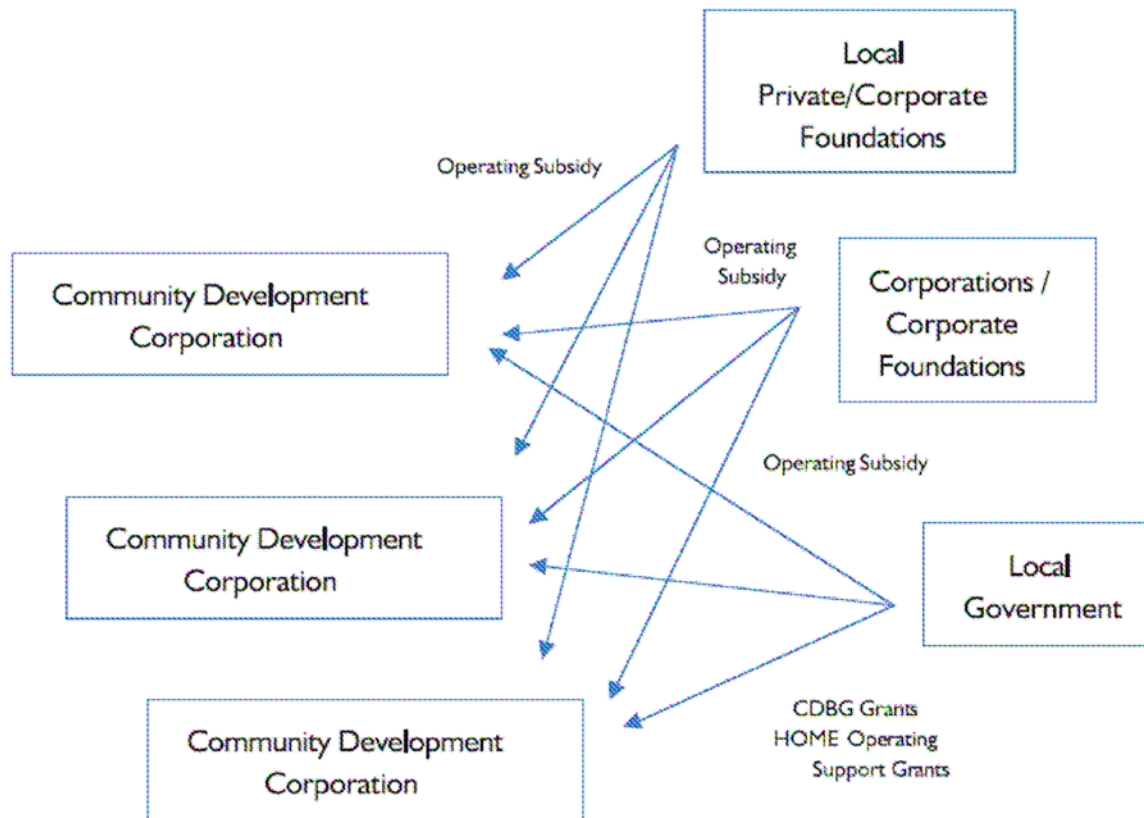


How Intermediaries Work ²⁶

²⁵ Walker's study found Portland, OR, Cleveland, New York, and Seattle to have top ranked community development systems. All have national intermediaries administering significant components of the capacity building and resource allocation work.

²⁶ Presentation to Cornell University Urban Planning Dept by Maria Gutierrez, VP for Organizational Development, LISC: **Lean and Mean... or Frail and Fragile? Building Capacity in Community Development Corporations**; October, 2003.

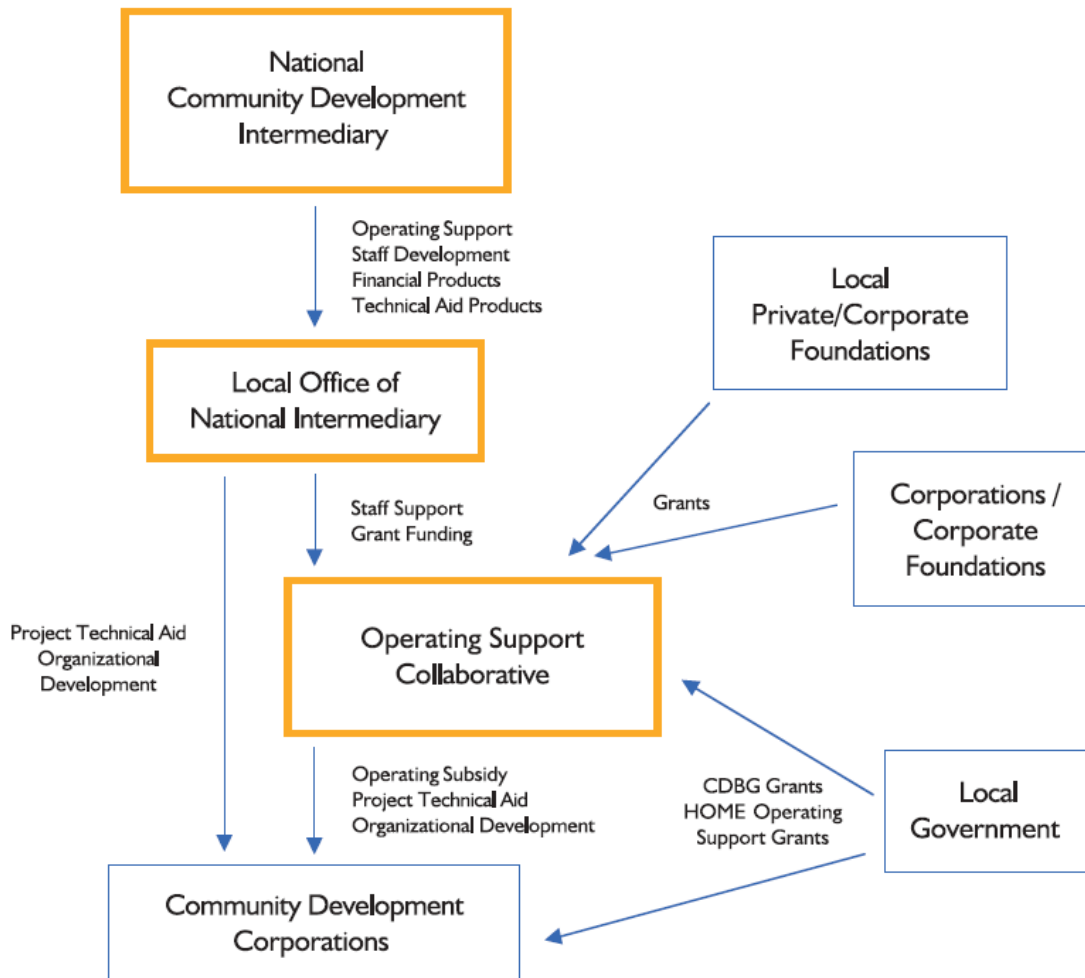
CDC Capacity-Building System without Intermediation



Source: Community Development and its Changing Support Systems, Walker 2005

In systems without an intermediary to coordinate and administer investment, each funding agency must individually bear the expense of designing its funding program, soliciting and evaluating a barrage of funding proposals, analyzing organizational capacity, evaluating performance, and managing individual relationships with grantees. CDCs spend far too much of their valuable time seeking funding from multiple sources, performance expectations vary widely depending upon the funder, support is not coordinated in any rational way across funders, performance monitoring is idiosyncratic, and there is no central agency choreographing the application of additional resources such as training or technical assistance along with the financial resources provided. The systems tend to be fragmented and disjointed from the perspective of all involved.

CDC Capacity-Building System with Intermediation



Source: Walker (2005)

National versus Local Intermediary Models

One of the options open to those attempting to design an infrastructure of support for community development is to create a local intermediary organization that would work to build CDC capacity, possibly coordinate funding or administer funding pools, and act in the myriad roles of an intermediary as described above in detail. This option has been experimented with in a small number of cities, many of which have subsequently opted to bring in national intermediary support. Generally speaking, the research indicates that local intermediaries acting without benefit of national relationships and affiliations have not produced the same level of robust community development as their counterparts benefiting from national intermediary

participation.²⁷ Funding restrictions often limit the amount of staff they can support, thereby limiting the diversity of expertise they can quickly access for the benefit of CDCs. Limited staff limits the amount of time that can be devoted to culling the field for emerging trends and state-of-the-art best practices in capacity building or program design and implementation; it also tends to limit the quality and quantity of immediate and specialized technical assistance that can be offered to CDCs, on-demand.

National intermediaries tend to staff their local offices with program officers with expertise in a wide range of areas, including real estate development, underwriting, project management and organizational development. Specialized programs operating out of their national offices supply access to subject matter experts who act in part as research and development agents, surveying the field for best practices, and developing a wide range of sophisticated tools and resources for their local offices to utilize with CDCs. These industry experts serve nationally, but are usually only a phone call away for technical assistance needs that may emerge locally. This robust system of ongoing best practice knowledge sharing, industry research, product development, and on-call technical assistance has proved extremely difficult to replicate in those environments that have opted to create local intermediaries without national affiliation.

In terms of relationships, interviewees reported that local intermediary staff were more likely to be perceived by CDC constituents as biased or operating as unofficial instruments for local government or other powerful stakeholders' agendas. They were perceived to be less objective than their national intermediary counterparts who benefited from their relationship to a larger organization's positive credibility, professional operating practices and widely recognized advocacy efforts.

Studies that have examined the community development gains made in cities or rural areas that have a national intermediary operating in their local environment have been fairly unanimous in their findings. Across the studies, including those conducted by Chris Walker, formerly of the Urban Institute, Norm Glickman & Lisa Sevron, and Metis Associates, they have found that

- 1) The community development industries with national intermediary support have all advanced at a far more rapid pace than cities without national intermediary support;

²⁷ Glickman & Sevron

- 2) CDCs receiving support, often through funding collaboratives, produce more, demonstrate stronger internal systems and organizational infrastructures and have greater access to operating support, grant dollars and investment capital;
- 3) National Intermediaries supply large amounts of predevelopment funding for affordable housing that is difficult to extract from local financial institutions in many cities;
- 4) The advocacy & brokering role the intermediary plays on a wide variety of issues helps to link CDCs to political power and creates an environment that is conducive (and supportive of) community development;
- 5) The intellectual capital & expertise that the national intermediary creates access to is critically important in bringing new models, practices and tools to a local environment.²⁸

Local vs. National Intermediaries

PROS

Local Intermediary

- Deep local knowledge of environment & players
- Deep relationships with CDC community, investors and stakeholders
- Funding completely controlled locally

National Intermediary

- Broad perspective
- Frequently innovates with new program designs, approaches, continuous implementation improvements
- Broad set of national relationships
- Power to influence industry in national forums
- Able to easily connect local players with counterparts across the country
- Able to showcase local successes on national stage
- Access to wide range of specialized expertise, including

²⁸ Metis Associates; Glickman & Sevron; Walker, Community Development Corporations and their Changing Support Systems

- Decision-making completely controlled locally
- Often nimble and can act quickly

- national experts & best practice resources
- Program performance & productivity is benchmarked and analyzed against other program sites
 - May be perceived to be more objective and even-handed
 - Access to wide range of national funding sources

CONS

Local Intermediary

- Can be perceived as provincial and/or biased
- Staff may be too “connected;” relationship baggage may interfere with the work
- May not be able to access or afford diverse expertise
- Lack of national oversight, quality control and benchmarking may lead to low quality program design or implementation

National Intermediary

- Can be slow to release funds
- May be perceived as “bureaucratic”
- May be perceived as directive; the “800 lb Gorilla syndrome”
- Some funding resources may be controlled and allocated by national office
- May be perceived as unable to understand or insensitive to local issues and norms

Funding Collaboratives

Good capacity building systems provide multi-year money from a wide variety of sources that can be used for technical assistance as well as general operating support for overhead and staff costs. Recognizing this, one of many innovations a national intermediary brought to capacity building systems was the concept of funding collaboratives. In 1986, the Local Initiatives Support Corporation (LISC) conceived of and pioneered the first funding collaborative in

the country in Boston, MA. Today, there are 25 such collaboratives across the country, of which 18 are administered by local LISC programs. In fact, those cities that are recognized as having the strongest community development systems all boast a funding collaborative as a key component of their capacity building and organizational support.

At their most generic, funding collaboratives create a vehicle for a group of funders with common interests to share information and align investments to achieve an agreed upon result. By contributing self-determined amounts to a common pool of funds, as well as agreeing upon a decision-making structure, program goals and outcomes, strategies, and funding guidelines, funders collaborate in designing and implementing a system that generally provides for the efficient and coordinated allocation of resources.²⁹

These funding collaboratives are guided by representatives from the agencies investing in the funding pool, but are typically administered on a day to day basis by collaborative staff that develop long-term, organizationally intimate relationships with the CDCs they fund. This deep knowledge of the organizations allows collaborative staff to continually evaluate progress, identify emerging and shared needs, and choreograph resources across all funded agencies with greater efficiency. Typically, staff provide a lot of direct technical assistance, and staff time is a key component of offering CDCs the assistance they need (and ensuring return on investment). According to an internal scan of LISC-managed funding collaboratives, "... CDCs are invited into a hands-on relationship that is more characteristic of [a venture philanthropy model of partnership]. LISC staff are generally highly involved and engaged with the CDCs, collaboratively identifying current capacity and resources and options for growth. Collaborative administrators typically view themselves as in the trenches with their partner CDCs."³⁰

²⁹ Source: Presentation by Maria Gutierrez, VP for Organizational Development, LISC presentation to Local Advisory Board of Winston Salem LISC and other community leaders to discuss formation of a funding collaborative 2003

³⁰ LISC/Greer Funding Collaborative Scan 2005

The Benefits of Funding Collaboratives

Urban Institute research reports that “CDCs regard ...intermediaries and funding collaboratives as more helpful to their ability to carry out community development than any other system actors.”

According to multiple interviewees, funding collaboratives are an extremely critical ingredient in the strongest community development systems. Some of the general industry-wide benefits cited are listed below:

- Funding collaboratives generally **expand the resource base** for organizational development
- They **provide for coordinated effort** among funders leading to better investment implementation
- They **facilitate information sharing among funders** such that as a group they are able to detect issues and intervene early.
- Their work **supports lending activity and investment**
- They **leverage and mitigate organizational risk** to real estate project investments
- They **help create a more sophisticated local industry**
- They **deepen relationships** with CDCs and increase the ability of the funding community to respond to their needs and issues
- They **build critical relationships and broker connections across the industry**

Particular benefits cited by **funders** include:

- Funding collaboratives **increase funder knowledge** of community development, assisting the funder in getting to know the field and how it works from other insiders
- They **provide funders with direct relationships and networking** in the field
- They **pool funder risk**
- They **leverage impact of funds**
- They **provide specialized professional staff and spread the administrative burden** over multiple funders

- They **create access to “intellectual capital”** that the funder would not necessarily have ready access to

Particular benefits cited by CDC staff include:

- Funding collaboratives **provide stable funding** that organizations can budget and plan around (hiring new staff person, overhauling their financial systems, etc.);
- They provide a **“one-stop” go-to resource** for funding, technical assistance and training;
- They provide **high level expertise** to the local community development community through collaborative staff, national intermediary staff and outside consultants;
- They provide **strategic thinking and perspectives**;
- They assist CDC professionals to **network** with each other, and to identify opportunities for collective action;
- They **advocate for community development** with major funders, and **choreograph greater coordination among those funders**;
- They provide a **buffer from the “politics”** of city hall;
- They **articulate clear, objective outcomes based expectations**, and **reduce the number of reports required of the CDC**
- They **legitimize and add credibility** to the reputation of organizations funded by the collaborative

Collaborative Results

Various studies, performed by independent researchers, have shown near-uniform agreement among **funders & other stakeholders** that collaboratives have successfully:

- raised the **local standard** for internal CDC operations and planning;
- improved **actual systems** capacity in collaborative CDCs;
- enabled CDCs to **produce projects more quickly**, take on **new lines of business**, and implement **larger and more varied programs**.

Collaboratives are different than capacity building programs. Collaboratives offer a stable, multi-year, meaningful base of support to CDCs. They tend to utilize more of a venture philanthropy model creating deeper relationships &

partnerships with their CDCs, and generally have higher expectations for performance. They devote more staff time to offering technical assistance, managing practitioner networks and advocating for community development support systems. Collaboratives tend to be more strategically focused on the big picture, and allow for greater coordination among funders in identifying and achieving large scale outcomes. Collaboratives also tend to create higher levels of engagement across multiple industry sectors leading to more robust communication, cooperation, and collaboration among the stakeholders. In short, collaboratives represent a higher level of investment and commitment to building the local industry, not just isolated capacity areas in some CDCs. ³¹

Characteristics of the Average Funding Collaborative

Funding Ranges

- Annual **grant making** ranges from \$340,000 to over \$2 million
- Annual **grant amounts to CDCs** –\$10,000-\$25,000 per group to \$225k – 400k per organization
- Many collaboratives have formal “**tiers**” for award amounts, but maintain a **pool for smaller awards (\$2,500 to 10,000)** for CDCs in need of capacity building that aren’t in collaborative.
- Vast majority have a **competitive selection process**
- **Number of CDCs funded** ranges from 6 to 17. Most funding collaboratives have moved to funding fewer organizations with larger grants over the last few years.

Common Approaches

- The vast majority of collaboratives identify **clear, concrete funder outcomes** before funding round begins
- **The selection process, reporting, and evaluation** are designed to forward desired funder outcomes
- Collaboratives have different, locally determined goals. Some collaboratives focus on generating increased housing production while others focus on encouraging CDCs to take on more comprehensive development and expand into new lines of business

³¹ Gutierrez presentation, Winston Salem LISC local leadership meeting 2003

- Those with less mature local industries tend to focus primarily on **bringing organizations up to scale**, creating networks between CDCs for collective action, and **building foundation** for high production. ³²
- The vast majority of collaboratives utilize some method of **organizational assessment** to determine the level of current baseline capability, and to prioritize areas for potential growth and needed investment
- Most collaborative utilize **outcomes targeting and performance measurement** to monitor progress and evaluate the achievements of CDCs receiving support, with most requiring target plans as a requirement for collaborative participation and funding. In addition, most collaboratives disburse funds based upon milestone achievement.
- Ⓞ Most collaboratives track **productivity measures**, along with other markers of organizational capacity improvement.

Collaborative Trends

Tiered support is an increasingly common characteristic of many long-tenured, mature funding collaboratives, which fund a diverse body of organizations along a continuum of maturity and productivity. In cities such as Seattle & the Twin Cities, applicants for funding are evaluated in terms of size, capacity and/or past performance to determine the threshold of support for which they are eligible. Generally, “increasing levels of operating support are provided to CDCs in each tier, with more mature organizations receiving more operating support funds.”³³ In addition, access to loan pools, recoverable grants for up-front predevelopment work and other types of favorable funding for project development is often made available to proven producers in tiered programs. ³⁴

In some programs, such as Houston, nascent organizations with lower capacity or production history may only be eligible for technical assistance grants or access to training programs, and receive little or no operating support for staff or overhead. However, in localities with relatively nascent community development industries, most collaboratives begin funding non-profit organizations based upon their leadership, perceived ability to build their capacity to successfully execute a real estate development strategy, financial stability and community support base. After one or two rounds of funding designed to strengthen the overall industry, tiering seems to emerge as a means

³² Ibid

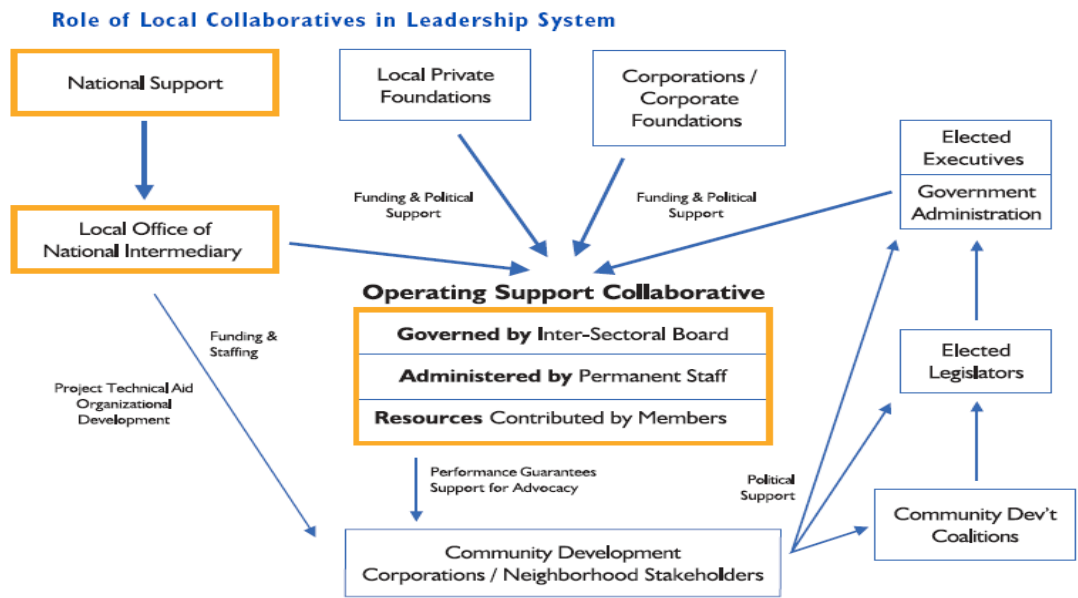
³³ LISC/Greer Internal Funding Collaborative Scan 2005

³⁴ Ibid

to provide the highest producers with the financing tools and level of support that larger organizations often require. Newer organizations must first successfully build their capacity.

There are some programs that provide more unrestricted support to newer organizations as part of a strategy to ramp up their production. For instance, it is very common for funding collaboratives to provide salary support for key positions such as an executive director or real estate project manager for newer organizations, while larger organizations with pipelines of development fees flowing that can fund their development operation will tend to receive funding for their “new” emerging staff needs such as an asset manager or CFO. A number of collaboratives are no longer funding the wide array of organizations they did earlier in their existence, significantly reducing the number of organizations they will fund in later rounds.

In addition, some collaboratives are now exploring methods for **measuring impacts** at the community level. Kansas City, an early pioneer in this effort, developed extensive measures for capturing the ground level effects of CDC work, as well as advanced metrics for “grading” the organizations they were funding through their “CD 2000” program.³⁵



Source: Community Development Corporations and their Changing Support Systems; Walker; Urban Institute

³⁵ Author interview with Diane Patrick

Perspectives on Collaboratives from the Field

“Before the collaborative was created, community development efforts in the city were ad hoc,” says one foundation executive. “Foundations and other funders supported individual CDCs without a unified approach. With the collaborative, funders are following a rational design that has far greater impact. As a result, the private sector is more confident that the organizations are stable, and therefore makes more funds available to them.”³⁶

“Foundations are attracted to partnerships’ ability to help CDCS become better-managed organizations. “One of the best things the Boston Collaborative did was to require us to complete an organizational assessment,” says Richard Thal, Executive Director of the Neighborhood Development Corporation of Jamaica Plain. “At first, it was like taking bad medicine. Then it became clear that the assessment was necessary for us to define our strengths and weaknesses, and get a more detailed look at our goals and mission. As we built our capabilities, we gained the attention of key grant-makers in the field. Were it not for the collaborative, we wouldn’t have received support from the local United Way or been able to access national resources.”³⁷

Models for City Participation and Support of Community Development

Interviewees and industry literature and research are consistent in their agreement: Local and state governments play a critical role in creating and maintaining vibrant community development systems. From the local and federal funding they control, to the relationships they broker and support, city agents and agencies have the power to make or break a community development infrastructure. And many report that it “begins at the top.” As Jim Capraro, Executive Director of Greater Southwest Chicago reports, “Until the Mayor [Daley] got involved, and made his support for us clear to his commissioners, agencies were often not cooperating with each other.”

As Walker’s “systems’ thinking” analysis discusses in detail, city government is often at the nexus of the three systems that must interrelate and function powerfully in order for community development to flourish.³⁸ For example,

³⁶ Ford Foundation. Perspectives on Partnership 1996

³⁷ Ford Foundation. Perspectives on Partnership 1996

³⁸ Walker

researchers found that changes in city policies and production system quality resulted in an increased flow of resources to CDCs in Seattle, Portland & Indianapolis.

Between 70% & 80% of all funding collaboratives receive funding from their local governments, with many reporting that strategic partnerships with city agencies and state departments have been particularly successful endeavors. However, some programs cited difficulty in administering city or state provided funds due to bureaucratic obstacles, rigid operating procedures and extensive paperwork and delays caused by city agencies. Clearly, cities that reduce the “hassle” factor of working with them

When asked about the models of city support that had contributed to the growth of their community development industries, interviewees shared a number of concrete and often innovative approaches their cities had used to support the development of affordable housing and the growth of CDCs. Cities that are noted for the effectiveness of their community development industry (Portland, Seattle, New York, and Cleveland) employ many of the strategies below:

- First, and foremost, cities that have brought their community development industries to scale assure that there is significant sources of project subsidy allocated and available for nonprofit housing development, often investing substantial CDBG and HOME funds in housing. Walker & Weinheimer found that “subsidy volume was the single biggest influence over the size of the CDC industries.”³⁹ Cities such as Seattle have originated bond issues or set up special real estate tax levies to pay for housing related rehabilitation or development, and special partnerships with banks and state housing finance commissions to capitalize pools for below market permanent mortgages and for the acquisition and predevelopment money that is often difficult for nonprofits to raise quickly. Several high performing CD industries benefit from trust funds capitalized from the proceeds of dedicated tax revenues, creating a local source for affordable housing investment. Jim Capraro’s organization on the south side of Chicago benefits from one such TIF fund, a portion of which is specifically set aside for Southwest Chicago EDC.⁴⁰
- Many cities, such as New York, set up favorable vacant land outtake terms for non-profits, freeing up tax-foreclosed, city owned properties for transfer to

³⁹ Walker citing Walker and Weinheimer(1998)research findings

⁴⁰ Author interview with James Capraro

CDCS. Similarly, many aggressively assist with cleaning up “nuisance liens” and other encumbrances to clear title. Still others streamline procedures for receiving zoning variances, and provide preferential consideration to important revitalization projects.

- They actively support a local funding collaborative, providing significant funding to a pool that is allocated by collaborative staff in accordance with program design, parameters, outcome goals, production targets, etc. that have been established by the funders advisory board upon which city representatives generally sit.
- In cases where the city opts to control disbursement and contractual agreements made with CDCs, the city often hires the funding collaborative to “manage” the decision making process and allocation recommendations. The city still enters into contractual arrangements with individual organizations, but the collaborative monitors organizational progress and performance.
- They invite collaborative staff to participate in the design of new community development programming, and to contribute to various city decision making processes. In fact, many cities seek to use intermediaries to administer a number of “allocating” programs, recognizing that high costs, including the high level of city staff capacity and involvement needed to evaluate CDC capacity, administer allocations and continually monitor organizational’ performance can be prohibitive.
- They continually promote dialogue between, broker deals with, and seek alignment among CD industry leaders, business leaders and city agencies in furtherance of larger community revitalization agendas.
- They actively seek to cut through red-tape and reduce turf wars between city agencies, assuring all departments within city government understand the revitalization priorities. Often, as in the case of the city of Chicago, a senior aide is assigned by city hall to “troubleshoot” issues between divisions and city departments in service to nonprofit community development corporations.⁴¹
- They create a results-focused infrastructure of accountability. In fact, Chris Walker, formerly of the Urban Institute, and arguably one of the most knowledgeable and prolific researcher evaluating community development systems in this country today, credits Charlotte’s Neighborhood Quality

⁴¹ Author interview with James Capraro

Measures initiative as a true model for what he calls “joint and several accountability” among what might be independent agency actors. By aligning various city departments around common agendas, and measuring changes on a neighborhood by neighborhood basis without assigning singular responsibility to say, the police department or the local CDC for success or failure, responsibility for neighborhood improvement is shared with multiple inputs and coordinated action required from all parties in order to effect change and tackle intransient problems. ⁴²

- Many high performing cities align and coordinate city service improvements with community development revitalization efforts.
- Many cities encourage CDC acquisition of expiring use Sec 8 projects to preserve affordability and many states have earmarks for preservation projects sponsored by CDCS.
- Cities may actively encourage facilities development that support service provision in neighborhoods
- Cities may encourage CDC entry into commercial revitalization projects using New Market Tax credits.
- Many cities, such as Cambridge, see major advantages to partnering with CDCs to administer community development programs; As Walker sees it, “Unlike government, CDCs can respond quickly to development opportunities, and they can more easily assemble and coordinate the disparate programs needed to respond to neighborhood problems effectively” ⁴³ They seek to actively partner with CDCs to administer affordable housing agendas, contracting with non-profit agencies to run home improvement funding programs, homeownership programs, business development and façade or main street improvement programs. Many of the most progressive cities view non-profit community development organizations as full partners in furthering their housing and revitalization agendas and actively seek to “outsource” programming to them.

⁴² Author interview with Chris Walker

⁴³ Walker, pg 2

Section III

Selected Profiles in Organizational Excellence

Alamo Area Mutual Housing Association (AAMHA) – San Antonio, TX

Established in 1990, AAMHA develops, owns and manages new and existing affordable housing in San Antonio area communities. AAMHA provides an affordable alternative to homeownership utilizing a “mutual housing” model. Mutual housing offers residents long-term affordability, a stable community, voice in the operation of their housing, and an environment that supports them and their children in achieving their goals. AAMHA also sponsors programs and activities that emphasize education, self-sufficiency, leadership and volunteerism. Their mission is to develop, acquire, own and manage leased affordable housing in a community environment that promotes resident education, self-sufficiency, leadership and volunteerism through successful partnerships. AAMHA has developed and currently owns and operates 1049 rental units.

Contact Information

Alamo Area Mutual Housing Association
4502 Centerview Drive, Suite 233
San Antonio, TX 78228
Phone: 210-731-8030
Fax: 210-731-8025
Website: www.alamomha.com

Key Contacts: Jennifer Gonzalez, Executive Director jgonzalez@alamoha.com
Sandra Williams, former Executive Director,
swilliams@alamomha.com

Staff

AAMHA currently has 15 staff members. Key positions include the Executive Director, Deputy Director, & Director of Resident Services. AAMHA has resident coordinators on all project sites, as well as a community organizer that floats to all properties & works on special projects. In addition, staff include an accounting clerk, an IT specialist servicing more than 70 computers in learning centers based in their real estate properties, a part time IT training position and a

development specialist. The executive director, who has led AAMHA since 1997, is currently in the process of transitioning to a consulting career.

Annual Funding Amounts and Sources

AAHMA's annual core operating budget is approximately \$550K.

Sources of Revenue & Funding:

Approximately \$500K is provided from Net Rental Income

Grant Support - \$70,000 per year from Neighborworks America

In years when developer fees are earned, these revenues are set aside to capitalize a predevelopment work on potential new projects, and not used for operations

Role, Size and Composition of Board of Directors

AAMHA has a 15 member board: 6 representatives of the business community; 1 from government; 7 members are residents; members come from diverse walks of life and professions.

Board members may serve up to 3 two-year terms. The Board president is permitted to serve an additional year to aid in transition issues.

AAMHA describes their board as a "policy & oversight board," providing guidance to staff and support & specific expertise for real estate development activities, as needed.

Activities that the CDC participates in

Core Business Activities and Services:

Real Estate Development

Asset Management (overseeing the management and operation of 1049 units of affordable housing)

Resident Service Programs including:

Resident Leadership Training and Development

Community Building

After School Programming

Tax preparation Services

Community Outreach and Organizing

Computer Learning Centers in apartment complexes include a computer lab
Provide funds to residents for resident initiatives
Award annual education grants for continuing education
Award computers to resident youth

According to Executive Director Sandi Williams, AAHMA is a service organization in the “business of producing affordable rental property in the context of a community that supports self-sufficiency, education, leadership & volunteerism.” All services provided by Alamo must relate to these goals and assist residents in the manner in which *they* wish to be assisted and supported. The majority of AAHMA staff are involved in service delivery, however Ms. Williams describes their service rich resident support model as “assistive, not interventive” in nature.⁴⁴

Success Indicators (housing, economic development, etc)

AAMHA targets production of one major new project every two to three years. AAMHA has learned that size matters to the efficiency and economics of their real estate portfolio, and therefore targets at least 180 units when building new construction; 100 or above for existing projects. Their current portfolio consists of 6 projects that were pre-existing rehabilitations & 2 new construction projects.

AAMHA also participates in the SUCCESS Measures program sponsored by Neighborworks America to capture resident services successes like grades and school attendance among resident children, community wellness, participation in community & civic activities. Measurements are captured quarterly, although participation rates are captured on a daily basis at the time of service provision. In addition, AAMHA measures participation rates in resident fund/youth fund parties & work projects; resident retention rates; and a myriad of other success indicators.

Technical Assistance

⁴⁴ Author interview with Sandra Williams

AAMHA reports that their affiliation with Neighborworks America has afforded them the important opportunity to receive ongoing *program review & assessment services*. Regular diagnostics containing suggested organizational growth priorities, along with the resources needed to implement these suggestions have been invaluable.

LISC's *Guide to Selecting a Property Manager* was reported as especially helpful in assisting AAMHA in finding a long term property management partner firm with whom they have built a durable relationship.

Neighborworks Training Institute has been an important source of financial management training and The Multi-Family Initiative has had immense long term impacts on the quality of AAMHA's asset management capacity.

Technical assistance received from an expert local underwriter assisted the organization in gaining important advanced bond related financial underwriting skills.

Texas state association of CDCs brought in National Development Corp (NDC) to provide high level, high quality development training utilizing complex and current financial models, and up to date underwriting approaches in use in the real estate field today.

Method for Performance Measurements and Production (July 1, 2005 to June 30, 2006)

City Participation and Infrastructure of Support for Community Development

The City of San Antonio (population 1.5 Million) has adopted a number of approaches and created several programs that are geared to supporting community development. It utilizes CDBG allocations to self-administer an owner occupant rehabilitation program and provides funds to a number of nonprofits who work on single family production and first time homebuyer assistance. It operates a rental rehab program that loans 3-5% money to organizations for buying and preserving affordable housing; it has set up special set asides for small owners. Through the San Antonio Housing Trust, the city provides support to single family rehab assistance, first time homebuyer mortgages, and multifamily preservation and development in the central city.

The City of San Antonio is also developing a \$30 – 50 million dollar pool of additional soft second money for early development activities. This money can be deferred, must be eventually repaid. Non profit affordable housing providers have been invited non profits to participate in the design of this and other affordable housing related programming. The local Neighborhood Housing Services (NHS) receives HOME funded operating dollars & general revenue from council members' allocations.

The City of San Antonio also regularly assembles land and clears title for in fill housing projects. The city has also been supportive in clearing nuisance liens on land targeted for affordable housing, and utilizing a "development scorecard" which provides for reduced fees for certain projects in targeted development areas that meet certain affordability requirements. However, a limit of 1 million dollars set by city for fee waivers works to the advantage of private developers who are able to use the waivers more quickly, expending the pot early in the annual cycle.

Historically, CDBG and HOME dollars have been targeted for projects in districts based upon the percentage of poverty. In reality, significant amounts of "horse-trading" takes place on the council floor among council members. This has reportedly resulted in last minute shifts in the allocation of CDGB & HOME funds, creating substantial uncertainty in the system for community developers attempting to move forward with projects.

However, while production oriented city policies and procedures have been adopted by the local government, most multi-family producing community development organizations operating in San Antonio have reportedly not received significant basic organizational operating support from city sources. In fact, according to Sandi Williams, AAMHA's "success is based in economic Darwinism – "if you really want to survive, you will figure it out.' This has promoted a tradition of sound business management among multi-family providers in particular."

Although large sums of operating support and technical assistance money for non-profits were allocated to San Antonio by the NCDI/Living Cities funders, to be administered locally by the Enterprise Foundation, AAMHA did not receive any funding until 3 years ago, despite a successful track record of production. When the funding strategy shifted to focus on "high performing" groups several years ago, AAMHA was selected for an award.

Key Partners for the Organization

Neighborworks America

Alpha-Barnes Real Estate Services - AAMHA's property management partner

Strategy for Addressing the Development of Affordable Housing

Alamo's strategy is to create a portfolio of projects that it can operate well, that support the development of its residents, and that positively contribute to the financial viability of the organization. As Ms. Williams points out, "You are disloyal to the mission, if you are not operating with a commitment to long term financial health and organizational survival!" To this end, Alamo seeks to develop projects in San Antonio & its surrounding geography with at least 100 units as described above, that balance project risk with the level of the organization's net assets invested. As Ms. Williams reports, "Alamo is willing to take significant risk if small amounts of net assets are on the line – such as exploring LEED development. Our tolerance diminishes as more net assets are in jeopardy."

Cambridge Neighborhood Apartment Housing Services, Inc. Homeowner's Rehab, Inc – Cambridge, MA

Homeowner's Rehab Inc. (formed in 1973) and its sister organization, Cambridge Neighborhood Apartment Housing Services, Inc. (CNAHS), incorporated in 1983 as an apartment improvement program provider, together offer services in Community Building, Homeowner Loan and Rehabilitation, Multi-Family Property and Asset Management, and Real Estate Development. HRI provides lending for home improvement to single family area property owners, while CHAHS provides lending to owners of predominantly small multi-family buildings. Jointly, the two organizations aggressively pursue rental housing development opportunities, and currently own and operate over 920 units in Cambridge. In 2005, they rehabilitated 31 rental or owner occupied units (1-4 units). CNAHS also offers Green Building and Home Improvement consultation and services to area owners in such areas as using environmental friendly building materials, handyman referrals, upgrading indoor environment quality, lead poison prevention, renewable energy resources, sustainable site planning ,water quality and conservation

Contact Information

Cambridge Neighborhood Apartment Housing Services (CNAHS)

Homeowners Rehab, Inc. (HRI)

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PDaly@homeownersrehab.org

Staff

Together, HRI and CNAHS have a total of 10 staff persons and share an Executive Director. Other staff include a CFO, bookkeeper, and receptionist.

Annual Funding Amounts and Sources

HRI & CNAHS's annual core operating budget is approximately 1.5 Million.

Sources of Revenue & Funding

Various contracts with the City of Cambridge for services such as administering a home improvement loan program for 1-4 unit owner occupied buildings, providing technical assistance, managing rehabilitation construction work, administering a block grant loan program for multi-family affordable housing rehab, and for pursuing real estate development **account for approximately 40% of HRI/CNAHS's annual revenue** source(or approx. 600K).

HRI/CNAHS earns approximately **40% of its revenue from development related fees**, and approximately **20% of its revenue from interest and fundraising**

Role, Size and Composition of Board of Directors

Although HRI and CHANS share an executive director, they have completely separate boards of 14 members each. Both boards have a diverse mix of stakeholders that include are tenants and local homeowners, bankers, lenders, and local government employees from the City of Cambridge and the Cambridge Housing Authority. The boards meet separately on a bi-monthly basis, and function autonomously.

Major Activities that the CDC participates in

Real Estate development which include low income and moderate income units as well as some market rate units

Home Improvement Programs to aid residents in preserving and stabilizing their status as homeowners. Financial and technical assistance is offered to homeowners who wish to make improvements to their homes. The services of the Affordable Housing Rehab Loan Program include: "performing rehab inspections; estimating costs; establishing a rehab plan; managing and monitoring the rehab; submitting a loan application to a local bank for financing; obtaining a "deferred payment rehab loan"; counseling on property

management and maintenance; and working with tenants to assure that their rent is affordable.”⁴⁵

Multi-Family Asset Management & Property Management Oversight of 920 units

Resident Services including programming for financial literacy, computer literacy; mediation; lots of referral; youth programming, a computer learning center

Success Indicators (housing, economic development, etc)

HRI/CAHNS captures a variety of measures to gauge its success including the number of projects it tests for feasibility, the actual number of units produced, amount of loans made for rehab, and the number of homes rehabilitated for homeowners.

Average single and multi-family production is generally about 40 units per year. In 2006, HRI/CAHNS also closed 31 loans for rehab work at 30K per loan and 10 home improvement loans. To date, more than 500 units have been renovated for low and moderate income homeowners.

Technical Assistance

HRI and CANHS have had access to both important technical assistance and ongoing training through their affiliation with Neighborworks America. While they have not required much support in the areas of real estate development, types of assistance they have received include asset management training and technical assistance, training in resident services, New Market Tax credit use, technology, and an organizational assessment to probe for operating efficiencies.

Method for Performance Measurement and Production (July 1, 2005 to June 30, 2006)

Rehabilitated 31 units; closed 10 home improvement loans in FY 06
Owned and operated 920 rental units

⁴⁵ www.homeownersrehab.org

City Participation and Infrastructure of Support for Community Development

By all reports, City Council and the major city department heads are consistently supportive of community development in general, and affordable housing in particular. Indeed, the City of Cambridge has proactively sought to partner with the non-profit sector in pursuit of its affordable housing agenda. According to Executive Director Peter Daly, their willingness to outsource administration of important loan and rehabilitation programs to the non-profit sector indicates the level of partnership and support community development generally receives from city government.

Cambridge has also enacted inclusionary zoning, requiring that 15% of any new housing development, most of which has been for-sale homes, must be set aside and affordable to families with 60 – 80% of median income.

The State of Massachusetts is renowned for its progressive support of community development and affordable housing initiatives. An affordable housing trust funded by a local tax set aside, and matched by the State of provides money specifically for affordable housing development, historic preservation, and open space. The sources of the State's match are fees from the registry of deeds. The State also provides a Soft Second loan program, and "has a number of programs and products that well designed and flexible," says Tina Brooks, Undersecretary for Housing and Community Development to the Governor of Massachusetts.⁴⁶ And three years ago, MassHousing launched a \$100 million program to help affordable housing developers fill financing gaps for the preservation of expiring-use housing.

Key Partners for the Organization

Key partners for HRI and CNAHS have been the City of Cambridge, the State of Massachusetts through funding for real estate projects, and the state programs

⁴⁶ Author interview with Tina Brooks

responsible for tax credit allocation. Neighborworks America and local banks have also been extremely important partners.

Strategy for Addressing the Development of Affordable Housing

In an extremely competitive, significantly gentrified environment like HRI & CNAHS operate in, Executive Director, Peter Daly, describes their strategy as essentially “opportunistic.” “We try not to bid against private developers, but rather, do projects they are not interested in.” These include the “tougher stuff,” like preservation projects, those with adaptive re-use challenges, contaminated soil or “pesky tenant problems.”

Outside observers report that they have operated closer to a “for-profit model,” and that they don’t skimp on their architecture or legal costs, typically creating development teams of a high professional order. However, they also are extremely strong on the resident services side. They describe themselves as ‘fiscally conservative’ and are committed to strong asset management as a strategy for maintaining the affordable housing they have built over the long term.

Capitol Hill Housing Improvement Program (CHHIP)

CHHIP is an award winning community based developer and community organizer, serving the needs of the Capitol Hill neighborhood in central Seattle, and the owner and manager of 39 properties with more than 1000 units of affordable rental housing. They have a special interest in providing high quality affordable housing options to families with children, and manage their properties on a mutual housing model empowering residents to actively participate in the management of their homes. Founded in 1976, CHHIP has focused on multi-family development since 1984. In addition to affordable rents, CHHIP properties address important community development objectives such as stimulating reinvestment, stabilizing problem properties and preservation of structures important to the neighborhood. They have been very successful in partnering with service agencies to bring needed resources and services to their area residents, and are in the process of partnering with a local YMCA to develop a major transitional housing project.

Contact Information

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Website: www.CHHIP.org

Key Contact: Chuck Weinstock, Executive Director

Email: cweinstock@CHHIP.org

Staff

CHHIP has 65 full time staff including a long tenured Executive Director, Deputy Director, Director of Finance, Director of Human Resources, Director of Property Management, Director of Fund Development, Housing Developer, and Office Manager.

Annual Funding Amounts and Sources

CHHIP's annual operating budget is approximately \$10M when consolidated to include all rental and real estate operations. However, its core budget, excluding real estate partnerships, is about \$2.5M.

Sources of Funding

Approximately 41% of CHHIP's core operating revenue is derived from property management fees that the organization earns from managing its portfolio of 1031 rental units in 39 buildings. An additional 12% or \$300K is earned by the organization's maintenance division which provides repair and janitorial services to projects in the real estate portfolio. In addition, the current portfolio generates partnership distributions when projects achieve targeted performance goals. These fees generally account for approximately 3% of CHHIP's core budget revenue.

Fees earned through the development of new properties provide 25% of CHHIP's annual revenue, while 18% or approximately \$360K is derived from contributions and grants from local intermediaries, banks, corporations, foundations and increasingly from fundraising efforts targeted at individuals.

Interest income earned on reserve and capital accounts provides approximately \$25k, or 1%, of CHHIP's core revenue.

Role, Size and Composition of Board of Directors

CHHIP has an active 12 member board that is evenly split by gender; includes approximately 25% persons of color, is comprised mostly of '40/50 somethings,' 8 of whom are residents. Six members are elected by the community. While residency and knowledge of the community is important, the organization tends to recruit for board member skill sets that will support the organization's growth and decision-making needs.⁴⁷ Key skills that current board members bring to CHHIP include real estate development, legal expertise, and strong financial management and accounting skills.

Key Activities that the CDC participates in

⁴⁷ Author Interview with Chuck Weinstock, Executive Director 3/07

In addition to actively pursuing real estate development, including rental housing, mixed use and commercial projects, CHHIP is a major 'go-to' player in partnering with the City of Seattle to implement the Capital Hill neighborhood plan. They actively partner with the Chamber of Commerce, the community council and other civic players on a regular basis, have advised on the redevelopment of a major park in the neighborhood, and have launched a number of block watch public safety initiatives. In addition to the more than 1031 affordable rental units they have developed, and now own and operate, CHHIP has developed more than 45K square feet of commercial space in 10 mixed use buildings. In addition to work in the Capitol Hill area, CHHIP has developed projects in nearby neighborhoods when invited to do so.

Real Estate Development: Housing and Commercial
Property Management
Mutual Housing Support
Neighborhood Planning, Monitoring and Implementation
Public Safety Initiatives

Success Indicators (housing, economic development, etc)

CHHIP regularly reviews a number of indicators to gauge their success: overall financial targets include "profitability," growth in net assets, revenue and fundraising fee income target achievement and expense control. Specific targets for the real estate projects include vacancy rates, turnover rates, biannual resident satisfaction survey result, and inspection targets.

In '06, CHHIP completed construction on a 49 unit project, a 32 unit moderate rehabilitation project, and a 44 unit mixed use project. They actively targeted site control on 1 or 2 pipeline projects, but were unsuccessful due to dramatically rising land prices (part of a long term continuing trend), the brevity of contingency periods and an increasing trend among sellers to accept no contingencies whatsoever. In addition, they completed the refinance of 2 'Year-15' conversion projects, essentially 'redeveloping' and preserving them as affordable units. Impact Capital, a local intermediary affiliated with LISC, also examined their internal systems growth utilizing LISC's signature capacity mapping system, CapMap.

Technical Assistance

Chuck Weinstock, Executive Director, says that because they have been fairly conservative in the types of work they have done, not straying too far from projects that they know how to manage, that much of their capacity improvements in real estate development over the years has been incremental due to “smallish inputs along the way.”⁴⁸ Areas of assistance provided by Impact Capital and others include property management software and asset management approaches, development training, assessment and diagnostic services, and in the area of financial management.

Impact Capital has invested more than \$748K in operating support and grants in CHHIP over the ten year period from 1997 – 2006. This money has paid for staff, technical assistance, and general overhead, and has been invested to achieve mutually agreed to performance targets and outcomes.

Method for Performance Measurements and Production (July 1, 2005 to June 30, 2006)

CHHIP’s production from July 1, 2005 to June 30, 2006 included 91 rental units completed in 2 projects, as well as the refinancing of 2 LIHTC projects that had reached their “year 15” conversion date.

City Participation and Infrastructure of Support for Community Development

The City of Seattle has been a strong supporter of community development with its ten year plan to end homelessness and its Housing First programs actively signaling that affordable housing is an essential municipal priority. It has also been widely recognized as possessing one of the strongest community development industries in the country.⁴⁹ Through the provision of permanent subsidy financing, “expedited” processing by municipal departments for affordable housing projects, and significant allocations of money for CDC operating support, the City of Seattle strives to align its programming and financial investment with its stated priorities. As Chuck Weinstock puts it, “The tone at the top matters! When the mayor and department heads signal that they

48 Author Interview with Chuck Weinstock

49 See Walker, Community Development Corporations and their Changing Support Systems

“get” affordable housing, that it’s important – it tells the people in the apparatus of government what their priorities need to be, what they need to be paying attention to; and it sends the message to other important players that what you are doing for affordable housing and community development is “civic positive.” That’s invaluable; in fact, it’s an essential. If you send mixed signals, what you will see on the ground will be adversely impacted.”⁵⁰

In addition, the City of Seattle is an active supporter of Impact Capital, LISC’s local intermediary affiliate in Washington State ’s which administers the area’s community development funding collaborative, and provides funding, training and important long term technical assistance to selected organizations. Impact Capital is also contracted by the City to assist it in allocating other funding sources slated for affordable housing production and community development.

Key Partners for the Organization

Key partners for CHHIP have been Impact Capital, the City of Seattle, the state housing trust, syndicators such as the National Equity Fund (NEF) and ESIC, and private entities and banks such as Washington Mutual and Key Bank. In addition, CHHIP believes its positive relationships with elected officials have been important to its success.

Strategy for Addressing the Development of Affordable Housing

CHHIP is currently pursuing what might be characterized as a partnership oriented strategy in its efforts to create affordable housing. Within the gentrifying neighborhood of Capitol Hill, the eagerness of many large retailers to find a home there has enabled CHHIP to construct some interesting alliances and leverage the value of outside interest in the neighborhood in service to its lower income populations. Recently when Walgreens was willing to pay a premium for a prime location but wanted to construct its typical 1-story monolithic structure, the neighborhood lobbied them to partner with CHHIP. The result? A bigger store plus 44 units of affordable housing. This well-known corporation was able to achieve a much more positive entry into the market place, and CHHIP was able to create housing on a parcel that without an interested commercial partner would have been financially out of reach. CHHIP is

⁵⁰ Author Interview with Chuck Weinstock, 3/07

pursuing additional mixed use projects with a similar profile as a workable strategy to developing affordable housing in an increasingly competitive market.

In addition, CHHIP is participating in creating partnerships with other organizations operating in other neighborhoods that may not have the capacity to develop affordable housing on their own, or may produce housing at the invitation of neighborhoods that may not have a functional CDC operating in their environ. They limit such work to projects that house populations CHHIP aims to serve, and that do not distract from their work in the Capitol Hill neighborhood. To date, they have developed 10 projects in this manner.

Another strategy CHHIP is pursuing to help it compete for parcels within the Capitol Hill neighborhood is to tap into what Weinstock calls CHHIP's "social capital," asking neighborhood owners to consider allowing CHHIP an opportunity to negotiate with them first, before putting their land on the open market.

MANNA, INC

Washington, DC

The mission of Manna is “ to empower individuals, strengthen families, and foster sustainable communities in Washington, D.C., by collaborating with stakeholders to create quality affordable housing for lower-income families, to support and train families both before and after they purchase their homes, and to foster community and economic development activities.” ⁵¹ Over its 25 year history, Manna had built or renovated over 800 affordable homes and become the leading non-governmental developer of affordable home-ownership opportunities in Washington, D.C. In addition to housing development, Manna’s services include Community Outreach and Organizing, Leadership Training, Tenant Organizing, Financial Education, an IDA Savings Program, Indoor Environment Quality, Renewable Energy Resources, and a Homebuyers Club.

Contact Information

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⁵¹ www.mannadc.org

Staff

Manna has 52 full time staff including a long tenured President of 12.5 years, Controller, Lead community organizer, Development Associate & Volunteer Coordinator, Mortgage Company, Director of property management, Director of finance & Administration, Director of Design & Construction, Director of Homebuyer's Club, Development Manager, Director of Corporate Development, Director of Owner Support & Property Management, Design Supervisor.

Annual Funding Amounts and Sources

Manna's average operating budget has historically been ranged from \$5 Million – \$7 Million, with 2007 slated to come in at \$10 Million.

Sources of Funding

Manna is extraordinarily self-sufficient, generating 75% of its operating revenue through earned income strategies. Approximately 60% of Manna's core operating revenue is project revenue derived from the sales of affordable homes it develops. An additional 15% is earned by providing technical assistance and/or consulting services in architectural design, construction management, homebuyer counseling or the sales and marketing of affordable units in mixed income projects to other non-profit, as well as for profit, organizations.

Grant dollars and individual gifts comprise the remaining 25% of Manna's revenue stream. 5% of Manna's revenue is derived from contributions from individuals, while 20% is received in the form of grants from intermediaries, foundations and other private corporations.

Role, Size and Composition of Board of Directors

Board is appointed "until they want to leave" says President and CEO, George Rothman. There are no term limits, but members are expected to be part of a "working board," regularly attending meetings and making a substantive contribution. There are ten current members out of a total of fifteen possible

seats on the board, with the average board member having served from nine to ten years. The board is comprised of community residents, a former lawyer, an aerospace executive, real estate related professionals, a non-profit executive, a banker, a retired government employee, and various other professionals.

Key Activities that the CDC participates in

In addition to actively pursuing *real estate development*, including single family for sale homes, and multi-family condominiums and coop projects, Manna assists tenant associations in acquiring and converting rental housing into home ownership opportunities for their residents. Another important initiative for Manna is their large *homebuyers' club*, a peer support group and homeownership counseling program designed to help participants improve their credit, save money, and learn valuable homeownership skills. More than 150 potential home buying members participate at any given time. In addition, Manna runs an *IDA program*, a matched-savings program to assist homebuyers in saving toward the down payment on a home. *Manna Mortgage* is the District of Columbia's first and only nonprofit mortgage company, offering home purchase and refinance loans targeted to the needs of traditionally underserved areas of the city. Their *Community Orientation Program* orients new owners to their communities and educates them about the responsibilities of homeownership. *Marketing & Homebuyer Education* provides families with support to insure a good match between prospective homeowners and the home they are looking to buy.

Over the past decade, Manna has developed exceptional internal capacity to undertake almost any type of residential homeownership project. In addition to programs offered directly to community residents, Manna leverages their capabilities by providing technical assistance and consulting services to other nonprofit organizations. Its subsidiary construction management firm provides construction management services, while its full-time, in-house architectural and real estate staff offer a wide range of design and development services.

Real Estate Development

Homebuyer's Counseling & IDA program

Manna Mortgage

Community Orientation & Homebuyer's Education

Construction Management Consulting
Real Estate Development Consulting
Architectural Design Services
Property Management for Condo Associations

Success Indicators (housing, economic development, etc)

Manna regularly reviews a number of indicators to gauge their success: number of settlement closings on homes, number of new homebuyer club participants ; percentage of homebuyer club members participating in meetings; attrition rates from homebuyer club, IDA matching saving program “graduates”, number of foreclosures on homebuyers coming through Manna programs, percentage of mortgages brokered for low income & minority purchasers, sub-prime loans refinanced. In addition, Manna examines overall organizational performance by examining annual profit or loss, total asset growth, and change in net assets.

In 2006, Manna completed the building of 27 single family homes, and had another 4 projects with 30-40 units under construction at year end. In addition, they closed sale on 26 homes, and provided property management services to 120 units in 6 condominium projects, and to 35 rental units. Approximately 800 families were assisted with pre- and post- purchase housing counseling.

Technical Assistance

George Rothman, Executive Director, says that Manna’s model is predicated upon the premise of having strong internal capacity with all needed talent on staff. “We tend to hire for the skills we need and don’t really make use of very much technical assistance provided by others – we’re the ones who provide the technical assistance,” says Rothman. Manna cites Neighborhood Reinvestment Training Institutes as a source of special topic training in such areas as construction management and organizing, that they have occasionally tapped into for staff development.

Method for Performance Measurements and Production (July 1, 2005 to June 30, 2006)

During fiscal year 2006, Manna completed the building of 27 single family homes, and had another 4 projects with 30-40 units under construction at year end. In addition, they closed sale on 26 homes, and provided property management services to 120 units in 6 condominium projects, and to 35 rental units. Approximately 800 families were assisted with pre- and post- purchase housing counseling.

City Participation and Infrastructure of Support for Community Development

The District of Columbia provides extremely favorable loan terms to affordable housing development, such as interest concessions on construction money. In addition, special pools of funding targeted to housing production including a portion of the housing trust fund earmarked for acquisition loans for non-profits use only has been especially supportive of Manna's work. Manna reports that the city also provides one of the "best soft second programs for first time homebuyers," with no repayment due for the first five years, and only principal to be repaid over forty years or upon sale.

The District of Columbia has also been a strong historical contributor to the local funding collaborative, most recently providing 2.3M of CDBG funding over a 2 year period. The collaborative was established to build the capacity of neighborhood-based CDCs to increase neighborhood revitalization efforts. It is a project of the Washington Regional Association of Grantmakers (WRAG), a trade association of funders, and is staffed by LISC. The collaborative is independent entity both WRAG and LISC, with grant disbursements and all communications made in the name of the Community Development Support Collaborative – a project of the Washington Grantmakers. Operating under the direction of its funders, the collaborative is governed by a WRAG Steering Committee fund committee that meets 6 times per year to oversee the collaborative. The Deputy Director of Housing is the city representative to the collaborative and sits on its steering committee. The Collaborative has historically provided 6 – 9 community development organizations with \$80K to 400K a year in operating support.⁵²

City policies such as mandatory inclusionary zoning have been very helpful to ensuring that new construction project contain some affordable unit, although

⁵² See appendix for more information on the Washington, DC Funders Collaborative

primarily benefiting the higher income ranges (i.e. 80% of the median income). In addition, many programs spearheaded by the city give preferences to non-profits.

Key Partners for the Organization

Key partners for Manna have been Local Initiatives Support Corporation (LISC), Neighborworks America, Enterprise Community Partners and the Fannie Mae foundation.

Strategy for Addressing the Development of Affordable Housing

In Washington, DC's rapidly escalating real estate market, Manna has sought projects that can be developed at a low enough cost to be affordable to their targeted service population. Manna's project development strategy has primarily been, according to George Rothman, Manna's ED, "no strategy – there is only opportunism." However, a clear pattern of strategic choices has made Manna an important player in Washington.

While Manna is committed to affordable home production, it is also actively pursuing a preservation focused agenda, by assisting existing residents vulnerable to displacement to remain in their neighborhoods despite gentrifying pressures. Manna has assisted many resident groups to convert their buildings to coops or condominiums, by providing development or construction, as well as consulting and organizing services.

Another key strategy is to choose projects for their high impact potential, and give priority to those that support other complimentary revitalization efforts that may be underway in a community.

Northwest Jacksonville Community Development Corporation (NJCDC)

Jacksonville, FLA

Northwest Jacksonville Community Development Corporation (NJCDC) is the youngest organization in our sample, founded in 2001 to help improve the quality of life in the Northwest neighborhood of Jacksonville. Their mission is "to engage in community development activities that embrace economic diversity, make businesses eager to invest, honor its history and creates a thriving community for families."⁵³ Northwest Jacksonville concentrates its efforts on the 29th and Chase neighborhood and building homes for families earning 60 to 80% of the area median income. In their short history, they have built 20 new homes for first time buyers, spearheaded an neighborhood planning process for their community, acquired site control of acreage for several new subdivisions, including a 15 unit project currently under construction, acquired a commercial facility to house their office, and have built their organization from a single staff person to a six person shop.

Contact Information

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Primary Contact: **Paul Tutwiler**, Executive Director PTutwiler2003@yahoo.com

Staff

Northwest Jacksonville Community Development Corporation (NJCDC) has four full time permanent staff persons including an Executive Director, Project Manager, Administrative Assistant, and a residential community liaison. NJCDC also has a temporary business community liaison.

⁵³ www.northwestjaxcdc.org

Annual Funding Amounts and Sources

Northwest Jacksonville Community Development Corporation (NJCDC)'s annual operating budget is

Sources of Funding

The chief source of operating funding for NJCDC is the Jacksonville office of the Local Initiatives Support Corporation (LISC) which provided NJCDC with a support grant of \$125 K this year. NJCDC has also earns developer fees and revenue from the sale of single family homes it develops. To date, LISC has provided NJCDC with \$205K in organizational development grants and operating support, \$2M in the form of a single family housing loan, and a \$20K recoverable grant for predevelopment related activities.

Role, Size and Composition of Board of Directors

Currently, NJCDC has nine of fifteen possible board members. While the board is primarily composed of members from varied professional backgrounds unrelated to community or economic development, most are long time, highly respected residents of the Northwest neighborhood whose support and affiliation has played a powerful role in legitimizing NJCDC and allowing it to take a leadership position in the community.

NJCDC, with the assistance of outside technical assistance and training providers, is currently investing in board development activities designed to assist the board in building capacities appropriate to the organization's evolving needs. NJCDC is also currently seeking to fill vacant board positions with individuals who bring specific technical skills in fundraising & real estate.

Key Activities that the CDC participates in

Northwest Jacksonville Community Development Corporation is engaged in a number of activities designed to promote economic, social and physical revitalization in the Northwest area and beyond. The development of single family homes is a key priority in NJCDC's efforts to attract potentially home owning families back to stabilize a community that has been rife with violence and disinvestment. And NJCDC takes on the criminal element as part of its

holistic strategy to take back the neighborhood. Since NJCDC began its efforts to “build our way out of crime” as executive director, Paul Tutwiler describes it, there has been almost a 60% decrease in crime since 2005.⁵⁴ These efforts have included aggressive tactics to take on troubled properties, the closure of hotels harboring prostitution, the purchase of vacant lots, drug house & condemned properties that provide shelter to criminals, and the creation of a drug awareness response team. Monthly meetings with neighborhood associations, and strong coordination with other community institutions and the police have all been instrumental in the success of NJCDC in tackling very intransigent social challenges.

The acquisition of their commercial space launched NJCDC into retail/commercial development, and they assembled 350 feet on a major street. In addition, staff and board have been active participants in developing a neighborhood plan through a major charrette process they helped to lead.

Social development is also a priority for Northwest Jacksonville Community Development Corporation’s staff and board. Recently awarded a Ford Foundation grant for youth development, NJCDC will expand an after school tennis program. In addition, JNCDC conducts homeownership training programs for prospective homebuyers and has sponsored an annual health and neighborhood day designed to celebrate the community as well as showcase local nonprofit institutions and educate residents about available services. NJCDC has been especially successful at attracting the participation of local and regional for profit organizations to their events, often receiving grants and donations to help underwrite the efforts.

They have been equally as successful and creative at securing donation and free service for their housing development activities. For example the local utility company absorbed costs related to moving electrical poles on one project, while the phone company installed the fiber optics infrastructure as an in-kind donation. They also aggressively pursue donations of materials such as insulated panels and other “green” products, as well as materials from trade shows and others to help offset costs.

Neighborhood Planning & Community Organizing

Single Family New Construction

Economic & Commercial Development

⁵⁴ Author interview with Paul Tutwiler, Executive Director NJCDC

Youth Development

Pre & Post Homeownership Training

Success Indicators (housing, economic development, etc)

NJCDC follows a number of success indicators closely. In addition to their own productivity targets including single family homes produced and commercial square footage developed, one key success indicator NJCDC pays particular attention to, and actively targets is the average sales price of single family homes in their community. One of NJCDC's original home sales which sold in 2003 for \$70K is now valued at \$125K. Another success indicator NJCDC tracks is the number of new home owners in the community. Measures of youth achievement like high school graduation rates are also monitored for signs of growth, stability and achievement.

Number of new homes produced

Changes in housing values

Number of new homeowners in the community

Crime rates

High school graduation rates

Technical Assistance

Northwest Jacksonville has received the bulk of its technical assistance through the Jacksonville LISC capacity building program. Organizational assessments, targeted technical assistance, outcomes target planning, training and operating funds are all components of their comprehensive set of supports.⁵⁵ As noted, in addition to other project specific funding, NJCDC has received \$205K in operating support from the LISC program, along with support for Americorp workers to supplement NJCDC's staff.

⁵⁵ Author interview with Joni Foster, Senior Program Director Jacksonville LISC

Method for Performance Measurements and Production (July 1, 2005 to June 30, 2006)

Northwest Jacksonville constructed 7 single family houses between 7/1/05 and 6/30/06. Last year, 15 were under construction with another 8 completed. In addition, NJCDC-built home values rose approximately 20% last year. One hundred new homeowners joined the community and crime rates decreased 40% from 1/05 to 12/05. Indeed, they decreased another 19% from 1/06 to 12/06.

NJCDC also led a significant neighborhood planning effort, and produced their health and neighborhood day.

City Participation and Infrastructure of Support for Community Development

The infrastructure of support for community development in the City of Jacksonville has been growing over the last eight years, starting with the opening of a Jacksonville office of the Local Initiatives Support Corporation. Fueled by the infusion of intellectual capital, technical assistance, proven strategies for building the capacity of the nascent CDC community, and predevelopment funding that LISC brought, the industry is now a model of coordinated action and achievement. Along with a visionary set of new leaders in local government, community development practitioners have been able to achieve measurable and verifiable increases in productivity and neighborhood change. Along with investing in a capacity building funding collaborative administered by LISC, the City of Jacksonville has taken aggressive steps to coordinate and support community development efforts in numerous ways. From creating a mayoral "Seeds of Change" designation for targeted neighborhoods, to aligning city departments & the enforcement focus of the Sheriff's department with CDC efforts, to allocating CDBG & HUD funds to bridge the financing gaps in real estate deals, the City of Jacksonville has demonstrated that it seeks to be a true partner to community development practitioners.

Other initiatives that the city has instituted in recent years that have transformed the community development landscape in Jacksonville are changes to zoning that allow for more affordable housing development, support for participatory neighborhood planning, legislation of design standards, and the transfer of city owned parcels to nonprofits along with forgiveness of nuisance liens.

The creation of the Jacksonville Housing Commission whose membership is appointed both by the mayor as well as by Jacksonville's City Council has reportedly led the City to greater accountability and financial transparency in its allocation of federal funds and community development spending . "In the past, the old guard would not collaborate on anything," noted Joni Foster, founding Senior Program Director of Jacksonville LISC. "Things couldn't be more different – affordable housing is a priority now." 56 Some of the other exciting developments include the creation of local preservation policy and a new GIS system that can capture important data from a myriad of disparate sources and assist developers in making more strategic development decisions that build on community assets, as well as measure some of the long term impacts of their work. And all these efforts are resulting in steady capacity and productivity gains for the community development corporations according to Foster. "Each year, the CDCs are producing more units than the year before. The trend is unmistakable. Even the organizations that are joint venturing with for profits are clearly driving the development process – that's a major switch!"

Key Partners for the Organization

Jacksonville LISC has been an extremely important provider of operating support, technical assistance and predevelopment funding. The City of Charlotte has supplied a myriad of resources and services to NJCDC's work. Bank of America has provided lines of credit and recoverable grants for development. The State of Florida has partnered with NJCDC by providing 220K for a second mortgages pool to buy down principal amounts where needed to make homes affordable to moderate income families.

Strategy for Addressing the Development of Affordable Housing

"We're looking for opportunities to do projects that are high impact, high visibility projects!" says Paul Tutwiler, NJCDC's executive director. "We are purposefully choosing difficult areas in our community, and trying to get site control of everything on the block before we build one home. We want to double our production - our goal is to make an IMPACT!"⁵⁷ Along with creating a number of strategic partnerships with the business community, NJCDC has

56 Author Interview with Joni Foster

57 Author Interview with Paul Tutwiler

reached out to community residents in strategic ways that Tutwiler hopes will help the “community take ownership of its change.” Part of their development strategy as noted is to look for opportunities that will send a big message to stakeholders and interested outsiders that change has come to Northwest Jacksonville. As Tutwiler says, “we look for excuses to celebrate,” and actively seek ways to challenge the fixed negative perceptions that outsiders have of the community. NJCDC is executing a multi-pronged approach to create affordable home ownership opportunities, while also working to improve crime rates, tackle quality of life issues, and make Northwest a more desirable neighborhood for families to consider living in.

South Bend Heritage Foundation (SBHFF)

South Bend, IN

South Bend Heritage Foundation, Inc. (SBHFF) was incorporated in 1974 as a not-for-profit service and community development corporation with the goal of combating decline in South Bend's urban center as well as in the surrounding county. Their primary focus has been on revitalizing the Near West Side neighborhood. Since its founding, South Bend Heritage Foundation has directly invested approximately \$45 million in residential and commercial development, including multifamily rental, single family homes and public facilities. It owns and manages 280 rental units in four sites and 180,000 square feet of commercial, cultural and educational space in seven buildings.

Contact Information

Address: 803 Lincoln Way West, South Bend, IN 46616

Phone: (574) 289-1066

Fax: (574) 289-4550

Website: www.SBHHeritage.org

Key Contacts: Jeffrey V Gibney, Executive Director: jeffgibney@SBHHeritage.org;
Charlotte Sobel, Director of Development & Special Projects:
cbsobel@SBHHeritage.org

Staff

SBHF has 28 full time staff including a long tenured Executive Director of 30 years, Director of Development & Special Projects, Real Estate Director, Staff Architect/Project Manager, Director of the Homeownership Center, Controller, Director of Lending, Housing Outreach Coordinator, Single Family Rehab Manager, Senior Property Manager, Property Managers & Maintenance staff.

Annual Funding Amounts and Sources

SBHF 's average annual operating budget is approximately 4.2 Million.

Sources of Funding

Like many other high performing community development corporations, South Bend Heritage is extremely self-sufficient, generating almost 90% of its operating revenue through earned income strategies. Almost 55% of SBHFF's core operating revenue, more than \$2.3 Million, is derived from the management and operation of existing property in their portfolio. 18%, or \$760K, is earned through development activities, special project services, consulting and planning. Finally, \$670K per year or 16%, is earned through various HOME & CDBG contracts awarded to South Bend Heritage.

Only 10% of SBHF's revenue stream, or \$415k, is derived from private fundraising, mostly through grants from foundations.

Role, Size and Composition of Board of Directors

South Bend Heritage has a relatively large board, with more than twenty two of a possible twenty five current seats filled. The board is made up of approximately 60% neighborhood residents, and 40% professionals from the wider community. Approximately 60% of the board members are minorities.

South Bend's board includes several bankers, an attorney, a private landscape architect, a police captain and a real estate broker, as well as various business owners and representatives from government and non-profit sectors including Indiana University. It has a wide range of expertise including accounting and financial management, real estate, portfolio management, landscape architecture, legal, commercial realty, as well as deep connections to city hall and the business communities.

Key Activities that the CDC participates in

“Housing is just one thing we do,” says Charlotte Sobel, Director of Development and Special Projects.⁵⁸ In addition to actively pursuing all kinds of residential real estate development, including single family homes and multi-family rental project, SBHFF is committed to the commercial redevelopment of key facilities and high visibility projects for important community stakeholders or institutions in South Bend. To date, SBHFF has directly invested more than \$45 million in real estate development, yielding a 280 rental unit portfolio which it also manages, and 180,000 square feet of commercial, cultural and educational space.⁵⁹ In addition, SBHFF often plays a major role in neighborhood planning initiatives, most recently planning an important subdivision near the university of Notre Dame.

SBHFF also has a long history of historic preservation, with some of its earliest work focused on creating a national historic district in South Bend’s West Washington neighborhood, and operating a loan fund to assist homeowners in restoring their homes.⁶⁰ SBHFF has also created Lending Enterprise for Neighborhood Development (LEND), a nonprofit subsidiary, to provide credit counseling, technical assistance and to help homebuyers through the mortgage application process.

Neighborhood Planning
Housing & Commercial Development
Asset Management
Residential Property Management
Commercial & Facilities Management
Community Organizing
Mortgage Brokering & Credit Counseling

⁵⁸ Author Interview with Charlotte Sobel

⁵⁹ www.sbheritage.org

⁶⁰ www.sbheritage.org

Success Indicators (housing, economic development, etc)

South Bend regularly reviews a number of indicators to gauge their success:

In addition, SBHFF examines longer term outcome measurements such as degree of new services available, amount of outside investment in community, safety wealth generation, real estate appraisal increases, the quality of their “stakeholder” group, the quality of their planning processes, and their own progress toward achieving their 3 year plan goals.

In 2006, South Bend Heritage Foundation completed the building of 10 single family homes, and refinanced two Low Income Tax Credit projects preserving a total of 80 units of affordable housing. In addition, they planned a major new subdivision in the North East neighborhood near the university, and provided property management services to 280 units.

Technical Assistance

Since 2002, South Bend Heritage Foundation has received operating money and technical assistance from Neighborworks America and is a member of their Multi-family Initiative which assists participating organizations in developing their capacity to develop and manage multi-family housing, with a special focus on building their asset management capacity. They have also received business planning assistance in the past, and report that their relationship with their broker has been an especially valuable one.

Method for Performance Measurements and Production (July 1, 2005 to June 30, 2006)

From July 1, 2005 to June 30, 2006, South Bend Heritage Foundation completed work on a major cultural facility, the Studebaker Museum; finished development of 8 single family homes; finalized predevelopment work on 7 rental units; and conducted planning activities for a major subdivision in the Northeast neighborhood. In addition, they brokered 10 – 15 mortgages and managed 280 units of rental housing.

City Participation and Infrastructure of Support for Community Development

South Bend with a population of about 100k in the city, and less than 250K in the county seat has not historically had a very rich infrastructure of support for community development. Very few of the family foundations in South Bend give operating support to nonprofits and SBHF's growth and success has largely been the result of their own earned income strategies. The City of South Bend "has never put much money in SBHF," says Charlotte Sobel, Director of Development & Special Projects. "70% of the CDBG & HOME funds they receive are used to fund their own nonprofit entities. Of the remaining 30%, approximately 40% of that goes out to the county. They do fund projects and are now putting some money into subdivisions in the Northeast." In South Bend's weak economy, with median incomes almost 25% lower than the national average, many properties are not subject to taxes, seriously limiting the City's income. Furthermore, the City has set tax ceilings on properties that do pay taxes, a policy that SBHF staff report has been "devastating," to the City and to efforts to fund community development.

In addition to limited funding, there have been reportedly few legislative or governmental supports for community development such as land use or zoning policies that favor nonprofit development.

Key Partners for the Organization

Key partners for South Bend Heritage have been the City of South Bend, Neighborworks America, Wells Fargo, Studebaker, University of Notre Dame, local philanthropies, the Salvation Army and Memorial Hospital.

Strategy for Addressing the Development of Affordable Housing

Like Manna, Inc. in Washington, DC, South Bend Heritage Foundation chooses projects for their high impact potential, and gives priority to those that support other complimentary revitalization efforts that may be underway in a community. For instance, one of SBHF's current development projects focuses on housing development near Notre Dame University, and is being developed in partnership with other community organizations. In addition to affordable housing development that complements the efforts of other institutional players,

high visibility commercial or public space redevelopment is an important part of SBHF's revitalization strategies. Indeed, through partnerships with other key community institutions, SHF has played a vital role in reclaiming many key public use facilities in the City of South Bend.

Another important component of SBHF's overall revitalization strategy is to leverage their community and institutional partnerships as well as their relationships with influential players in service to their collective development efforts. "We try to build strong political alliances on all sides," says Sobel. Partnership and collective action is key to their development strategy.

Conclusion

The community development support systems that have emerged over the last fifteen years in many parts of the country have led to impressive growth in the productivity and effectiveness of their local nonprofit community development corporations. The level of increase in the total affordable housing units produced, as well as significant gains in the production of commercial facilities testify to this fact. However, these gains were not universal in all cities and regions.

Cities and regions that worked diligently to organize their support for community development, reduce red-tape and bureaucracy, broker relationships and created new key institutions such as funding collaboratives achieved the greatest productivity gains and the highest levels of organizational capacity growth among their nonprofit community developers.

In addition to strong city government support, national community development intermediaries were key to much of this growth in many locations. Along with critically important financial resources, including significant predevelopment funding for projects, they created great access to intellectual capital, best practices and peer experience for their constituent community developers. LISC's Organizational Development Initiative (ODI), an in-house management consulting & research department, has created a particularly impressive vast body of work including training programs, research papers, technical assistance approaches, publications and numerous tools and templates designed to assist community development corporations in growing their capacity.

The organizations that demonstrate sustained excellence are often led by long-tenured stable leadership, both at the board and executive level. As our profiles highlight, they tend to aggressively pursue earned income strategies and work diligently to continually enhance their political, social and economic capital through marketing, outreach and organizing. In fact, the organizations in our profile group are without exception unapologetic marketers of their community vision.

More than once we heard the term "opportunistic" to describe how they worked, and how they actively pursued projects, relationships and additional resources. Without question, perhaps with the exception of South Bend, IN, they all work in cities with strong supports for community development which they have benefited greatly from. But each of these organizations not only made the most

of what was offered, but through their advocacy, organizing and active pursuit of mission, were often catalytic in generating more resources for the system.

While CamBia Associates was not commissioned to evaluate the quality or effectiveness of community development initiatives in the City of Charlotte, it is clear that many of the components that have characterized Charlotte's model of support for community development would be considered "best practice." City of Charlotte Housing department staff report a number of efforts and program initiatives that they have designed to effectively partner with community development corporations over the years. And the historic support from the Charlotte funding community for both a regional (North Carolina Community Development Initiative) and national intermediary (Enterprise Community Partners) certainly qualifies as a proven strategy for bringing a community development system to scale.

Charlotte's Neighborhood Fund, a reliable source of operating support and capacity building funding for community development corporations, is certainly another example of an investment strategy that has been extremely successful in other parts of the country in growing a successful industry. Administered in the past by the intermediary staff, it has reportedly provided base funding for the nonprofits in Charlotte for many years.

However, the presence of any of these components does not guarantee the successful scaling of a community development industry. It is the quality of their coordinated application and the ongoing commitment and support of the both the funders and the nonprofits themselves that has historically proven successful around the country.

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Appendix A

Community Building

Community Building Activity	% of CDCs: 2005
Community organizing/advocacy	62
Homeowner counseling	59
Budget/credit counseling	54
Education and training	53
Community organizing	47
Local-level advocacy	41
Tenant counseling	37
Youth programs	36
Housing resident services	35
Job skills training	34
State-level advocacy	33
Job-readiness training	32
Homeless services	27
Senior programs	26
Emergency food assistance	26
Job placement	25
Community safety	23
Transportation	23
Help in establishing IDAs	22
Federal-level advocacy	21
Child care	21
CRA advocacy	20
Job retention/advancement	18
Arts & culture	15
Health care	14
Drug prevention/treatment	12
Immigration services/ESL	9
Prisoner re-entry programs	6

Source: Reaching New Heights NCCED 2005 CDC survey

Appendix B

Characteristics of High Performing Community Development Corporations

Harold S. Williams, The Rensselaerville Institute

1. *They have strong leadership.* The chief executive has clarity of vision and strategy, and is fully capable in all critical areas of leading the organization toward increasingly higher performance. He or she knows weak areas and compensates with strength in other staff. The board chair and key members are capable of playing policy-setting and connecting roles for the organizations, including to needed investors as well as community interests.
2. *They have all core skills in the areas of development in which they are involved.* They have know-how and technologies, not just process skills. In the areas in which they act (construction, building management, business development, etc.), know-how is anchored in the organization and its staff, not treated as a consultant add-on. [Without core knowledge, they are at the mercy of outside forces which do have relevant competencies.]
3. *Staff has high productivity and morale.* People do not turnover frequently and little time is spent complaining. This condition also requires a self-renewing capacity for people such that few get “burned out” or demoralized over time. In general, high morale and productivity are associated with organizations whose people feel empowered to perform at the highest level of their talent and responsibility.
4. *They spend their time on projects that succeed.* They know when to disinvest at an early point from ideas and projects likely to fizzle. This means having some predictive models or indicators about what is likely to work. It also means generating sufficient opportunities so that they always have options. Prediction is meaningless without choices.
5. *They have the ability to both set and achieve organizational targets for quantitative and qualitative improvements.* Their ability to get better over time is a reflection of their ability to both have clear targets connected to a vision and to learn from experience how best to achieve them. At all times, they have a strategic sense of where they are going and how they will get there. Managers truly “own” their targets and have control of the resources necessary to achieve them.

Characteristics of High Performing Community Development Corporations

6. ***They have and use information effectively*** for organizational and project management. This goes beyond data base to data use. Virtually everyone knows the key points of data that they most need to manage effectively their part of the organization and its program. And they get and show evidence of using, that data. [Without this focus, information is collected and reported...but not harnessed.]
7. ***They are strong financial and asset managers***, preserving their housing units and other property in terms of occupancy, cash flows, and maintenance and managing money in a scrupulous and effective way. They ensure that all assets (from buildings to cash) work for organizational and neighborhood gain.
8. ***They are moving toward more financial self-sufficiency***. This has two dimensions. First, it shields the organization from the catastrophic effects of a one-investor pull-out. Second, it ensures that people value their services in the sense that they choose to pay for them. In general, organizations that generate income are more proactive than those which do not.
9. ***They have excellent relationships with funders and regulators***. They submit all required reports and other compliance requirements in a timely manner. They also take initiative to ensure that the funder perceives them in a productive and congenial way as a colleague and not simply as a supplicant.
10. ***They have a strong neighborhood connection***. Their projects meet community needs and are seen as enriching both the built environment and the lives of those who live within it. They have a strong ethic of customer service and buildings and are perceived by residents as adding strong value to the area.
11. ***They offer a high return on investment***. For every dollar and other resource invested, they can show important gains for the neighborhood that are highly efficient in terms of cost. Further, the high performing group takes the lead in sharing its returns with others. It is more interested in gaining support from investors and the community based on results, than on the need or activities.
12. ***Learning environment***. Staff are constantly asking themselves, "What are we learning and what does it mean for the way we work?" There is a continuing ability and incentive to change behavior based on experience and its consequence. Error is embraced as the essential basis of learning and there are constant efforts for the organization and each of its staff to improve and grow.

COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: FY2007 Housing Trust Fund Project Recommendations

COUNCIL FOCUS AREA: Housing & Neighborhood Development

RESOURCES: Stan Wilson, Neighborhood Development

KEY POINTS:

- Brief the City Council on four housing developments recommended for funding through the Housing Trust Fund. The proposals are based on a Request for Proposals issued by staff on November 17, 2006.
- On October 23, 2006, City Council approved the Housing Trust Fund Advisory Board's recommended funding allocation in the amount of \$5,021,679 for Multi-Family Rental Housing (*new construction and rehabilitation*) and Special Needs Housing (*new construction and rehabilitation*). Special Needs housing is defined as housing that serves persons with disabilities, the homeless, persons with HIV/AIDs and the elderly.
- Staff received five proposals from developers on February 23, 2007. However, one developer, the Charlotte Housing Authority, withdrew its Savannah Woods proposal in order to evaluate options to best develop the site. The four proposals were evaluated and ranked by staff based on the *Loan and Grant Guidelines* and RFP Evaluation Criteria adopted by the Housing Trust Fund Advisory Board. The developments recommended for funding are:
 - Cherry Gardens Apartments 42 units (*new construction*) City funding: \$1,050,000
 - Kohler Avenue Apartments 48 units (*new construction*) City funding: \$ 430,000
 - Glen Cove Apartments 50 units (*rehabilitation*) City funding: \$1,335,375
 - McAlpine Terrace 113 units (*rehabilitation*) City funding: \$ 720,081

Additionally, the Housing Trust Fund has set aside \$1.2 million, from the \$10 million bond approved in 2006, for the proposed Brooklyn Village Redevelopment Project. This project will be brought forward to City Council at a future date.

COUNCIL DECISION OR DIRECTION REQUESTED:

Recommend the FY2007 Housing Trust Fund Project Recommendations for approval at the June 11, 2007 City Council business meeting.

ATTACHMENTS:

Individual Project Summary Reports
Evaluation Criteria – Multi-Family and Special Needs Housing
Vicinity Map of proposed housing developments

McAlpine Terrace (Rehabilitation)

Project Description:

Housing Authority of the City of Charlotte is requesting a \$720,081 loan for the rehabilitation of 113 multi-family senior units located at 6130 Pineburr Road in southeast, Charlotte Neighborhood Statistical Area (NSA) #160 (Stonehaven). The units will be affordable to families earning 55 percent or less than area median income and 26 of the units will be affordable to families earning 24 percent or less. Rehabilitation projects are exempt from the Assisted Multi-Family Housing Locational Policy. The project was reviewed in accordance with the Loan and Grant Guidelines and Criteria established by the Housing Trust Fund Advisory Board and received a score of 98 points.

Project Name: McAlpine Terrace
Address: 6130 Pineburr Road
Council District: District 6
Acreage: 10.11 +/- acres
Zoning/Density: R-17MF
Developer: Charlotte Housing Authority
Number of Units: 113 units
Targeted Incomes:

Units	Monthly Rents	Income Levels Served	Annual Income*
26	\$233	≤ 24%	\$15,456
87	\$500	≤ 55%	\$35,420

*Based on 2007 Area Median Income of \$64,400

Total Cost: \$ 2,693,787
Sources of Funds: \$ 720,081 – City Housing Trust Fund
 \$ 195,580 – City of Charlotte Existing Loan
 \$ 778,126 – CHA land Sales Proceeds Loan
 \$ 1,000,000 – Hope VI Loan

City Loan Terms: Loan

Affordability Period: 50 years

Project Amenities: 16 Handicapped accessible units, laundry facilities, multi-purpose room, outdoor gazebo, putting green, panic button for emergency assistance.

Neighborhood Profile Stonehaven – (NSA 160)

	QLI Index (2004)	QLI Index (2006)
Neighborhood Classification:	Stable	Stable
Population:	5,919	5,762
Elderly Population:	846	870
Number of Housing Units:	2,331	2,446
Median Household Income:	\$76,703	\$72,877
Average House Value:	\$183,264	\$189,214
Housing Condition:	0.0% Substandard	0.2% Substandard
Violent Crime Rate*:	0.2	0.2
Property Crime Rate*:	0.4	0.4

* As measured against the City benchmark of 1.0

McAlpine Terrace
6130 Pineburr Road



Cherry Gardens

Project Description:

The Affordable Housing Group of North Carolina, Inc. is requesting a \$1,050,000 loan for the construction of 42 multi-family units located at 1727 Baxter Street in Neighborhood Statistical Area (NSA) #64 (Cherry Neighborhood). The elderly tax credit units will be affordable to families earning 50 percent or less than area median income and eleven of the units will be affordable to families earning 30 percent or less. Elderly housing is exempt from the City's Assisted Multi-Family Housing Locational Policy. The project was reviewed in accordance with the Housing Trust Fund guidelines and criteria established by the Housing Trust Fund Advisory Board and received a score of 119 points.

Project Name: Cherry Gardens
Address: 1727 Baxter Street
Council District: District 1
Acreage: 1.046 +/- acres
Zoning/Density: UR-2 MF
Developer: The Affordable Housing Group of North Carolina Inc.
Number of Units: 42 units
Targeted Incomes:

Units	Monthly Rents	Income Levels Served	Annual Income*
5	\$207	≤ 24%	\$15,456
6	\$280	≤ 30%	\$19,320
31	\$450 - \$521	≤ 31% -50%	\$32,200

*Based on 2007 Area Median Income of \$64,400

Total Cost: \$ 5,338,476
Sources of Funds: \$ 1,050,000 – City Housing Trust Fund
 \$ 3,141,286 – LIHTC
 \$ 516,658 – State Tax Credit
 \$ 630,000 – RPP Loan
 \$ 532 – Owners Equity/Deferred Developers fee

City Loan Terms: Cash flow
Affordability Period: 75 years
Project Amenities: Laundry facilities, extensive kitchen and bathroom counters, emergency call bells, grab bars, outdoor sitting area, gardens and extensive sidewalks.

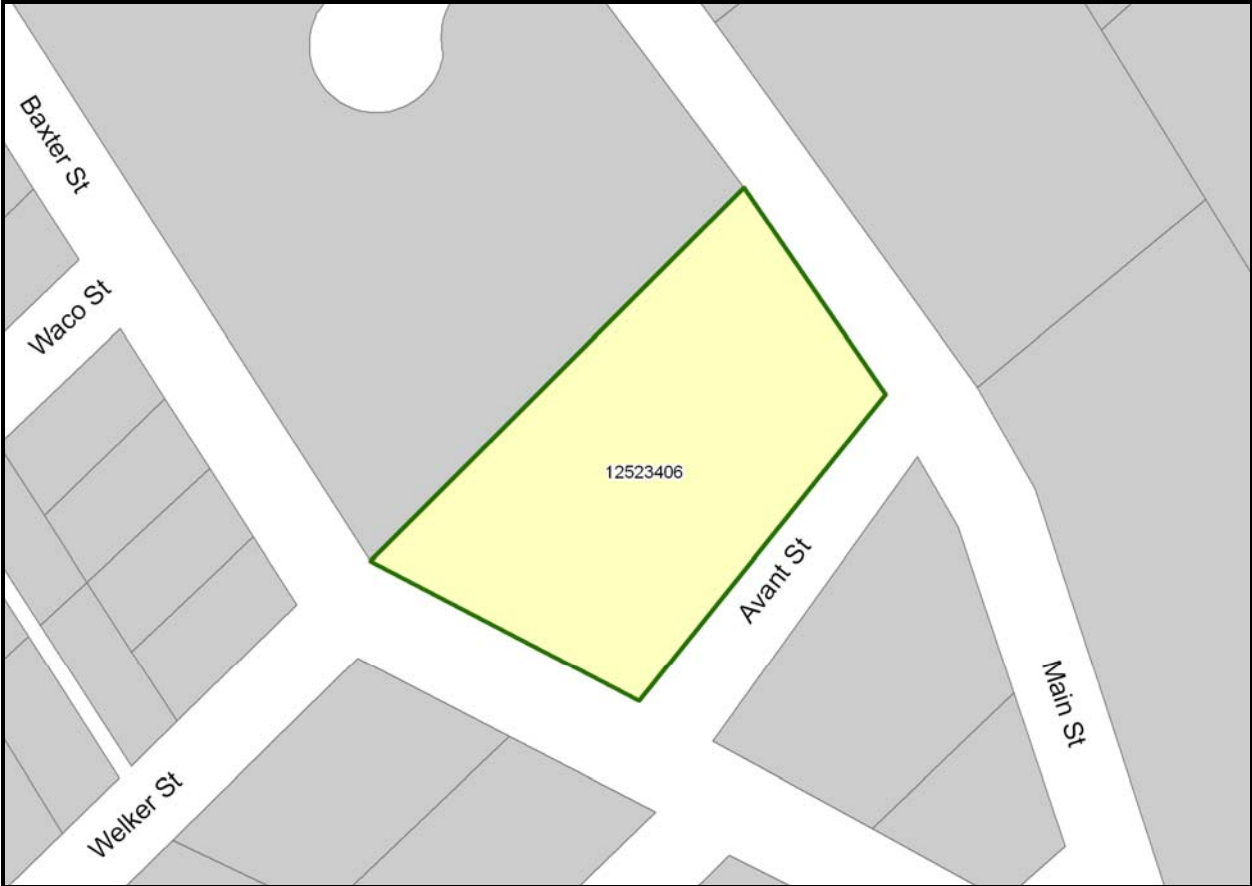
Neighborhood Profile – Cherry (NSA 64)

	QLI Index (2004)	QLI Index (2006)
Neighborhood Classification:	Threatened	Transitioning
Population:	893	1,021
Elderly Population:	10.9%	10%
Number of Housing Units:	592	593
Median Household Income:	\$37,760	\$42,938
Average House Value:	\$136,296	\$167,952
Housing Condition:	2.1% Substandard	3.5% Substandard
Violent Crime Rate*:	1.7	1.4
Property Crime Rate*:	2.0	2.4

* As measured against the City benchmark of 1.0

Cherry Gardens

1727 Baxter Street



Glen Cove Apartments (Rehabilitation)

Project Description:

Housing Authority of the City of Charlotte is requesting a \$1,335,375 loan for the rehabilitation of 50 multi-family units located at 6130 Pineburr Road in southeast Charlotte, Neighborhood Statistical Area (NSA) #160 (Stonehaven). The units will be affordable to families earning 55 percent or less than area median income and ten of the units will be affordable to families earning 24 percent or less. Rehabilitation projects are exempt from the City's Assisted Housing Locational Policy. The project was reviewed in accordance with the loan and guidelines and criteria established by the Housing Trust Fund Advisory Board and received a score of 82 points.

Project Name: Glen Cove Apartment
Address: 6130 Pineburr Road
Council District: District 6
Acreage: 4.48
Zoning: R-17 MF
Developer: The Housing Authority of the City of Charlotte
Number of Units: 50 units
Targeted Incomes:

Units	Monthly Rents	Income Levels Served	Annual Income*
10	\$234	≤ 24%	\$15,456
40	\$520 -\$570	≤ 55%	\$35,420

*Based on 2007 Area Median Income of \$64,400

Total Cost: \$ 2,670,756
Sources of Funds: \$ 1,335,375 – City of Charlotte (HTF)
 \$ 83,820 – City of Charlotte (Existing)
 \$ 751,561 – CHA Land Sales Proceeds Loan
 \$ 500,000 – HOPE VI Loan

Loan Terms: 20 Years @ 1% interest

Affordability Period: 50 Years

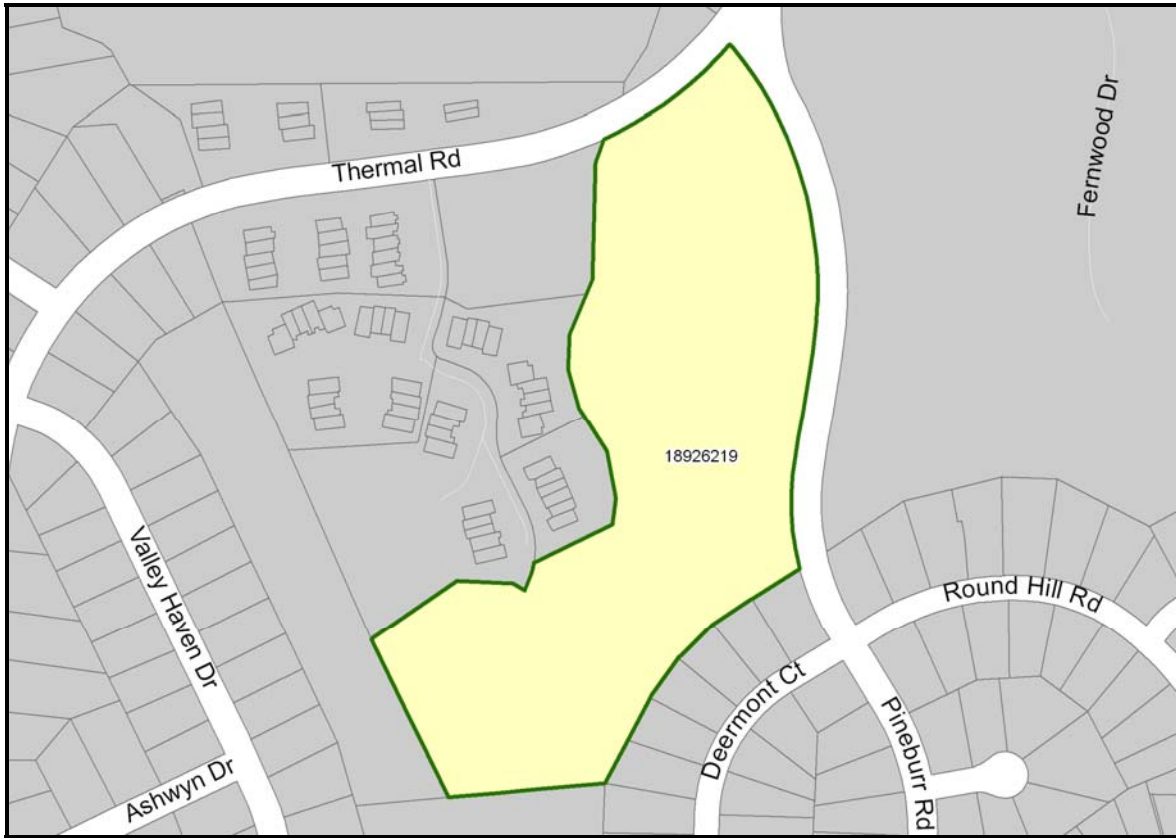
Project Amenities: Range, dishwasher, carpet, shelving and cabinets, handicap accessibility and wall HVAC units.

Neighborhood Profile – Stonehaven (NSA 160)

	QLI Index (2004)	QLI Index (2006)
Neighborhood Classification	Threatened	Stable
Population:	3,048	3,084
Elderly Population:	408	395
Number of Housing Units:	1,680	1,759
Median Household Income:	\$42,659	\$44,411
Average House Value:	\$134,232	\$191,968
Housing Condition:	0.00% substandard	0.3% substandard
Violent Crime Rate:	1	0.9
Property Crime Rate:	1.3	1.3

* As measured against the City benchmark of 1.0

Glen Cove Apartments
6130 Pineburr Road



Kohler Avenue Apartments (New Construction)

Project Description:

The Charlotte-Mecklenburg Housing Partnership (CMHP) is requesting a \$430,000 loan to construct 48 new multi-family units located at 1238 Kohler Avenue in Neighborhood Statistical Area #34 (Double Oaks). The units will be affordable to families earning 50 percent or less than area median income and twelve of the units will be affordable to families earning 24 percent or less. The tax credit project is located in a prohibited area according to the Assisted Multi-Family Housing Locational Policy. However, City Council approved a waiver of the Policy on June 13, 2005. The project was reviewed in accordance with the Housing Trust Fund guidelines and criteria established by the Housing Trust Fund Advisory Board and received a score of 117 points.

Project Name: Kohler Avenue Apartments

Address: 1238 Kohler Avenue

Council District: District 2

Acreage: 5.46 +/- acres

Zoning: R-12MF-CD

Developer: CMHP

Number of Units: 48 units

Targeted Incomes:

Units	Monthly Rents	Income Levels Served	Annual Income*
12	\$235-\$270	≤ 24%	\$19,320
36	\$540-\$600	25%-50%	\$19,320 to \$32,200

*Based on 2007 Area Median Income of \$64,400

Total Cost: \$5,215,048

Sources of Funds: \$ 430,000 – City Housing Trust Fund
 \$3,920,530 – LIHTC
 \$ 544,518 – State Tax Credit Loan
 \$ 320,000 – Equity CMHP (Land)

Loan Terms: 20-year 2% interest only

Affordability Period: 30 years

Project Amenities: Resident computer center, range and hood, dishwasher, disposal, refrigerator and washer and dryer connections.

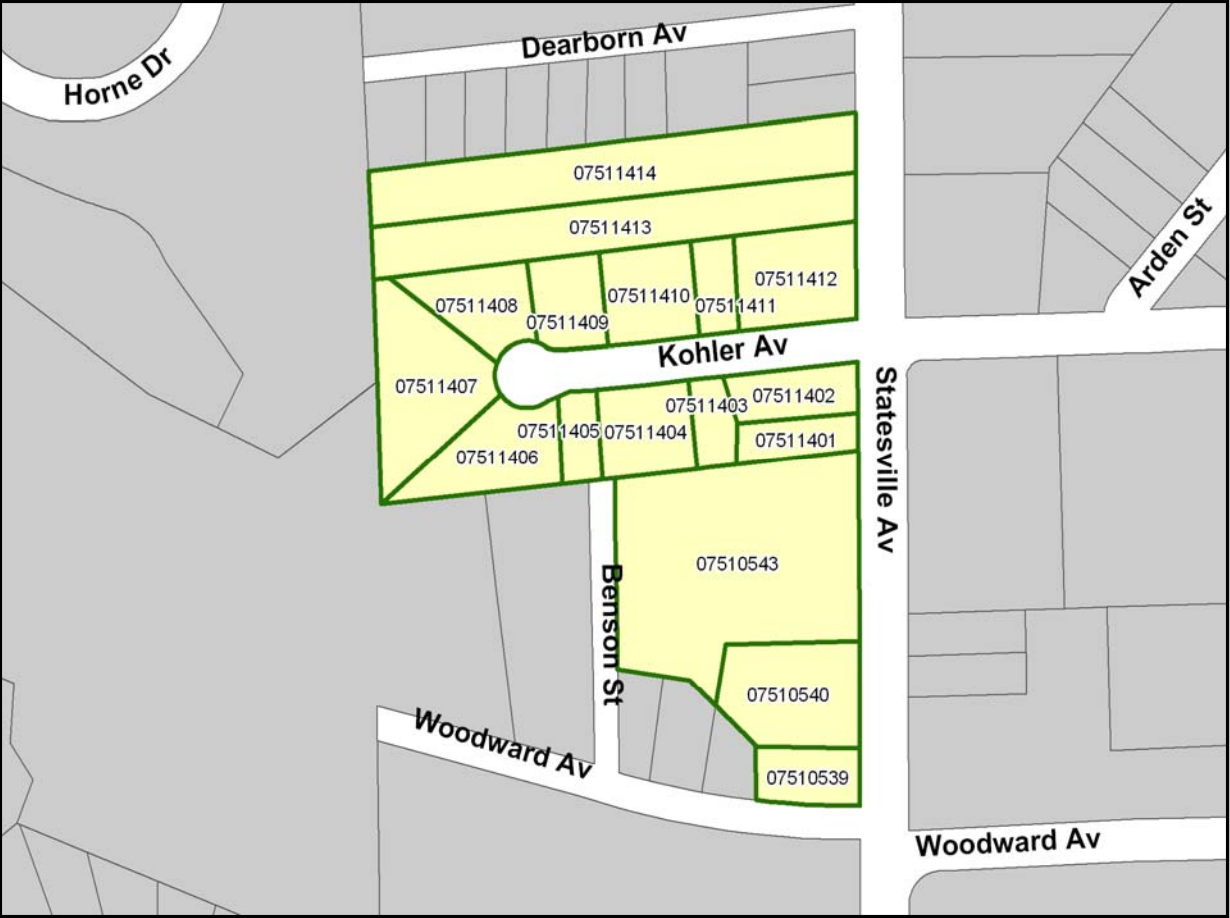
Neighborhood Profile – NSA 34 (Double Oaks)

	QLI Index (204)	QLI Index (2006)
Neighborhood Classification	Threatened	Threatened
Population:	1947	2,795
Elderly Population:	103	168
Number of Housing Units:	661	1,146
Median Household Income:	\$26,332	\$25,077
Average House Value:	\$60,033	\$54,750
Housing Condition:	7.3% Substandard	6.2% Substandard
Violent Crime Rate:	3.2	2.0
Property Crime Rate:	1.1	0.9

* As measured against the City benchmark of 1.0

Kohler Avenue Apartments

1238 Kohler Avenue



EVALUATION CRITERIA – Multi-Family Rental Housing

Complete proposals submitted to the City will be reviewed, evaluated and scored based on the following criteria.

Categories	% Within Category	Rating Points
City Policies – (10% of Total Score)		
Period of Affordability	40%	4
Located in a City Revitalization Neighborhood	60%	6
Total Maximum Points	100%	10
Development Strengths – (46% of Total Score)		
Number of Affordable Units within the Development	35%	16
Income Level Served	65%	30
Total Maximum Points	100%	46
Development Team Experience – (10% of Total Score)		
Track Record with Similar Development (s) – for Developer	40%	4
Development Team Experience with Similar Developments	30%	3
Property Management & Experience with Similar Developments	30%	3
Total Maximum Points	100%	10
Financial Strength - (34% of Total Score)		
Amount of City Funding Requested (Leverage)	21%	7
City Investment per Eligible Unit	21%	7
City Lien Position	12%	4
Debt Coverage Ratio	29%	10
Total Loan to Value	17%	6
Total Maximum Points	100%	34
Total		100
Bonus Points		
New Affordable Housing Units Created	20%	10
On-Site Supportive Services and/or Programs	20%	10
Housing Efficiencies	20%	5
Development in a Transit Station Area	20%	10
Proximity to Amenities and Services	10%	5
Mixed Income Development	20%	10
Total Maximum Bonus Points	100%	50

EVALUATION CRITERIA – Multi-Family Rental Housing

Definitions and Points:

City Policies – 10% of Total Score (10 Points)

1. Period of Affordability

- Less than 20 Years - earns 1 point
- 20 to 40 Years earns - 2 points
- Greater than 40 to 50 Years - earns 3 points
- Greater than 50 Years - earns 4 points

2. Located in a City Revitalization Neighborhood

- Not in a Revitalization Neighborhood - earns 0 points
- Located in a Revitalization Neighborhood - earns 6 points

The City of Charlotte has a focus on the following neighborhoods for revitalization, Belmont, Druid Hills, Grier Heights, Reid Park, Lakewood, Lincoln Heights, Washington Heights, Wingate and HOPE VI development neighborhoods.

Development Strengths – 46% of Total Score (46 Points)

1. Number of Affordable Units within the Development

- Less than 20% - earns 0 points
- Greater than 20% to 35% - earns 4 points
- Greater than 35% to 50% - earns 8 points
- Greater than 50% to 65% - earns 12 points
- Greater than 65% - earns 16 points

Affordable units defined as the percentage of the total units that are made affordable to households earning 60% or less than the area median income. At least twenty percent 20% of the units within a development must be set-aside for income eligible households in order to be considered for this program. However, housing developments located within transit station areas may set aside a minimum of 5%, but no more than 25% of the units for income eligible households.

2. Income Levels Served

A. Developments with 10% or more of the total units serving 24% or less - earns 16 points

Additional points are assigned as shown below:

B. Average AMI of the Total Units

Average AMI of Total Units	Points Earned
45% or less of AMI	14
Greater than 45% to 50% of AMI	10
Greater than 50% to 55% AMI	6
Greater than 55% to 60% AMI	4
Greater than 60% of AMI	1

This program is directed primarily toward rental housing developments serving households earning 60% or less of the area median income (AMI) with a priority given to rental developments serving households earning 24% or less than the AMI.

Development Team Experience – 10% of Total Score (10 Points)

1. Track Record with Similar Development(s) – for Developer

- No experience - earns 0 points
- Experience with up to 2 similar developments - earns 1 point
- Experience with more than 2 to 5 similar developments - earns 2 points
- Experience with more than 5 similar developments - earns 4 points

The developer must demonstrate a track record developing projects similar to the one proposed. The points awarded in this category are based solely on the developer’s experience. Similar developments are defined as similar to the proposed project. Developer should have an active role in the projects identified, (i.e. decision maker, principal).

2. Development Team Experience with Similar Developments

- No experience – earns 0 points
- Experience with up to 5 similar developments - earns 1 point
- Experience with more than 5 similar developments - earns 3 points

Points in this category are based on the experience of the entire development team including but not limited to the developer, general contractor and architect. Similar developments are defined as similar to the proposed project.

3. Property Management Experience with Similar Developments

- No experience with subsidized units - earns 0 points
- Experience with subsidized units (i.e. Tax Credits, Section 8, etc.) - earns 1 point
- Specific experience – projects similar to the proposed development - earns 2 points

A maximum of three points can be earned in this category based on experience with subsidized units combined with specific experience with developments similar to the proposed development. A property manager must at a minimum have over two years experience with one development that is similar to the proposed development.

Financial Strength – 34% of Total Score (34 Points)

1. Amount of City Funding (Leverage)

Leverage Ratio	Points
Less than 1 to 1	Earns 0 Points
1 to 1-1.99	Earns 2 Points
1 to 2-2.99	Earns 3 Points
1 to 3-3.99	Earns 4 Points
1 to 4-4.99	Earns 5 Points
1 to 5 or greater	Earns 7 Points

The leverage ratio: HTF funds over other financing.

2. City Investment Per Eligible Unit

City Investment Per Eligible Unit	Points
Over \$40,000	Earns 0 Points
Greater than \$30,000 to \$40,000	Earns 2 Points
Greater than \$20,000 to \$29,999	Earns 3 Points
Greater than \$10,000 to \$19,999	Earns 5 Points
\$10,000 or less	Earns 7 Points

3. City Lien Position

- No lien position - earns 0 points
- Third lien position or a more subordinated position - earns 1 point
- Second lien position - earns 3 points
- First lien position - earns 4 points

4. Debt Coverage Ratio - The debt coverage ratio is based on “hard debt” (debt service contractually obligated to be repaid). The net operating income over the debt service determines debt coverage ratio.

Debt Coverage Ratio	Points
Less than 1.15	Earns 0 Points
1.15 to 1.20	Earns 10 Points
Greater than 1.20 to 1.25	Earns 8 Points
Greater than 1.25	Earns 4 Points

5. Proximity to Amenities and Services: Development is located within one mile of

1. medical facilities (including pharmacy);
2. groceries and;
3. transportation

- Medical facilities **or** groceries **only** - earns 2 points
- Transportation **or two** other amenities/services - earns 3 points
- Transportation **plus one** other amenity/service - earns 4 points
- All three amenities/services - earns 5 points

6. Mixed Income Development

- No income mix - earns 0 points
- 60% or less of AMI and greater than 60% of AMI - earns 10 points

Includes a mixture of incomes where a minimum of 20% of the total housing units are set aside for affordable housing units and a minimum of 50% of the housing units are set aside for market rate units. *(In rental developments, affordable housing units are designated to serve 60% or less of the Area Median Income (AMI) and market rate units are designated to serve greater than 60% of AMI).*

5. Total Loan to Value

- Greater than 85% - earns 2 points
- 70% to 85% - earns 4 points
- Less than 70% - earns 6 points

Loan amount to value is defined as all debt as compared to the Fair Market Value (FMV). A Member of the American Institute (MAI) appraisal completed within the preceding 12 months determines the Fair Market Value (includes income restrictions).

Bonus Points – Maximum of 50 Points

1. New Affordable Housing Units Created – Provides additional points for “new” housing units created that serve 24% or less than the area median income either through new construction or the conversion/rehabilitation of existing units.

- Up to 10 units – earns 4 points
- 11 to 20 units – earns 6 points
- 21 to 50 units – earns 8 points
- Greater than 50 units - earns 10 points

2. On-site Supportive Services and/or Programs - Based on hours per month and range of services and programs offered. Note the Housing Locational Policy provides hours for management personnel. The hours include a combination of resident office staff, maintenance staff and supportive services staff. The policy also states supportive services staff must be employees of the development’s owner or management. Bonus points will be awarded for on-site supportive services and programs beyond the requirements of the Housing Locational Policy. Earns 10 points

3. Housing Efficiencies: Housing efficiencies represent:

- a. Innovation that reduces the cost of the development of affordable housing through construction methods, construction materials or improved delivery time.
- b. Innovation that contributes to the long-term affordability through efficiency as it relates to utility costs, maintenance costs or durability.

Points will be earned based on the development team’s ability to provide written documentation that confirms that a housing advancement has been added to the project and previous experience with such advancements (i.e. other developments where the advancement was implemented).

Earns 5 points

4. Development in a Transit Station Area: See the Housing Locational Policy (*Loan and Grant Guidelines for Housing Development*) for guidelines for Transit Station Area development. Earns 10 points

EVALUATION CRITERIA – Special Needs Housing

Complete proposals submitted to the City will be reviewed, evaluated and scored based on the following criteria:

Categories	% Within Category	Rating Points
Development Strengths – (52% of Total Score)		
Period of Affordability	7%	4
Number of Affordable Units within the Development	31%	16
Income Level Served	31%	16
On-Site Supportive Services and/or Programs	31%	16
Total Maximum Points	100%	52
Development Team Experience – (10% of Total Score)		
Track Record with Similar Development (s) – for Developer	20%	2
Development Team Experience with Similar Developments	40%	4
Property Management & Experience with Similar Developments	40%	4
Total Maximum Points	100%	10
Financial Strength - (23% of Total Score)		
Amount of City Funding Requested (Leverage)	43%	10
City Investment per Eligible Unit	43%	10
Debt Coverage Ratio or No Debt Allowance	14%	3
Total Maximum Points	100%	23
Special Needs Population – (15% of Total Score)		
Population Served	100%	15
Total		100
Bonus Points		
Housing Efficiencies	20%	5
Development in a Transit Station Area	40%	10
Proximity to Amenities and Services	40%	10
Total Maximum Bonus Points	100%	25

EVALUATION CRITERIA – Special Needs Housing

Definitions and Points:

Development Strengths – 52% of Total Score (52 Points)

1. Period of Affordability

- Less than 20 Years earns 1 point
- 20 to 40 Years earns 2 points
- Greater than 40 to 50 Years earns 3 points
- Greater than 50 Years earns 4 points

2. Number of Affordable Units with the Development

- Greater than 20% to 35%, earns 4 points
- Greater than 35% to 50%, earns 8 points
- Greater than 50% to 65%, earns 12 points
- Greater than 65%, earns 16 points

Affordable units defined as the percentage of the total units that are made affordable to households earning 60% or less than the area median income. At least twenty percent 20% of the units within a development must be set-aside for income eligible households in order to be considered for this program. *However, housing developments located within transit station areas may set aside a minimum of 5%, but no more than 25% of the units for income eligible households.

3. Income Levels Served

- A. Developments with 10% or more of the total units serving 24% or less earns 10 points
Additional points are assigned as shown below:

- B. Average AMI of the Total Units

Average AMI of Total Units	Points Earned
40% or less of AMI	6
41% to 50% of AMI	4
51% to 60% of AMI	2
Greater than 60% of AMI	0

This program is directed primarily toward rental housing developments serving in whole or part households earning 60% or less of the area median income (AMI) with a priority given to rental developments serving households earning 24% or less than the AMI.

4. **On-Site Supportive Services and/or Programs** - Based on hours per month and range of services and programs offered. The hours include a combination of resident office staff, maintenance staff and supportive services staff, earns up to 16 points.

Supportive Services Hours Per Week/Per Unit	Points Earned
Greater than 10 hours	16
5 – 10 hours	10
Less than 5 hours	5

Development Team Experience – 10% of Total Score (10 Points)

1. Track Record with Similar Development(s) – for Developer

- No experience, earns 0 points
- Experience with up to 5 similar developments, earns 1 point
- Experience with more than 5 similar developments, earns 2 points

The developer must demonstrate a track record developing projects similar to the one proposed. The points awarded in this category are based solely on the developer’s experience. Similar developments are defined as similar to the proposed project. Developer should have an active role in the projects identified, (i.e. decision maker, principal).

2. Development Team Experience with Similar Developments

- No experience, earns 0 points
- Experience with up to 5 similar developments, earns 2 points
- Experience with more than 5 similar developments, earns 4 points

Points in this category are based on the experience of the entire development team including but not limited to the developer, general contractor and architect. Similar developments are defined as similar to the proposed project.

3. Property Management Experience with Similar Developments

- No experience with subsidized units, earns 0 points
- Experience with subsidized units (i.e. Tax Credits, Section 8, etc.), earns 2 points
- Specific experience – projects similar to the proposed development, earns 4 points

A maximum of four points can be earned in this category based on experience with subsidized units combined with specific experience with developments similar to the proposed development. A property manager must at a minimum have over two years experience with one development that is similar to the proposed development.

Financial Strength – 23% of Total Score (23 Points)

1. Amount of City Funding (Leverage)

Leverage Ratio	Points
Less than 1 to1	Earns 1 Points
1 to 1-1.99	Earns 2 Points
1 to 2-2.99	Earns 4 Points
1 to 3-3.99	Earns 6 Points
1 to 4-4.99	Earns 8 Points
1 to 5 or greater	Earns 10 Points

The leverage ratio: HTF funds divided by other financing.

2. City Investment Per Eligible Unit

City Investment Per Eligible Unit	Points
Over \$40,000	Earns 2 Points
Greater than \$30,000 to \$40,000	Earns 4 Points
Greater than \$20,000 to \$29,999	Earns 6 Points
Greater than \$10,000 to \$19,999	Earns 8 Points
\$10,000 or less	Earns 10 Points

Eligible units are equivalent to beds for homeless shelters

- 3. Debt Coverage Ratio** - The debt coverage ratio is based on “hard debt” (debt service contractually obligated to be repaid). The net operating income over the debt service determines debt coverage ratio. Projects without “hard debt,” earn 3 points.

Debt Coverage Ratio	Points
Less than 1.15	Earns 0 Points
1.15 to 1.20	Earns 3 Points
Greater than 1.20 to 1.25	Earns 2 Points
Greater than 1.25	Earns 1 Points

Special Needs Population – 15% of Total Score (10 Points)

Population Served – Special needs population is defined as individuals/households Who are:

- a. **Elderly** - **Minimum** age of 62 years and **not** a member of the homeless and non-homeless with special needs population as stated below, earns 5 points
- b. **Homeless** – persons sleeping in emergency shelters or places not meant for human habitation, (i.e. cars, parks, abandoned buildings), earns 10 points
- c. **Special Needs**, persons with:
 - 1. Mental disabilities, earns 10 points
 - 2. Physical disabilities, earns 10 points
 - 3. Developmental disabilities, earns 10 points
 - 4. Substance use disorders, earns 10 points
 - 5. Diagnosed with AIDS/HIV, earns 10 points
 - 6. Other special populations. As approved by the Housing Trust Fund Advisory Board, earns 10 points. *(Other special populations must be described in detail).*
- d. A total of 15 total points can be earned for a combination of special needs served, (i.e. elderly and disabled).

Bonus Points – Maximum of 25 Points

1. Housing Efficiencies: Housing efficiencies represent:

- a. Innovation that reduces the cost of the development of affordable housing through construction methods, construction materials or improved delivery time.
- b. Innovation that contributes to the long-term affordability through efficiency as it relates to utility costs, maintenance costs or durability.

Points will be earned based on the development teams ability to provide written documentation that confirms that a housing advancement has been added to the project and previous experience with such advancements (i.e. other developments where the advancement was implemented), earns 5 points

2. Development in a Transit Station Area: See the Housing Locational Policy (*General Loan and Grant Guidelines for Housing Development*) for guidelines for Transit Station Area development, earns 10 points

3. Proximity to Amenities and Services: Development is located within 1/2 mile of

- medical facilities (including pharmacy);
- groceries and;
- mass transportation

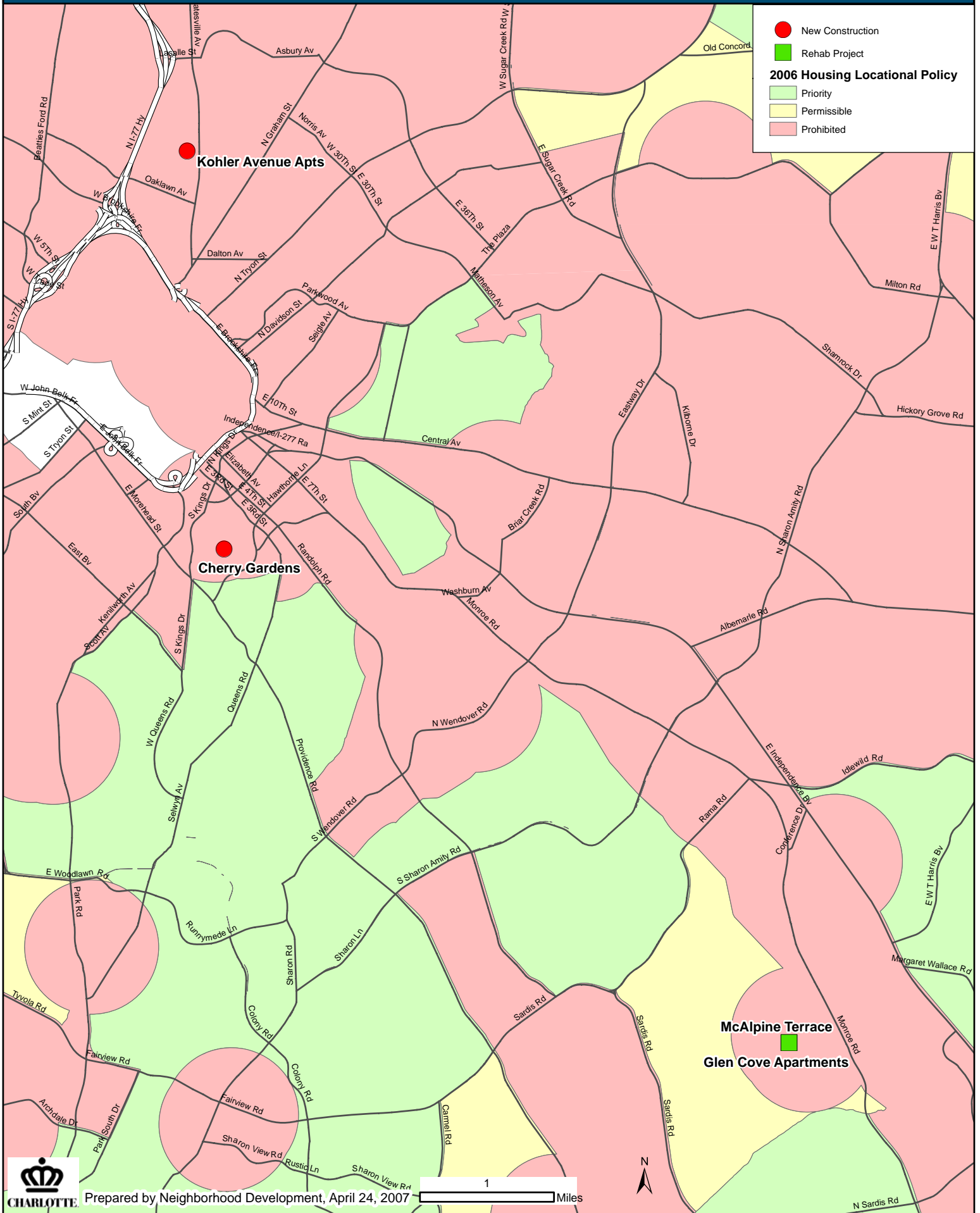
Medical facilities **or** groceries **only**, earns 4 points

Mass transportation **or two** other amenities/services, earns 6 points

Mass transportation **plus one** other amenity/service, earns 8 points

All three amenities/services, earns 10 points

FY07 Housing Trust Fund Project Sites



COUNCIL WORKSHOP AGENDA ITEM SUMMARY

TOPIC: Proposed Sale of Former Statesville Road Landfill

COUNCIL FOCUS AREA: Environment

RESOURCES: Eric Johnson, Ph.D, Real Estate Manager

KEY POINTS:

- The origin of a proposed sale of this property originated in early 2007 with two adjacent property owners expressing interest in buying a portion of the property to expand their existing businesses.
- Statesville Road Landfill Site is zoned I-2 and is located in the southeastern quadrant of I-85 and Statesville Road in Charlotte. This tract of land contains approximately 155 acres with Irwin Creek traversing through the middle of the property (see Figure 1).
- The Statesville Road Landfill operated from approximately 1940 to 1970. Over the 30-year period, solid waste including residential, commercial, industrial and demolition materials were disposed in the landfill. Operation of the landfill during that period predated implementation of most current regulations for modern sanitary landfills which require daily cover. However, open burning occurred periodically to reduce the volume of trash and was capped with a sediment cover.
- Between 1987 and 1995, the City of Charlotte responded to a series of site investigations conducted by the State of North Carolina EPA and EPA Region IV. In January 1996, the site was placed on the CERCLA “No Further Remedial Action Planned” (NFRAP) database list. However, the City of Charlotte still maintains liability for the site.
- Opportunity exists to move the environmental liability for this property away from the City to a development entity that would ultimately seek to redevelop the property, thereby expanding the tax base. There is also the prospect of receiving unanticipated proceeds from the sale of the property.
- There are six (6) firms nationally that have experience with redeveloping environmentally impaired properties that have expressed interest in participating in the Request for Qualifications (RFQ) process for the potential purchase of the site.
- A task force with active participation from several KBUs has recommended that this property be declared surplus and sold.

- The Mandatory referral process was completed on May 29, 2007. The Planning Committee unanimously approved proceeding with the RFQ as long as the property is rezoned to I-2 CD prior to transfer of title or as a condition of sale.

OPTIONS:

- Option one is to do a direct sale of the property to a developer that would relieve the City of the environmental liability and redevelop the site.
- Option two is to declare the land surplus and accept bids for the property and go through the upset bid process if there are several potential developers willing to remove the liability and redevelop the site.
- The third option, which is the recommended option is to send out an RFQ and to qualify the development entity that most meets City objectives and conduct a direct sale.

COUNCIL DECISION OR DIRECTION REQUESTED:

Staff requests that at the June 11, 2007 City Council meeting the following actions be pursued:

- Declare the entire tract as surplus;
- Authorize staff to publish an RFQ to pursue development interest;
- Negotiate the sale of the former landfill site with the development entity that will ultimately take title and relieve the City of its liability.
- Bring that negotiated sale back to City Council for approval.

ATTACHMENTS:

- 1) Map of Landfill and surrounding area
- 2) Map of landfill with topo lines and SWIM noted

Mecklenburg County, North Carolina

POLARIS

Property Ownership Land Records Information System

Date Printed: Fri Feb 2 09:03:34 EST 2007

Statesville Landfill Area Map



This map is prepared for the inventory of real property within Mecklenburg County and is compiled from recorded deeds, plats, tax maps, surveys, planimetric maps, and other public records and data. Users of this map are hereby notified that the aforementioned public primary information sources should be consulted for verification. Mecklenburg County and its mapping contractors assume no legal responsibility for the information contained herein.

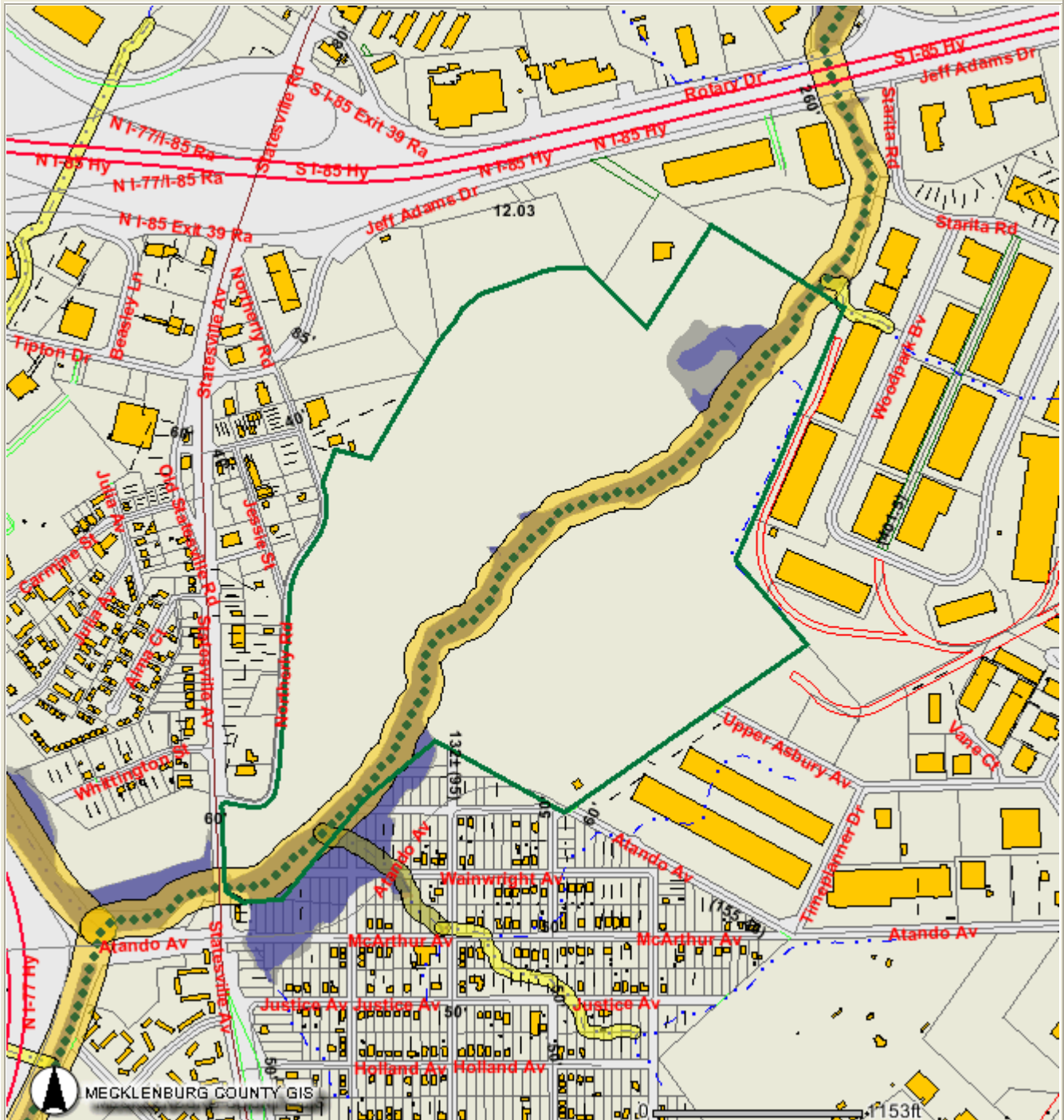
Mecklenburg County, North Carolina

POLARIS

Property Ownership Land Records Information System

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Statesville Landfill Layers



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