



Routinizing the Extraordinary

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It is hard not to be inspired by the community-revitalizing work highlighted by authors contributing to *Investing in What Works for America's Communities*. Geoffrey Canada, Angela Blanchard, Tom Cousins, and many others are lifted up as extraordinary leaders who are making their communities thrive despite difficult circumstances. But we cannot rely on saints to achieve systemic change in the thousands of low-income communities in America that need help; we need new policies, practices, and products to create a next-generation system that empowers everyday people to achieve extraordinary results. What is necessary to build on the examples of strong leaders and to create intervention strategies using the best ideas possible? Here we try to reverse-engineer some of the leadership examples highlighted in the book and draw on lessons from community development's achievements to outline a new approach to community development.

The Need for a New Approach

It may seem obvious, but the most important reason why community development needs to evolve is that it is not solving the problem it was set up to fix—namely, reducing the number of people living in poverty. The percentage of Americans living in poverty when the War on Poverty was underway was about 15 percent, and it is about 15 percent today.¹ That is not entirely the fault of community development, as Peter Edelman explains in his article. Changes in the economy, in addition to swings in political support for antipoverty programs and a significant influx of very low-income immigrants, has made fighting poverty an uphill battle. Moreover, poverty itself has changed dramatically in the last 40 years, and as Alan Berube explains in his article, the needs of low-income communities—and where those communities are located—are very different now than they were when our

current antipoverty and community development programs were put into place.

All of this suggests that there may be better ways to organize our efforts in alignment with our understanding that poverty today is a complex system. Though it will play out differently in different communities, we propose a new approach to community development that, at its core, must be:

- 1 entrepreneurial in nature and fundamentally cross-sectoral, engaging more partners than are currently involved in community development;
- 2 focused on core people- and place-based interventions, and
- 3 data-driven and capable of sense-and-respond adjustments.

At root, this approach to community development is focused on leadership that is able to promote a compelling vision of success for an entire community, marshal the necessary resources, and lead people in an integrated way. We propose a new local entity to coordinate these kinds of integrated interventions in low-income communities. For the sake of argument, we are calling this entity the quarterback, although we recognize this metaphor has limitations. The quarterback's role is similar in important ways to how a CDC operates at the level of developing an affordable housing project. Like the CDC, the quarterback must articulate the vision it is managing (the outcome of reduced poverty, for example) and then assemble the funding sources and manage multiple partners to execute on that vision. The difference is that the quarterback is trying to enhance life chances for neighborhood residents by orchestrating the development and deployment of an array of high-quality human and physical capital interventions.

The quarterback can take many forms depending on the needs or the circumstances of the community. In some communities, there may be a rich variety of strong institutions in the government, nonprofit, and for-profit sectors. Here, what might be needed is to bring all those groups together in common cause. A fitting example of this type of coordination is Living Cities' Integration Initiative in Minnesota. There, the Twin Cities of Minneapolis and St. Paul have very strong institutions, but they need better coordination if they are to achieve the communitywide benefits they desire. Living Cities employs what they call "one table" to bring together all the parties. They are able to facilitate this process by providing resources to organize the table's work—administrative support as well as grants and below-market-rate capital that are made available to the participants to create incentives to cooperate. In this case, the quarterback is a bridge builder and coordinator that employs a relatively light touch.

At the other end of the spectrum are communities that lack high-functioning institutional partners. For these places, a quarterback may need to be far more aggressive in organizing what resources are present in addition to building up new capacity in places where it did not exist before. Here you might think about Harlem Children's Zone, an organization that created many of the institutions that ultimately were essential to its success. There are communities in between the high and low ends of the community viability spectrum, and they will require unique combinations of integration and institution-building. There are many examples of quarterback-like entities across the country that fall along that spectrum, including: Strive Partnership in the Greater Cincinnati area;² Magnolia Place Community Initiative in South Central Los Angeles;³ LISC's Building Sustainable Communities Initiative, which sponsored quarterback-like entities such as the Quad Communities Development Corporation in Chicago;⁴ and Codman Square Health Center in Boston.⁵

Any Community Can Produce a Quarterback

This is a delicate balance, of course. The quarterback must respond to, and have support from, the community to succeed. At the same time, it must also lead and provide vision and a structure for moving forward. Another instructive example is the recent effort to better coordinate antipoverty work in Las Vegas. Stakeholders there hosted a Healthy Communities conference as part of the social determinants of health and community development series (a partnership of the Federal Reserve and the Robert Wood Johnson Foundation).⁶ Local leaders came forward from HUD's regional office, local government, the Nevada Bankers' Collaborative, the United Way, the University of Nevada, and other nonprofits.⁷ They identified collaboration and integration as fundamental to developing an initiative to address the needs of struggling Las Vegas communities. Subsequent to the meeting, these local leaders hired the Strive Network to help organize cross-sector antipoverty and community revitalization efforts. In essence, they hired their own quarterback.

Core Set of Interventions Needed in Every Community

The quarterback is the ultimate silo-busting institution and one that is perfectly poised to solve the age-old question of whether we should focus on people or places in helping low-income communities. The quarterback can bring together interventions from both sides, including:

- Human capital/people: early childhood interventions, schools, health, recreation, workforce development (including connecting people to good quality jobs); and

- Physical capital/place: affordable housing improvements, community facilities, well-lit and safe community spaces, transportation, health clinics, parks, grocery stores and other essential businesses, and anchor institutions (e.g., hospitals, universities) that may play a special role in creating good paying local jobs.

While the quarterback can be agnostic about which strategies to employ, it still must focus on a set of core needs that are a high priority in every community. These include: (1) safety and security in the home, (2) highly engaging early learning for children, (3) continuing access to high-quality education, (4) at least one living wage job in every household, and (5) community design and services that allow residents to make healthier choices in their daily lives.⁸ These core principles allow for the home to be a base for an experience-rich and stable environment for children. This base better ensures that children arrive ready to learn at school. As the landmark early education studies demonstrate, investments like those in the Perry Preschool and the Abecedarian projects have enormous payoffs in the long run in terms of more capable workers and better prepared parents and community leaders. Furthermore, ensuring that every household is connected to the labor market is a source of stability and pride, which is also critical. Finally, building communities and providing services in such a way that make the healthy choice the easy choice is essential to overcoming crippling health disparities. The quarterback will need to focus on these core strategies and build out other interventions tailored to local needs, but in concentric circles beyond the core described above.

The Quarterback Needs Actionable Data

Assembling a set of interventions that is tailored to local needs is no easy task. Akin to Tolstoy's assertion that happy families are all alike, but every unhappy family is unhappy in its own way, functional neighborhoods share common characteristics, but each struggling neighborhood has its own challenges and assets. The multi-dimensional nature of neighborhood distress, taken together with the variability in assets that influence the prospects for neighborhood recovery, means that a "best practice" for one neighborhood is not necessarily the best practice for another. This is a particular challenge for the quarterback. To be effective, the quarterback must identify and respond to the conditions, context, and changes over time in each of the areas in which it works. In essence, the quarterback needs a sense-and-respond system that has at its core reliable, frequently updated data that are consistently assembled and aligned from myriad sources.

Ideally, these data could be flexibly organized into a number of analytical frameworks, each useful for different reasons. Using the data in a neighborhood indicators

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framework, for instance, would allow the quarterback to "diagnose" community conditions and monitor multiple dimensions of change over time. Further assembling these data into a community dashboard would allow the quarterback to evaluate a community at a specific moment in time to determine its standing along a specific dimension of change, and to compare progress across similarly situated communities and build community support for change.⁹ These data could also be employed by academic researchers investigating the still-vexing questions of which community development interventions work best and why. Several tools and approaches that fit within each of these frameworks have emerged in recent years to help gauge both the "investment environment" and the results of particular community development interventions.¹⁰

However, what we still need is a mechanism that is capable of more systematically aligning these tools to help us understand community conditions and context, and to assess the changes that flow from our work. This kind of mechanism could help a quarterback make better decisions about the type and scale of investment needed in a given place. The foundation of such a mechanism would be a sophisticated data infrastructure that enables input and output of varying types of small area data, including qualitative and financial data. This kind of platform could help gain clarity about baseline conditions in an area and changes over time. These data could be augmented by the information gathered via platforms and systems already in use by nonprofits and foundations across the nation for gauging the reach and effectiveness of their programs and service delivery.¹¹

Of course, forces outside a neighborhood, such as housing market dynamics, regional economic trends, and the spatial allocation of public and private resources, play a significant role in shaping results of local interventions. Small area data do not provide enough information to fully understand these conditions, but increasingly, relevant administrative data on both regional and national scales are becoming accessible. Systematically integrating small

area data with these regional and national data would represent a big step forward in enabling community developers to gauge the context of their investments and make adjustments for what is working and what is not.

Building an Enabling Ecosystem to Produce More Quarterbacks

How do we create an environment that makes it easier to develop many more quarterbacks? To do this, we must think seriously both about incentives and ways to pay for the quarterback's interventions.

Getting the Incentives Right

The quarterback will be held responsible for improving the life chances of an entire community. To do that, the quarterback must operate in between silos and will need to facilitate cross-sector partnerships. This is easier said than done. We know, for example, that stable housing improves educational achievement. And yet housing developers rarely interact with educators. Likewise, we know that violence stunts early brain development. Yet pediatricians rarely consult public safety officials. The quarterback can alter this dynamic with the proper incentive structure. If the quarterback is tasked with improving fifth grade reading scores, for example, it may look to educators, doctors, and affordable housing organizations for support. Absent an incentive, however, it is unlikely these partners will engage in the difficult work of collaboration. However, if the quarterback could reward them for collaborating, more housing projects may have libraries and more schools may have health clinics.

A structure similar to the LIHTC transaction, wherein the developer, investor, and government all share the same goal of financially viable, high-quality housing that serves low-income people, and thereby work in a coordinated fashion to achieve the same ends, could be used to align the quarterback with its community partners—through a “Neighborhood Improvement Tax Credit,” perhaps.¹² Or, if not a tax credit, another outcome-based financing structure such as the Social Impact Bond, Minnesota Human Capital Performance Bond, or the newly created Robin Hood X Prize.¹³ More important than the financial tool, though, is the mechanism: it must reward outcomes over outputs. Only outcomes-based funding will afford the quarterback the financial flexibility to align the incentives of a broad range of community collaborators.

How to Pay for the Quarterback

There is a strong rationale for using community development funds to support a quarterback. A quarterback can blend existing sources of subsidy and market-rate capital similarly to how a CDFI or CDC might build an affordable housing project. Perhaps even more important in the long run, a quarterback serves as a stable and trusted partner that



reduces the risk for new sources of capital participating in a community-improving effort, which may be a key in attracting socially motivated or impact investors, along with other nontraditional community development investors.

Although government funding at all levels has declined and may continue to fall, community development finance still has significant resources at its disposal. The exact numbers are hard to establish, but our estimate of the core funding programs (block grants and investment tax credits) in 2006 put the number at \$11 billion for affordable housing and another \$4.1 billion for small business and real estate development through the New Markets Tax Credit.¹⁴ These subsidies are almost always combined with capital from other sources. Most notable is the money that banks loan and invest in community development projects as part of their obligation under the Community Reinvestment Act of 1977. Community development lending activity since 1996, reported as required by the CRA, is about \$516 billion, or about \$37 billion per year on average.¹⁵ Larger banks are also required to make investments into low-income communities, so the yearly average is certainly higher than this number would suggest. On top of those annual numbers are other sources that amount to billions of dollars a year from foundations, state and local government, and other institutional investors such as pension funds and insurance companies.

These resources are considerable, but not sufficient to fund the needs of all struggling low-income communities. The community development finance system could be the foundation, though, for a larger and more complex web of additional funding sources and income streams, which would make the communitywide improvement activities possible. In this larger structure, one might imagine combining funding streams for schools, health promotion programs, community policing programs, transit, and others that are currently not yet coordinated for an individual, group, or neighborhood.¹⁶ Additionally, aligning funding streams may fix the pervasive “wrong pocket problem,” where investments from one part of the government are not reimbursed by the benefits that accrue to another part. It will be a central challenge for the quarterback to weave disparate funding streams together for the maximum impact.

Conclusion

In many ways, it was the 1960s War on Poverty that created the vision of a coordinated approach to revitalize

struggling communities. On the ground, however, efforts did not yield the desired results in part because the institutions that were created to execute the programs were underfunded and underdeveloped, and they struggled to meet the ambitious goals of programs such as Model Cities. In the years following those experiments, the War on Poverty’s “war chest” splintered into multiple silos. Over time, however, those siloed entities, through trial and error, emerged as stronger institutions that are capable of remarkable feats of organizational and financial complexity. Community development finance, for example, is much more capable and adept at blending all types of public and private capital sources to serve certain needs of low-income communities. There have been similar advances in capability in other important industries and sectors, including health, education, public safety, etc. The time has come to bring all those fields back into better integration and not simply half-hearted cooperation.

One theme we hope to drive home is that there are no silver bullets. In addition to the core set of interventions (many of which are focused on children) outlined above, there will be unique solutions for each low-income neighborhood. And the initial intervention will create new realities within a community that will require the quarterback to adapt. The interventions will need to be changing constantly to be relevant to the changing nature of the problem.

Our proposed approach to community development is thus more of a process, rather than a single idea or program. The concept of the quarterback is based on the community-development-industry-developed model, but it expands the scope dramatically to bring in new players, new sources of capital, and new ideas. The greatest challenge will be integration, which is why we have placed such a premium on the role of the quarterback. A flexible and dynamic quarterback with sufficient resources, backed with data and the ability to constantly refine strategy, would be a significant benefit for low-income communities. It would, in short, be an institutional and policy breakthrough that would empower thousands of communities across the country to do what a few saints have accomplished: routinize the extraordinary.

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The Future of Community Development

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8. Although a job is key to the viability of an individual or family, there are limited ways in which community development can create them. To a large degree, job creation has more to do with the macro economy. Although community development can play a significant role in overcoming a skills mismatch between what jobs are available and the skills of potential workers.
9. There are many interesting examples of community dashboards, including the work of Neal Halfon from the UCLA Center for Healthier Children using a dashboard of key data to monitor the progress of wellbeing in children in the Magnolia Place Community Initiative. More details are available in the report "Getting to Scale: The Elusive Goal," Annie E. Casey Foundation, Family Programs, available at <http://www.casey.org/Resources/>
10. Some examples: The Reinvestment Fund's Market Value Analysis and PolicyMap tool, RW Ventures' Dynamic Neighborhood Taxonomy, Social Compact's DrillDown profiles, NeighborWorks' Success Measures Data System, and Social Solutions' Efforts to Outcomes software, as well as various neighborhood indicator projects supported by the National Neighborhood Indicators Partnership.
11. Increasingly, nonprofits and foundations are maintaining private data collection and analysis systems to track their programs and investments, or use Success Measures or Efforts to Outcomes tools. The exclusive nature of these efforts minimizes their potential to broadly inform community-wide revitalization strategies.
12. A school-based variation of this idea is explored by Ian Galloway in "Charter School Tax Credit: Investing in Human Capital," Working Paper Series (Federal Reserve Bank of San Francisco: December, 2011) available at http://www.frbsf.org/publications/community/wpapers/2010/working_paper_2010_08_galloway.html.
13. For a more in-depth discussion of pay-for-success financing see Volume 8, Issue 1 of the *Community Development Investment Review* (forthcoming) published by the Center for Community Development Investments at the Federal Reserve Bank of San Francisco.
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15. This estimate is from Phil Daher, manager, Information Management, Division of Consumer and Community Affairs, Federal Reserve Board of Governors. Email exchange Sept. 16, 2011.
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It Takes a Neighborhood: Purpose Built Communities and Neighborhood Transformation

1. This article is an excerpt from Shirley Franklin and David Edwards, "It Takes a Neighborhood: Purpose Built Communities and Neighborhood Transformation." *Investing in What Works for America's Communities*. Eds. Nancy Andres, et al. San Francisco: Federal Reserve Bank of San Francisco and Low Income Investment Fund, 2012.

Community Wealth Building in Cleveland, Ohio

1. This article is an excerpt from Ted Howard, "Owning Your Own Job Is a Beautiful Thing: Community Wealth Building in Cleveland, Ohio." *Investing in What Works for America's Communities*. Eds. Nancy Andrews, et al. San Francisco: Federal Reserve Bank of San Francisco and Low Income Investment Fund, 2012.