

REBUILDING COMMUNITIES
A Neighborhood Reinvestment Strategy
of The Annie E. Casey Foundation

Framework Paper

The Principles, Values and Assumptions Shaping our Emerging Initiative

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I. The Foundation Context for *Rebuilding Communities*

The mission of the Annie E. Casey Foundation (AECF) is to foster public policies and human service reforms that better meet the needs of disadvantaged children and families. In pursuit of this goal, the Foundation makes grants to help states, cities, and communities fashion more appropriate, innovative, and cost effective responses to the needs of vulnerable children and their families. While all of the Foundation's work is built on an understanding of the interrelatedness of social problems and the importance of comprehensive efforts toward solutions, one of the distinctions among the Foundation's various initiatives is the use of different "entry points" and strategies which offer different approaches to those wishing to change conditions for disadvantaged children.

The Foundation's Five-Year Planning Framework identifies **children of deteriorating neighborhoods** as one of the viable "entry point" problems around which a broad based and long term system change strategy might be launched. This paper will present the conceptual framework, critical elements and grantmaking strategy for *Rebuilding Communities*, a new program of the Foundation's Community Collaboration Domain.

The Community Collaboration Domain is the center for the Foundation's work in support of comprehensive change efforts in sub-state jurisdictions. The two primary grantmaking initiatives of the Community Collaboration Domain, New Futures and Neighborhood Revitalization, are both place-based strategies that focus on the long term and developmental process of building stronger communities in which children can thrive. New Futures focuses on city-wide collaborative bodies, while Neighborhood Revitalization focuses on community-based organizations and neighborhood-level coalitions, as representatives of low-income communities and their residents. *Rebuilding Communities* was framed as a neighborhood revitalization program to provide the supports needed to help

transform troubled economically distressed neighborhoods into safe, supportive and productive environments for children and families.

AECF's work in neighborhood revitalization intends to build on and enhance the Foundation's systems change agenda in low-income communities, while simultaneously making and encouraging ground level investments in the social and institutional infrastructure of these communities. In part, our rationale for this approach to neighborhood revitalization lies in the assumptions we make about the environments that children live in. Reconfiguring the design, financing and delivery of human services that focus on individuals and families is a viable singular strategy for insuring their well being only when these assumptions are met:

- minimal conditions in a community are met that enable children and families to safely access services;
- a community and its residents have developed a basic floor of capacity and assets sufficient for providing the capital, informal supports and protective environment that children and families need; and that
- a community has not been so affected by social distress and economic depletion that its families are too overwhelmed with basic survival problems to respond to efforts to meet their human service needs.

In communities where these assumptions do not hold true, and the basic well-being of whole communities of children is at risk, individual and family-centered approaches, even sound ones, are not sufficient. Here, the target of investment and support (and the Foundation's entry point) is necessarily the community, and a dual approach that focuses on both infrastructure enhancements and human service reforms is appropriate.

The combined dynamics of race, class, poverty and powerlessness in one place will, over time, undo the social fabric of even the strongest established neighborhoods, despite the best intentions of human service agencies. The broad based community building strategies that are intended for *Rebuilding Communities* may be necessary to raise the floor of capacity for residents and institutions in these neighborhoods to be effective participants

in efforts to bring about lasting systemic reforms. We anticipate that through *Rebuilding Communities* we will learn valuable lessons about the appropriate sequencing of the Foundation's interventions in a particular place.

II. The Conceptual Framework

The pervasive poverty and distress that prevails in some inner city communities places limitations on children that, absent incredible resiliency or extraordinary family support, are often impossible to overcome. In our efforts to address these environmental barriers, the Foundation recognized early on that in order to improve the well-being of entire communities of children, a community rebuilding process must occur -- and this process must include not only strategies to address environmental problems, but also strategies to build and demonstrate capacity for neighborhood self-sufficiency and self-determination. Residents are the primary stakeholders and they must be the primary change agents. The community rebuilding must reconnect economically and politically disenfranchised residents as participants in the mainstream economy and in participatory governance. At the core of Foundation's thinking about neighborhood revitalization is the realization that distressed and depleted low-income neighborhoods do not create themselves in isolation. They are created by a complex mix of factors (not the least of which is amassing critically high concentrations of dependent people in one place), but largely by the decisions of others not to invest in, insure, support or interact with those communities and residents, and to allow existing investments to deteriorate (Halpern).

This realization is the basis for the Foundation's commitment to a **neighborhood reinvestment strategy**, with a combined focus on:

1. restoring the strong social fabric that was once the primary family support system in poor neighborhoods;
2. community economic development strategies to restore the economic viability that once existed in these neighborhoods; and

3. strengthening the political development of these neighborhoods and their capacity for collaborative neighborhood governance.

Through the *Rebuilding Communities* demonstration, the Foundation seeks to test its hypothesis that:

a comprehensive effort to revitalize distressed neighborhoods, which employs the strategies of reinvestments in social and economic infrastructure, and political self determination through collaborative neighborhood governance, can contribute to the sustainable development of neighborhoods and improved life experiences for children and families.

It is critical that the capacity for development and for broad systemic change in low-income neighborhoods be built within these communities. The reality is that large scale manufacturing or service industries are not likely to locate in low-income urban areas in any significant numbers. Nor is it likely that large new investments of public funds for these areas will be forthcoming, or that external service providers will eventually deliver the residents of these neighborhoods out of poverty. We need instead to emphasize change strategies grounded more in community development than in individual assistance. The development process should be an open ended effort toward sustained environmental change with tangible results for neighborhoods and residents, rather than simply an effort measured by isolated program or service goals.

In order to achieve lasting impact, investments and supports to neighborhoods must be made in concentrated, mutually reinforcing ways. A vast assortment of interconnected problems, unmet needs and disinvestments combine to produce dysfunctional and socially isolated neighborhoods. Comprehensive development strategies are needed that combine the same kinds of linkages, in reverse, to rebuild communities. The community building agenda and the strategies that are put in place to move that agenda at each of the *Rebuilding Communities* neighborhoods should reflect the basic values and principles underlying the work of the Foundation's Community Collaboration Domain. They should:

- start from a shared sense of urgency about conditions and unmet needs that threaten the well being of children and families;

- be locally determined, locally owned and based on local needs, opportunities, and resources;
- engage a broad and diverse range of neighborhood people and institutions in an atmosphere of shared authority;
- be carried out in ways that are sensitive to the realities of neighborhood culture and circumstances; and
- aim to enhance capability, skills and assets of neighborhood leaders and residents.

Rebuilding Communities will target neighborhoods that are already engaged in existing broad based revitalization efforts. The AECF role will be to become one of an array of stakeholders invested in advancing those efforts to higher levels. Our partners are likely to include community development groups, city government, and other public and private funders. The particular challenges and supports that AECF brings to the effort are embedded in its commitment to reverse the social isolation and disenfranchisement of families in these communities by:

- Enhancing the availability of high quality, accessible neighborhood-based services through decentralization and reform of local human service delivery systems;
- Reconnecting families as active participants (voters, consumers, investors, advocates, entrepreneurs, homeowners, wage earners, etc.) in neighborhood governance and the local economy; and,
- Strengthening the institutional and natural support systems in neighborhoods that enhance youth development and family stability.

Recognizing that a comprehensive array of investments, improvements and supports are necessary to achieve and sustain the scale and depth of development necessary for real change in distressed neighborhoods, the Foundation intends to be a fully active partner with other stakeholders in assuring that other critical neighborhood supports are in place. *Rebuilding Communities* will provide, leverage, and encourage investments and supports in

the following areas to strengthen the basis for sustained development in up to six neighborhood demonstration sites:

1. Maximize capacity and impact of neighborhood resources and institutions;
2. Reform existing investment streams to maximize positive neighborhood economic impacts;
3. Develop capable and effective neighborhood collaboratives to which governance authority could gradually be devolved;
4. Improve housing and infrastructure development and maintenance; and,
5. Increase public and private capital investments in the neighborhoods;

III. Critical Elements: The Investments and Supports Needed for Sustained Neighborhood Development

This section of the paper will present the array of approaches that the target neighborhoods would be encouraged to take for each of these critical elements of the *Rebuilding Communities* strategy.

A. Maximizing Capacity and Impact of Neighborhood Resources and Institutions

Neighborhood revitalization is best accomplished when it is responsive to the real needs of residents, and carried out with active participation of those residents and other stakeholders. To quote John McKnight, one of those whose work has guided our thinking on this topic, "Building community has always depended upon mobilizing the capacities and assets of a people and place" (McKnight). AECF is committed to a reinvestment approach that builds on the strengths and potential of a neighborhood's residents and institutions. A critical element of the *Rebuilding Communities* strategy is investing the necessary public and private resources in the local human and organizational foundation upon which lasting neighborhood revitalization must be based. Residents and their neighborhood-based

organizations have the most at stake, the most to contribute in sustaining development, and the greatest awareness of the needs, assets, problems and priorities of the neighborhood.

In order to achieve a broad neighborhood change agenda, the principal players have to have the credibility and authority needed to be taken seriously. These are gained through opportunities to develop and demonstrate capacity across several areas – to be perceived as (and actually be) capable of success. The audiences for this perception are key public and private sector entities in a city that control the resources and have the authority that are critical to a change agenda. Some broad areas of capability which are particularly critical to the success of broad neighborhood revitalization efforts are **leadership, management (financial, information systems, planning), public policy, program operations (development, staffing, assessment), and coalition building**. Community-based development organizations (CBDO's) are a primary vehicle for engaging residents and building capacity among residents. As locally established non-profit organizations which allow neighborhood residents a stake in governance and operations, CBDO's have been, and continue to be, key building blocks for neighborhood change. In addition to their primary human services mission, the strongest CBDO's recognize that they are simultaneously pursuing a community development agenda. The strategies that are inherent in this second agenda are developing leaders, building organizational and management capacity, educating the community, uniting the community, and building self-reliance among community residents.

Another neighborhood element which is both a target and vehicle for building capacity and maximizing the participation of residents in the community building activities are the more traditional community-based organizations and institutions. These include religious organizations, settlement houses, lodges and fraternal societies, social clubs, tenant associations, union locals, professional associations, and the like. These groups are often an untapped resource for support to neighborhood children and families. They are often ready to respond to neighborhood problems, they are a source of resident leadership, and they often operate programs and provide services for children and families.

Rebuilding Communities sites will be encouraged and assisted to develop the skills necessary to plan and manage research on their communities; and to develop useful data systems for tracking activities related to their development agendas. Advancing the

technology of data collection and analysis at the neighborhood level and building capacity among CBDO's to use information on their neighborhoods as an empowering development tool are key to enhancing self-determination for these neighborhoods.

B. Developing an Effective Neighborhood-based Human Services Delivery system for children and youth

The Foundation will encourage a re-orientation of the traditional thinking and approach to the human service needs of children and families in the demonstration neighborhoods that focuses on the needs of all children and on providing a full range of sustainable responses to those needs, in the neighborhood. Three concepts are particularly important to the re-orientation.

- The first is the importance of having a human service system based on policies and services which operate through neighborhood-based planning and delivery.
- The second is recognizing that natural supports, environmental enhancements and opportunities for recreation and creativity are as vital or more vital to most children's well-being as specialized services provided by mental health, child welfare, health and other agencies.
- The third is recognizing the potential of neighborhood-based human service delivery as a community economic development strategy because of its impact on neighborhood employment opportunities, business ownership opportunities, and facilities development.

The informal and formal resources (social, family, financial, educational and professional) that are in place to insure the well-being of children and families in affluent, resource rich communities, are often non-existent, depleted, irrelevant, or ineffective in distressed neighborhoods. It will take a comprehensive restructuring of resources in the form of neighborhood-based services that provide relevant supports and opportunities for children and families to compensate for the inadequacy of existing support systems -- and it has become increasingly clear that government cannot succeed by simply enlarging its investment in ineffective systems. Over the last two decades, changing socio-economic dynamics have plunged many families deeper into poverty, disconnecting them from the

market economy that surrounds them, and pushing the demand for affordable housing and social services beyond the capability of existing public service delivery systems. What is required is an opportunity for neighborhoods to reshape the resources available to them in ways that empower the community and its institutions and which liberates their capacity for self-help and self determination.

This all points to the need for broad-based systemic change. Privatization of some public functions; decategorization, integration and decentralization of public services; and more effective methods of financing public services all have to occur in ways that are the result of cross-sector community-wide collaboration. *Rebuilding Communities* will approach the challenge of improving human services to children and families in the demonstration site neighborhoods in two ways. First, it will assist with refinements and expansion of the existing neighborhood-based service delivery system, building on the strengths and capacities of existing community-based service organizations and institutions. Second, it will encourage and support an effective collaborative effort among neighborhood organizations, local and state government officials, private sector providers and others to bring about decentralization of planning, management and delivery of city/county services to neighborhoods. The intended result is an integrated system of public and private neighborhood-based services that complement one another, and together meet the needs of children and families.

Some of the specific strategies for increasing public and private support of human services that *Rebuilding Communities* will help to employ at the demonstration sites are:

- Foster coalitions of those with a stake in improving services -- residents/consumers, service providers, schools, religious institutions, government and business.
- Create a uniform system for collection and management of data on services delivered to neighborhood residents across service providers. This would allow neighborhood groups and service providers to conduct analyses of the neighborhood service delivery system as a basis for planning, program development and refinement.

- Establish funding priorities for services to neighborhood children and families, based on analysis of existing services, identified unmet needs, and plans for coordination, integration and co-location of public and private services in the neighborhood.
- Set standards for service delivery that are responsive to residents' needs, values, culture and lifestyles.
- Make strengthening personal support systems and mutual help a key element of efforts to address the human service needs of the neighborhood; and use traditional neighborhood institutions as resources.
- Enhance positive youth development through support of programs and opportunities for recreation and cultural activities, community service, career guidance and employment opportunities, health education and services, etc., to decrease risk taking behavior and strengthen resiliency among adolescents.
- Build on the public concern and interest in improving the quality of education in low-income neighborhoods to facilitate school reform in the context of broad community development.
- Support community organizing and program development around crime prevention -- building support for community policing, public safety education and improved security measures.

C. Reform of Existing Investment Streams for Maximum Positive Neighborhood Impact

One of the unique features of *Rebuilding Communities* is its neighborhood self sufficiency goal. Given the realities of the outlook for increased external funding for these neighborhoods, the success of the self sufficiency goal will depend on a neighborhood's ability to maximize the economic impact of existing investment and funding streams. Strategies should be developed to insure that the dollars that come into the neighborhood work for the economic development of the neighborhood, rather than flow back out of the neighborhood. Ideally, a pre- and post-initiative assessment of a neighborhood's resource baseline would reveal that larger amounts of these resources are retained in the neighborhood in the form of salaries, contract fees, return on investments, consumer spending, etc., at the end of the *Rebuilding Communities* intervention. As neighborhood

governance and development groups assume greater responsibility for decisionmaking, long range planning, and allocation of resources, the kinds of deep changes that signal progress toward neighborhood economic self sufficiency and political self-determination will occur.

Some examples might be:

- Development of family foster care homes in the neighborhood to enable neighborhood children who need out-of-home placements to remain in their communities; and to enable neighborhood residents to move toward greater economic self sufficiency as foster care providers;
- A neighborhood school board which has governance over community schools where families, CBO's and businesses are actively involved in school policy, management and instructional strategies;
- Maintenance and security contracts for a public housing development in the neighborhood held by an employee-owned neighborhood vendor. Residents of the housing development make up a significant percentage of the employee-owners of the business;
- A long-range development plan created by the neighborhood governance collaborative which is endorsed by residents. The plan drives the collaborative's annual neighborhood budget, and includes business development, housing development, and a reorganization of social services which clusters integrated service delivery at local multi-service centers;
- Large numbers of neighborhood residents trained and employed by several new service agencies which were financed through a combination of public and private resources. These include child care centers, a community youth center and a skills training center;
- Neighborhood financial institutions (credit unions, loan funds, investment clubs, etc.) are created that can access and retain capital that would otherwise be invested or deposited outside the neighborhood; or
- Movement of traditional state and city public services to the control and management of neighborhood-based organizations.

Reality dictates that the neighborhood self determination and self sufficiency goals which the Foundation promotes in *Rebuilding Communities* require a sound base of political sophistication, and a sound relationship with local government that is characterized by mutual trust and credibility. The community building agenda should include a political

development process. The strategies that are inherent in this process are developing capable political leaders, educating and engaging neighborhood residents in political processes, understanding and participating in public policy dialogue on issues relevant to the neighborhood's change agenda, and building political influence through developing consensus among voters on local priorities. Individually, neighborhood development and advocacy organizations have proven that proactive political action backed by political strength is an effective tool for facilitating development activities. The ultimate goal here is to leverage government participation in the reinvestment effort and eventual government support to institutionalize the development which residents have brought about through the initiative.

D. Housing and Infrastructure Development and Maintenance

Housing and physical development is usually a high priority for neighborhoods which have accepted the challenge of a comprehensive revitalization effort. We anticipate that the Foundation's *Rebuilding Communities* grantees will encourage coalitions of neighborhood development organizations and residents in their communities to work in partnership with local government and with local or national intermediaries in low-income housing development to increase the availability of affordable, decent and safe housing for both tenants and homeowners. While specific housing and infrastructure development activities will be neighborhood driven and will differ across sites, it is envisioned that the demonstration grant funds may be used to leverage support for:

- purchase and renovation of deteriorated and abandoned housing stock for sale or rental to neighborhood residents;
- construction of new affordable housing units for homeownership or rental;
- construction or renovation of facilities for locating children and youth services in the neighborhood;
- neighborhood/city efforts to reduce substandard housing conditions and building code violations that result from negligent and/or absentee landlords;
- neighborhood/city efforts to improve the physical infrastructure of neighborhoods, including needed road and sidewalk repairs, providing for

adequate lighting to insure public safety, and adequate maintenance of public facilities;

- resident initiatives and housing authority initiatives that attempt to enhance environments for children in distressed public housing developments within the target neighborhoods;
- neighborhood/city efforts to insure adequate public services for residents of the neighborhoods, including public transportation, parks and recreation facilities, libraries, etc.;
- development and implementation of neighborhood plans for improving the utility and appearance of open spaces;
- strategies to increase property values and attract and retain moderate-income residents in the neighborhoods;
- streamlining and facilitating affordable housing production systems in order to generate more units with less complex financing arrangements and shorter finance approval times;
- capacity building in affordable housing production by transferring the technology as well as the access to housing finance institutions from expert intermediaries to neighborhood development groups.

E. Attracting Capital Investments

Widespread economic changes which have occurred over the last two decades in the United States have had particularly harsh impacts on low-income communities. These include dramatic reduction in the availability of high paying manufacturing jobs for working class people; the demise of locally-owned banks which were the primary source of loans for marginally qualified homeowners and small business owners; and erosion of minimum wage earnings by inflation. Community economic development has been a significant force in attracting the capital needed to compensate for the negative impacts of these economic changes. The success of community economic development depends on building the productive capacity of individuals and communities to move into the economic and social mainstream. Strategies must be in place to attract capital needed for impoverished neighborhoods to develop the anchors that middle class neighborhoods take for granted --

from strong community organizations to well-stocked stores and corner banks, to thriving local businesses, safe parks and decent housing (NCCED).

CBDO's have a solid track record as effective agents for attracting capital from mainline banks, corporations and other institutions back into neighborhoods where disinvestment has been the norm. *Rebuilding Communities* will work to replicate successful capital attraction models at the neighborhood sites. Each site will engage in capital development planning. Utilizing the technical expertise of local and national intermediary housing and economic development organizations, inclusive neighborhood planning groups will be assisted in developing (or refining existing) economic development master plans based on the strengths and potential of all neighborhood sectors. The plans would:

- inventory neighborhood assets and develop mechanisms for deploying them to generate income for the community;
- identify external markets that a neighborhood would target for exporting labor, skills, products or services;
- include short-term, intermediate and long-range strategies; and
- identify potential sources of external support from business, government, and foundations in the form of capital or partnership.

Although the specific capital attraction strategies for the *Rebuilding Communities* sites will be developed locally by the collaborative bodies that the Foundation's grantees organize to plan and lead the initiative at each site, and while these strategies will be in response to local needs, resources and opportunities, there are several broad approaches to capital attraction which will be explored and promoted through the demonstration.

1. **Increasing public awareness of the assets and strengths of a particular low-income neighborhood and the benefits of living and doing business there.** Contrary to public perceptions, working poor and welfare dependent residents of distressed neighborhoods do have money to spend on basic goods and services. They are exploited by small vendors because their neighborhoods lack reasonably priced high quality retail stores. Central to this capital attraction approach would be compiling and disseminating data on the purchasing power, interests and stability of residents; the strengths and potential of the neighborhood's workforce that would provide manpower for new business and industrial development; and the affordability of business or residential property. The key audience for this information is potential

private investors, but the neighborhood capacity message inherent in this information should also be heard by government, non-profit organizations and the general public.

2. **Providing information about and facilitating access to local, state and federal public funds for community development.**
3. **Promoting local enforcement of the Community Reinvestment Act (CRA) to increase availability of financial capital from local lending institutions for low-income community development projects.** Neighborhood development groups that are well informed about CRA mandates can be effective members of local coalitions to advocate for aggressive enforcement of the Act.
4. **Enhancing the income generating potential of neighborhood residents.** One approach to enhancing income generating potential of residents, which would be pursued in collaboration with local government, is establishing or improving tax abatement policies that provide employer tax incentives for an array of employment related benefits and conditions. In those neighborhoods that have made employment and training a priority, the local leadership of the initiative will work to develop strategies to target job creation and employment training activities to those employment sectors that provide livable wages and adequate benefits for the neighborhood work force.
5. **Working with local government to develop or improve land use planning and tax policies that provide incentives to affordable housing development in the neighborhood.**

VI. The Rebuilding Communities' Grantmaking Strategy

A. Overview of the Grantmaking Strategy

The *Rebuilding Communities* grants program will be a multi-site, multi-year demonstration of comprehensive community development. The neighborhoods invited to participate will have significant needs, the capability to plan and implement a successful reinvestment strategy, and the support of a city government willing to become a committed partner in collaborative neighborhood governance. The initiative will target neighborhoods that are already engaged in implementing an existing broad based revitalization agenda that the AECF resources could both strengthen and broaden -- helping to take the effort to scale and bring about policy and programmatic reforms that create an environment for sustained

neighborhood development. The Foundation will select up to six neighborhoods as sites for the demonstration. While the target of Foundation support for *Rebuilding Communities* is clearly the neighborhood, our grantee and fiscal agent at each site will be an experienced and mature community-based organization that provides leadership for the existing neighborhood development efforts that our grant will build upon.

Rebuilding Communities will have a three-phase grant structure. The first phase is **one-year planning phase**, for which \$150,000 planning grants will be awarded. The grantee organization is expected to take the lead in the planning process, organizing neighborhood residents and institutions to form a (or redirect an existing) representative collaborative body to establish priorities and engage in a strategic planning process. The result of the planning process will be consensus on a plan and strategies for revitalizing the neighborhood. The grantee will be responsible for ensuring both broad participation in the planning process and development of a written plan for implementing agreed upon reforms, investments, program and physical enhancements and capacity building at the end of the first 9-month period. During the final 3 months of the planning period the Foundation will review the site's strategic plan, provide feedback for any needed revisions or refinements, and conduct an assessment of the site's readiness for an implementation grant. Planning processes that do not yield a plausible vision for progress will not be funded for full implementation.

The planning year activities will include staffing, capacity building, organizing, collaboration building, research and program development necessary for the development of a comprehensive strategic plan for advancing current revitalization efforts and expanding those to include the *Rebuilding Communities* development areas described in Section III of this paper. A full-time planning and development staff person is to be employed during the planning year. This should be an experienced professional who will have lead responsibility for the activities associated with the development of the neighborhood's plan for *Rebuilding Communities*.

The Foundation will award grants of up to \$1.5 million to implement those plans which it determines to be acceptable during a three-year capacity building phase. The

capacity building phase will enable neighborhood leaders, institutions and residents to develop the skills and experience, build the partnerships, develop and refine the program interventions, and attract the investments needed to manage the development it has planned. During the capacity building phase, the grantee organization will be expected to engage neighborhood residents and other public and private sector stakeholders (such as service providers, advocacy groups, city/county government officials, religious institutions, business representatives, etc.) as active participants in:

- continued long range strategic planning for neighborhood revitalization;
- putting in place an effective collaborative neighborhood governance structure and process;
- acquiring the skills and knowledge needed, gathering the information needed and building the linkages needed to begin putting in place the planned neighborhood revitalization strategies in the five areas determined to be critical to the initiative; and
- strengthening relationships with local, county and state government through partnership projects, sub-contracting for public services, cooperative problem solving to remove bureaucratic barriers, and facilitating active government participation in initiative activities.

Grantees which the Foundation determines to have been successful in its approach to and the outcomes of the activities during the capacity building phase will be invited to submit grant proposals for the final three-year demonstration phase of *Rebuilding Communities*. During this phase the grantee organization will plan and manage a demonstration of neighborhood capacity in some combination of the five critical *Rebuilding Communities* areas. The focus of the demonstration will be on taking some element of the neighborhood's revitalization activity to scale -- fully implemented with neighborhood residents and institutions having primary responsibility for:

- securing investments, stable public support or income generation
- design and planning
- staffing and management
- managing research, documentation, and assessment activities

The audiences for the demonstration period are current and potential public and private funders, the community development and child and family services fields, and the neighborhood itself. The role of the grantee is to oversee development of the demonstration plan, to secure the demonstration grant, and manage the demonstration, which will involve multiple neighborhood organizations. The Foundation's assumption is that after the first two phases of the initiative, a neighborhood will have developed a level of capacity, self sufficiency and credibility in some of the five critical areas, to demonstrate that capacity nationally as a model of exemplary community development to be documented and disseminated. Demonstration phase grants will vary in scale, amount of funding and area of focus. They will only be awarded to sites where the Foundation's assumption about the progress made in the first two phases hold true.

The Foundation will provide for extensive technical assistance throughout the demonstration. The technical assistance component of *Rebuilding Communities* will reach beyond the traditional funders role of enhancing the ability of the grantees to successfully plan and implement the funded initiative. Technical assistance strategies will seek to enhance capacity at much broader and deeper levels in the target neighborhoods -- to create opportunities for leaders and followers of the revitalization efforts to gain competencies in a broad array of areas that are sustainable over time and that enable them to be the principal change agents for their neighborhoods.

The initiative will include a rigorous third party evaluation that:

1. documents and assesses the community building process at each site;
2. identifies and measures a set of anticipated outcomes that are neighborhood changes;
3. identifies and measures a set of outcomes that are anticipated for targeted sub-populations within each neighborhood;
4. conducts across-site analyses to identify significant process and outcome findings.
5. assesses the role of key stakeholders in the initiative, including AECF and local government; and

6. continuously provides feedback to the neighborhoods and the Foundation that becomes part of the ongoing guidance for improving the initiative.

B. Criteria for Qualifying Neighborhoods

Since *Rebuilding Communities* is a national demonstration with an objective of replicability, the Foundation's preference is toward neighborhoods which are characteristic of the array of typical low-income neighborhoods nationally. We will target neighborhoods which characteristically:

- have a significantly large population of families with young children and adolescents;
- are low-income communities with significantly high percentages of residents living at or below poverty level;
- have deteriorating housing stock and/or insufficient decent affordable housing;
- have limited access or no access to high quality affordable basic goods and services;
- have a high incidence of crime and violence (often related to substance abuse);
- have limited employment and business ownership opportunities for residents; and
- have limited access to high quality social, health, recreational and other services for children, youth and families.

The specific qualifying criteria upon which the site selection process for *Rebuilding Communities* was based is as follows:

Need

- A formerly stable and vibrant neighborhood which has deteriorated over time, as evidenced by disinvestment and depletion across various elements of neighborhood life -- businesses and jobs, housing development, social services,

availability of basic goods and services, family support institutions, and the physical environment.

- The neighborhood resembles typical low-income communities in the U.S. Some indices would be:
 - high concentrations of poor families;
 - high unemployment;
 - deterioration of the physical environment;
 - social service systems that are underfunded and/or overwhelmed.

Capability

- A current and viable neighborhood improvement initiative upon which to build, which involves residents, key institutions and organizations.
- Existence of a credible neighborhood-based organization which:
 - has been the undisputed institutional leader of the current neighborhood improvement effort;
 - has demonstrated leadership and management capability for organizing and sustaining that effort, including developing productive relationships with public and private stakeholders; and
 - is a mature and sophisticated organization, with both financial stability and organizational capacity for managing a major demonstration grant.
- A history of organizing among neighborhood leadership and residents to address social, economic and environmental problems, and a shared vision of a revitalized neighborhood.

Readiness

- Evidence of (or very high potential for) local government support and political will for devolution of some aspects of governance to neighborhoods, and promoting neighborhood revitalization. Some indicators would be:
 - the city has made progress toward implementing development plans for specific neighborhoods;
 - neighborhoods have made a significant contribution to the city's decisionmaking about the use of CDBG funds;

- the city has made decentralization or privatization of some city services/functions a priority;
- the city has (or is making progress on plans to) co-locate family support centers or social service centers in neighborhoods;
- the city governance structure is conducive to strong neighborhood representation;
- budget, land use planning, and tax policies promote neighborhood development;
- A resident population which includes stakeholders who are likely to provide leadership and modeling for neighborhood revitalization, including long term residents, homeowners, children and family advocates, and other social activists.
- Evidence that neighborhood organizations and residents are both interested in, and have made some progress toward, a more comprehensive focus for the current neighborhood improvement initiative to meet the social and economic needs of children and families.

To summarize, *Rebuilding Communities* will take an approach that focuses not on addressing individual problems in a community, but on the systematic isolation of a community from the economic and social mainstream. Through its grantmaking, technical assistance and influence it will attempt to reverse the pattern of disinvestment and disenfranchisement that is at the core of that isolation, and provide national models for sustainable development in previously vulnerable communities.

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