

ROADMAP TO EQUITY

SUSTAINABILITY STRATEGIES FOR
DETROIT'S COMMUNITY DEVELOPMENT
ECOSYSTEM



SUSTAINABILITY

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

The strategies contained in this report were developed by the BECDD System Capitalization Task Force, with important and ongoing insight from multiple community development and grassroots stakeholders, and research on other US cities. **The strategies have evolved from an initial assumption that sustainability was primarily about fundraising; to a conviction that sustainability must aim at equity; to an understanding that sustainability can only be achieved through a combination of mindset change, policy change, alignment, strategic focus, collaborative advocacy, data transparency, changing funding practices, and accountability.** The Task Force sees **“power-building”** as the fulcrum for this change, so that all the stakeholders operating within the community ecosystem come to the table as equal partners.

The bulk of this report describes our recommended **“Six Strategies for Sustainability”**:

1. A SYSTEMS APPROACH:

Defining the ecosystem, describing ecosystem progress since 2016, acknowledging lingering ecosystem gaps, clarifying next steps, and defining CDAD’s role as the host and convener of the ecosystem work.

2. EQUITY-CENTERED COMMUNITY DEVELOPMENT FUNDING AND PRACTICE:

Describing the interlocking systems that have driven inequitable community development; clarifying equitable community development practices; and positing the changes in government policy and funding practice, necessary to advance equity-centered community development in Detroit.

- **Four Mutually Reinforcing Systems Traditionally Defining the Practice of Community Development**
 - The **role of government policies and practices** that drive market-favorable development
 - Private market-based **financing practices that pit the rights of private property owners against “common good” and “community ownership”**
 - **Market-driven private sector practices**, without protections and public sector supports for vulnerable residents, which are then reinforced by structural racism
 - **Upgrading/new construction in neighborhoods experiencing long-term disinvestment;** driving up housing costs and displacing or isolating lower-income residents
- **Private sector funding strategies to advance equity-centered community development**
 - Investments in community stabilization
 - Investments in long-term, community-driven development and community planning
 - Investments in power building strategies, collaborative processes, and local/state civic infrastructure

3. A POLICY ENVIRONMENT FOR EQUITY-CENTERED COMMUNITY DEVELOPMENT PRIORITIZING FIVE POLICY CHANGES:

- Update the Detroit Inclusionary Zoning Ordinance
- Pass a City Council Ordinance to Reform CDBG
- Pass the “Michigan Community Investment Program” legislation (House Bills 5752/5753)
- Influence MSHDA’s QAP to make Detroit’s unique characteristics more competitive for subsidies

4 Roadmap to Equity: Sustainability Strategies for Detroit’s Community Development Ecosystem

- Pass the federal Neighborhood Homes Investment Act (NHIA)

And recommending six CDBG Reform Strategies:

- Expand the Use of CDBG Funds to Facilitate Meaningful Community Engagement
- Use CDBG Funds to Establish, Finance, and Expand Affordable Homeownership Programs
- Expand the Neighborhood Opportunity Fund (NOF) for Smaller Nonprofits
- Limit Section-108 Loan Guarantees to neighborhood development projects
- Institute Neighborhood Revitalization Strategy Area (NRSA) Controls
- Externally Monitor CDBG Spending to Eliminate Years of HUD Findings that Jeopardize the City's Annual CDBG Allocation

4. MONEY, BUT NOT JUST MONEY.

Challenging us to focus on **Alignment, Strategic Focus and Leveraging our resources**, to erase the “scarcity mentality” that hinders neighborhoods. Modeling the resources needed for a Collaborative Financing Model for Affordable Single Family Home Ownership. Pushing for changes in these key funding sources:

- ARPA: Report On It, Leverage It, Spend More on Affordable Home Ownership
- Annualize Appropriations into the MI Housing + Community Development (MIHCDF)
- Place More Program Related Investments (PRIs) and Recoverable Grants into CDOs
- Recruit more funding partners for the CDO Fund, DRF Fund and Transforming Power Fund
- Fund smaller nonprofits and support their capacity
- Put more CDBG back into neighborhoods and use AHLF Loans/Equity for Home Ownership
- Expand use of the MI Housing Trust Fund
- Daylight and increase allocations into the Detroit Housing Trust Fund and Detroit Neighborhood Improvement Fund

5. MEASUREMENT, TRANSPARENCY AND ACCOUNTABILITY IN FUNDING AND PRACTICE.

Defining **participatory grantmaking**. Advocating for the creation of a **Funding Accountability Strategy** with **Transparent Funding Data** so that we can track, measure, and transform how





neighborhoods are funded. Providing the results of a three-year comparative analysis of existing and needed community development ecosystem financial resources, with several key Findings:

- There was a **marked increase in community development funding** in Detroit over 2018-2019-2020 and this trend will likely continue.
- There are **significant disparities in the geographic distribution of foundation funding**. Many Detroit neighborhoods are inadequately funded or served by CDOs, creating a stark inequity in support for neighborhood revitalization.
- Funding for the CDO Function of economic/**physical development has increased** and is the largest portion of the type of funding being invested in neighborhoods. Yet, this function remains significantly under-funded.
- Equally important, **funding for the important CDO “power-building” functions of convening, facilitating, resident empowerment and planning is still significantly inadequate.**
- **The funding data gap continues to impede** our efforts to achieve equity in community development funding.
- There is **little apparent structure or process** by which government, corporations and philanthropy can look at all Detroit neighborhoods strategically, together; and work with all funding partners to coordinate, align and leverage public and private funding for greater impact.

6. COLLABORATIVE STRATEGIC ADVOCACY AND POWER BUILDING:

Challenging the ecosystem stakeholders to pursue a collaborative strategic advocacy strategy that acknowledges differences, accounts for all the players’ self-interest, and works to influence necessary change in mindset, policy and funding. Describes “power building” and its importance to community development as part of a transformational advocacy strategy.

A funding data analysis suggests that in 2020, at least \$21.53 million was in play for community development, compared to \$25.69 that is necessary, per year, for a robust community development ecosystem. This gap is both clear and possible to eliminate by:

- Shifting some funding between categories,
- More foundations, banks and corporations investing in the CDO and DRF Funds,
- Passing the Community Investment Program) to incentivize new donations to CDOs and
- Prioritizing more community development allocations from CDBG and ARPA

Throughout the report, We Call on Key Stakeholders to Step Up and Join Together:

- **The City of Detroit to develop a coherent and strategic community development delivery system that begins with a mindset of partnership**
- **Public/private funders to create a table for regular, strategic alignment and leveraging of funding that serves all of Detroit's neighborhoods**
- **Public/private funders to expand many existing funding sources and adopt new funding sources**
- **Public/private/corporate funders to work with CDAD to develop a funding accountability strategy starting with the provision of transparent, granular, and accessible funding data**
- **The City and State to enact the policies we prioritize, to reverse inequitable community development and facilitate equity-centered community development**
- **Foundations, CDFIs, Banks and the City to work with CHN to create a collaborative financing model to make truly affordable single-family homeownership possible for legacy Detroiters.**
- **All ecosystem stakeholders to acknowledge their differences and their common ground and develop a collaborative advocacy campaign to change mindsets and transform policy and practice; and change all of Detroit's neighborhoods through equity-centered community development.**

A **Forward** by CDAD places this report in a larger national context and offers feedback from various CDAD members. We offer grateful **Acknowledgement** of the scores of people, organizations and funders who contributed to the development of this report. An **Introduction** describes how these strategies were developed through a robust process; and clarifies how the perspective of the Task Force evolved. We dedicate time to describing **the origins of community development nationally, and how community development is defined today, in Detroit. One chapter then focuses on Equity-Centered Community Development**, describing its principles and practices and the important roles of government and philanthropy in disrupting inequitable community development and advancing equity in our neighborhoods. An **Infographic of Goals and Timelines** is included at the end, intended to be a roadmap, to offer CDAD a pathway for carrying out the recommendations described here. An **Appendix** is included in the back of the document, including **Acronyms, Translated; Data Maps, CDO Maps, Background Research Papers, and more.**





FORWARD

FROM CDAD

Building the Engine of Community Development in Detroit (“Building the Engine”) is at an inflection point. Since its launch in 2016, Building the Engine is officially under Community Development Advocates of Detroit’s (CDAD) umbrella. The following report, developed by the System Capitalization Taskforce, documents the history of “Building the Engine” from its inception and places it in the context of a national movement for equity-centered community development.

This transition comes at a time when the world faces a surge in economic inequality accelerated by COVID-19 where the richest 10% of the world population now owns 76% of the wealth. Domestically, the public health emergency exacerbated racial disparities with deep roots in systems of white supremacy and anti-Blackness. The legacies of community destabilization and disinvestment, residential segregation, low-wage work without paid leave, and culturally incompetent or inaccessible health care services increased disparities in contraction and survival rates across race. One in every 645 Black people in the United States can expect to die from COVID-19 and are 2.1 times more likely than whites to die from the virus based on data from February 2021. The state of Michigan has the fourth highest COVID-19 mortality rate for Black Americans and in Detroit, Black people represent over 75 percent of known COVID-19 diagnoses by race and nearly 90 percent of deaths.

The challenges faced by Black Detroit during Covid extend beyond mortality rates. Black residents are seven times more likely to be very concerned about being evicted and 17 times more likely than white residents to report needing rental assistance. Black residents in Detroit relative to White residents are significantly more likely to report challenges in securing and maintaining housing, obtaining medication, and getting food, water, and other household supplies. Blacks are 40% more likely to report that they have run out of money, unable to pay bills and afford gas and groceries.

Detroit desperately needs a coordinated equity-centered community development delivery system to address the compounding impact of Covid-19 on racial disparities that existed pre-pandemic. However, traditional means of planning and implementation may not be as straightforward as we have seen in the past. The economic stability and precariousness of life for Black, indigenous, and non-Black people of color hinges on our ability to disrupt our current ways of being and doing.

The ideas presented in this report reflect our current best thinking, combining a historical narrative of community development in Detroit, research on best practices in the field and input from multiple working groups. Additional feedback was gathered during CDAD’s April 7th Annual Summit where attendees discussed possible strategies, policy recommendations and the role of key stakeholders in building a sustainable model for equity-centered community development.

CDAD staff also hosted a series of discussions following the summit to check our assumptions and identify what, if anything, was missing from the proposed strategies. Moreover, this was an opportunity for cross-sector collaboration and the beginnings of an ecosystem designed to support intentional engagement. **The following captures some of the lessons learned during those conversations.**

- **The six strategies and seven elements are dynamic. Some components matter more than others while other components might not be effective. It just depends on the time and the place.**
- **We did not get here overnight.** In addition to addressing the immediacy of current conditions, we should accept that parts of the work ahead will take time. Dismantling and democratizing systems of power require a cohesive vision, resource alignment, and consensus among stakeholders.
- **Words matter.** There is value in having common language, ensuring a workable definition of “equity” distinct from “equality” and there is no need to recreate the wheel when definitions and examples exist across the country. This is not to take away from Detroit-specific solutions but to forgo handwaving and wordsmithing.
- **Phrases matter.** The community development ecosystem would benefit from connections to national movements for climate change, racial and gender justice, disability, and indigenous rights where much of what is said is being done.
- **Black lives matter.** Be explicit and lead with that.
- **Be truthful and transparent.** What AND whose problem are we solving for? Who is setting the agenda? Who is co-opting it?
- The problems we are seeing today are the consequence of solutions implemented five years ago. **We need to plan with at least two generations in mind.**
- **The problems we are seeing are patterned** which suggests “solutions” have also been recycled.
- **Democracy, small “d.”** The concept of democratic participation is foreign. Ensure current residents and future leaders are equipped to participate in the current system and design for one that is responsive to the will of the people.
- **Economic autonomy and workforce development** should be its own strategy.
- **Power beyond building.** Where and how power is held needs to be interrogated. Redistribution should also be considered as a viable option. Power is inherent but dormant in marginalized communities. Legacy Detroiters, especially those of color, are ready to be reactivated.
- **Institutional power and the tensions within.** An individual’s ability to exercise their power is largely contingent upon proximity to leadership. While individuals contribute to incremental change, institutional influence over culture and belief systems is truly catalytic.
- **Accountability:** for what and to whom?

We recognize the need to be adaptive and responsive given the complexity of systemic racism and remain open to exploring alternative realities. As CDAD expands its capacity to build a stronger, more equity-centered community development system, the organization will continue to seek input from activists, advocates, CDOs and institutional leaders committed to Detroit’s redevelopment and revitalization.



INTRODUCTION:

SUSTAINABILITY FOR THE COMMUNITY DEVELOPMENT ECOSYSTEM

Building the Engine of Community Development in Detroit (BECDD)

BECDD grew out of work sponsored by CDAD in 2008-2010 through its “Community Development Futures” Task Force. Formed as a multi-stakeholder group in response to the Great Recession and its impact on Detroit’s community development sector, this task force developed the original concept for “reform of the community development system.” It posited 6 “pillars” for reform, and led to the formation of the “Seven System Elements” on which BECDD’s work has been focused. By 2015 when the “Building the Engine” initiative was first proposed, the premise for “system reform” evolved into “system building” based on the assumption that while the community development organizations on the ground were producing credible work against incredible barriers, there was no “community development system” that existed or even a shared understanding of what community development is. Rather, the working theory when BECDD launched in 2016 was that the work was important, but in order for the work to have a significant impact citywide, a system of coordinated supports was needed, and that these supports either didn’t exist, or were so poorly resourced and misaligned as to prevent deep, impactful, positive change across all neighborhoods.

The BECDD Initiative was formed to respond to this need. It was conceived as a temporary initiative, intended to collaboratively build out that system. It was originally co-sponsored through three institutions: CDAD as the community development intermediary; the Michigan Nonprofit Association as fiduciary; and Lawrence Technological University as the academic partner.

A System or an Ecosystem?

When BECDD launched in 2016, the original conceptual framework defined a series of distinct “system elements” that are described in the chapter entitled “A Systems Approach.” At the time, and within the vacuum of no apparent system, these elements were seen as important pieces of the whole puzzle, to be broken out separately, built up, then woven together as a coordinated whole: a purposeful set of activities designed to accomplish the task of “building the engine of community development in Detroit.”

Over the six years of this process, we see an **evolution from working to build a community development system to working to create a community development ecosystem**. Without discounting the importance of building out the system parts, **we now see a community development ecosystem at work**. We see a cast of multiple players and many partners - connected or disconnected - who are sharing space in the world of community development. We see an environment of equity-centered community development more than a machine that describes the different parts of community development.



Recognizing those distinctions and that evolution, we ***refer in this document to a community development ecosystem.***

How Were These Sustainability Strategies Informed and Developed?

One of the “Seven System Elements” on which BECDD has focused is “System Capitalization:” the notion that the whole system needs to be properly and strategically resourced for it to have its intended maximum impact on neighborhoods. ***Since late 2018, the System Capitalization Task Force has focused on building out that “system capitalization” element:***

Late 2018 –

- The Task Force was formed: Jodee Raines, Sherita Smith and Chris Uhl as co-leaders representing the philanthropy, CDO and CDFI stakeholder groups

Throughout 2019 -

- Phase One “Capital In Play” Research was conducted by a national team that produced a 2018 Community Development Funding Report
- Initial formation of a “Whole System Cost” matrix, based on seven system elements, using estimates generated from various key stakeholders
- Nine Original Recommendations created out of the research
- Decision by the Task Force to develop a 10-Year Sustainability Plan

Starting in 2020 -

- Multiple small workgroups were formed: a CRA workgroup, a joint CDBG workgroup with CDAD, a Funders Discussion Group, Policy team, Ten Year Plan Workgroup

During 2021 -

- Phase Two of “Capital in Play” Research was conducted on 2019-2020 resources in the eco-system; with a trend analysis of 2018-2019-2020, disaggregation and mapping of the data with D3, and “Eight Findings” from this analysis
- An updated “Whole System Cost” matrix was refined with estimates from CDAD and other designated project partners
- Four “Alignment Forums” were sponsored by the Task Force (see below)
- The Task Force requested and endorsed two papers created by consultants: “Equity-Centered Community Development in Detroit” and “CRA - an Underutilized Tool.”

The System Capitalization Task Force was ***intentionally structured with two priorities in mind:*** first, to form a task force table with a cross-section of stakeholder organizations who are key players in the community development ecosystem. **Roadmap to Equity: Sustainability Strategies for Detroit’s Community Development Ecosystem**

yers in the ecosystem; and second, to consistently listen to the voices of Detroit’s grass-roots organizations - too numerous to name or to invite to one table - to gain insight on the questions with which the Task Force engaged, and to ground-truth the ideas being developed.

Putting A Cross-Section of Stakeholders at the Task Force Table: From 2019 through 2022, a dynamic group of stakeholders came together regularly, led by Jodee Raines representing philanthropy, Sherita Smith representing CDOs and Chris Uhl representing community development financial intermediaries.

The members of the Task Force include CDOs, Intermediaries, CDFIs, City/State Government, Banks and Foundations:

Darnell Adams, DLBA, later Invest Detroit, later Gilbert Family Foundation
Orlando Bailey, Eastside Community Network
Christine Bell, Urban Neighborhood Initiatives
Antoine Bryant, Detroit Planning and Development Dept
Melanca Clark, Hudson-Webber Foundation
Cris Doby, Erb Family Foundation
Phyllis Edwards, Bridging Communities, Inc.
Luke Forrest, CEDAM

Anne Harpe, Wayne County CRA Association and PNC Bank
Gary Heidl, MSHDA
Bryan Hogle, Kresge Foundation
Yolanda Jackson, CDAD
Lisa Johanon, Central Detroit Christian CDC
Kevin Nowak, CHN Housing Partners
Libby Palackdharry, National Community Reinvestment Coalition, Detroit
Jodee Raines then Cris Doby, Erb Family Foundation
Madhavi Reddy, CDAD
Heidi Reijm, Hudson Webber

Foundation
Donald Rencher, HRD, later the Mayor’s Office
Kevin Ryan, Ford Foundation
Sherita Smith, Grandmont Rosedale Development Corporation, later Cinnare
Katy Trudeau, Detroit Planning and Development Dept
Chris Uhl, IFF
Tiffany Vantino, Wayne Metro Community Action Alliance
Michele Wildman, MEDC
Angela Wilson, Eastside Community Network

Listening to the Voices of Residents and Resident-Led Organizations. The BECDD process since 2016 has included regular dialogue with grassroots leaders throughout its history with annual “Summits;” and during 2017-2018 a “Real Change, Real Talk” discussion series. By 2020 BECDD was sponsoring a series of Stakeholder Forums, and then the System Capitalization Task Force convened four “Alignment Forums” in 2021; each of which delved into the key - and often difficult - aspects of community development, through a regular series of moderated “Seeking Alignment” Forums. The pandemic forced these discussions to be virtual, but they were still well-attended, diverse, intense and candid.

These voices - combined with the regular deliberations of Task Force members and informed by the consequent research conducted by Task Force consultants - defined and shaped the evolution of the thinking of the Task Force, as it focused on the connection among the work of community development on the ground, the Detroit policy and “mindset” environment in which it operates, the practices of philanthropy and banks, the approach of government, an equity lens, and the resources necessary for community development to change neighborhoods equitably, for the better.

By 2021 the Task Force was publishing its two papers on equity-centered community development and CRA, and sponsoring its “Seeking Alignment” series of forums. These forums attracted BECDD’s typical diverse group of stakeholders, but the consistently largest cohort of participants at these forums were resident leaders, social justice advocates and resident-led organizations, engaging in these topics:



- **How do we get to equitable community development together?**
- **Can we, together, make CRA work for Detroit’s neighborhoods?**
- **Is there commitment, capital and capacity for equitable development in Detroit’s neighborhoods?**
- **What about power-building for equity-centered community development in Detroit?**

EVOLUTION IN TASK FORCE THINKING

When the System Capitalization Task Force first convened in late 2018, the thinking was that the group would work to understand the real costs of a whole community development system as BECDD defined it, identify the resources that were already in play, do a straightforward “gap analysis” to understand what new money is needed, and then create strategies to influence funders to fund the gap. As this work and initial “capital in play” research evolved, by the end of 2019, there were a few significant findings:

- First, the **“gap” between estimated whole-ecosystem costs and capital-in-play was not as significant** as predicted;
- Second, the **lack of alignment** between how capital was being placed and how it should be placed to fund an ecosystem, was clear;
- Third, the work of capitalizing a robust community development ecosystem **was only partly about money**; rather it was also about historic mindsets on the “place” of government and community, the policy environment, government and philanthropy and bank practice, and alignment among stakeholders and especially among resource providers.

During 2020, as the pandemic raged and BECDD’s work evolved, the thinking of the System Capitalization Task Force continued to evolve. The small workgroups that formed focusing on CDBG, CRA/ bank practices, policy and the Funders Discussion Group delved deeper into key resources that the Task Force wanted to explore. **The need to refocus the analysis through an equity lens became imperative. The importance of recognizing advocacy as a key strategy for sustainability became clear.**

In short, the thinking, analysis, and recommendations of the Task Force evolved:

- From a strategy of fundraising and the mechanics of fundraising.

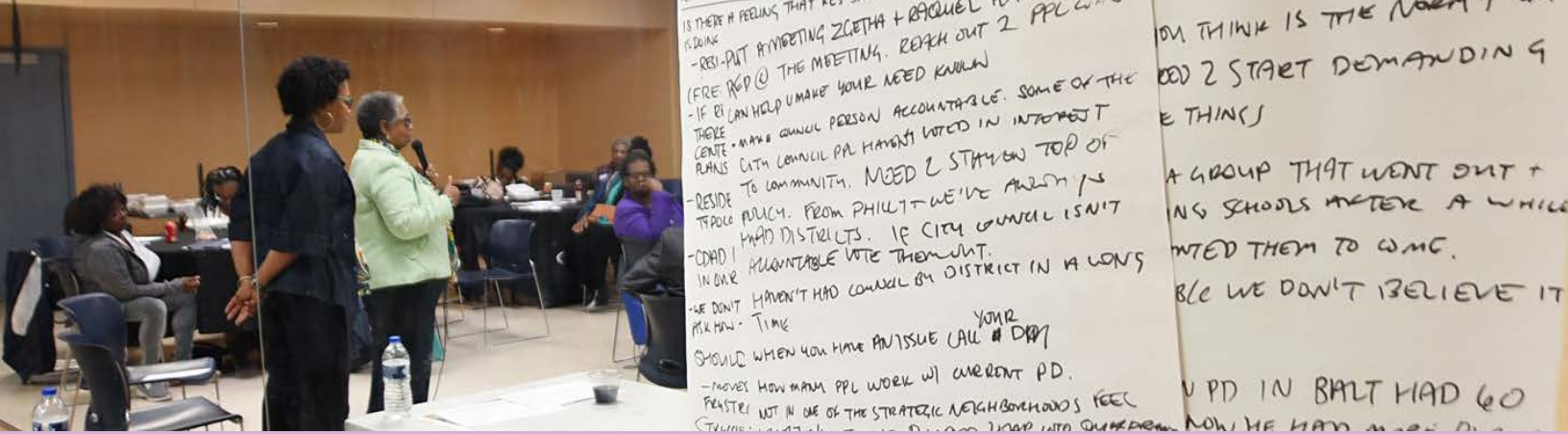
- To recognizing misalignment vis a vis resources for Detroit’s neighborhoods
- To understanding that “money but not just money” was required to sustainably support the ecosystem: alignment, the right policy environment, upending historic mindsets, changing the practices of government/philanthropy/banks, engaging in advocacy, and embracing power-building
- To focusing all of these dynamics through the lens of equity-centered community development.

A Roadmap to Make the Sustainability Strategies Real

A set of goals, milestones, responsibilities, and timelines is presented at the end of this report. These are designed to offer CDAD a suggested roadmap for implementing the recommendations and acting on the lessons learned that are described in this report. CDAD’s charge in continuing to build and strengthen the community development system in Detroit is to work with its newly created System Building Committee and its members and partners, all of whom will need to see themselves reflected in the next phase of this work. This will require:

- Consistent engagement and shared decision-making among all parts of the community development sector, particularly with grassroots organizations and resident-led groups;
- Regular and public communications about the work that is happening with regard to the recommendations in this report, the work of CDAD, and of the Detroit community development ecosystem as a whole;
- Commitment to build on opportunities presented at this moment in time including an infusion of funding in the sector due to ARPA and other sources of federal funding;
- Focusing on the future of community development while not losing sight of the past. What comes next? How do we get there together?
- Building on CDAD’s strong legacy of partnership with various coalitions working on issues impacting affordable housing and equitable development.





WHAT IS COMMUNITY DEVELOPMENT IN DETROIT?

Community Development: Its Origins and Unique Characteristics

WHERE DOES COMMUNITY DEVELOPMENT COME FROM?

The idea of community development began to permeate antipoverty programs of the 1960s under President Lyndon Johnson. To get many separate government agencies to work together to undertake a multipronged attack on poverty, the Economic Opportunity Act set up the Economic Opportunities Council comprised of the president's cabinet secretaries and named the Director of the Office of Economic Opportunity (OEO) as its chairperson. The OEO, and even more explicitly the newly created Economic Opportunities Council, promoted an integrated approach as that magic answer that would break down the barriers between how several types of municipal services were delivered.

In practice, however, effectively coordinating separate and often jealous government agencies to achieve scale ultimately proved undoable. To meet this challenge, a key component of President Lyndon Johnson's Great Society and War on Poverty was the Model Cities Program. The concept was presented to President Johnson by Walter Reuther, the head of the United Auto workers Union, in an off-the-record White House meeting on May 20, 1965. Model cities represented an innovative approach that emphasized solutions to social problems as well as physical renewal and sought to coordinate the actions of numerous government agencies in a multifaceted attack on the complex roots of urban unrest.

Several cities including Detroit, Oakland, Newark, and Camden received funding to test the program's initial goals that emphasized comprehensive planning, involving not just rebuilding but also building anew, social service delivery, and community engagement. Detroit was one of the largest Model Cities projects. Mayor Jerome P Cavanaugh (1962–69) was the only elected official to serve

on Johnson's new task force. Detroit received widespread acclaim for its leadership in the program, which used \$490 million to try to turn a 9 sq mi (23 km²) section of the city (with 134,000 inhabitants) into a "model city".

Then New York Senator **Robert F. Kennedy sought an alternative to big government programs, and Kennedy turned to big business. Kennedy became a strong leading advocate of the idea of tapping the power and wealth of corporate America for social change for the better.** Unhappy with how the war on poverty was going, in 1966, he and his aides conceived the idea of a "community development corporation," a prototype of which they worked to set up in Brooklyn's Bedford-Stuyvesant neighborhood. **A "community development corporation" would be a hybrid or a community organizing group and a market-oriented development group, with a mission to change neighborhoods for the better.**

There is an irony with this original "CDC" concept of combining community organizing with market-oriented development. On the one hand, there is little debate that community development as a field of work has made a major impact on thousands of neighborhoods across the country. But one unintended consequence of this strategy is that over-time, mainstream thinking has come to rely on the private sector - versus the community development sector - as the primary driver of growth in low-wealth communities. Community development is seen by many, including some CDOs themselves, as a vehicle for channeling private sector investments, incentivized by government subsidy - into low-income communities. This perception has "normalized" inequitable community development in many fundamental ways, enabling gentrification and marginalizing the voices of legacy residents in older, distressed neighborhoods.

But there is a hunger and an urgency within the community development field nationally and in Detroit in particular - as the nation's most poverty-stricken large city, and its largest majority Black city - to reimagine how traditional community development works.

COMMUNITY DEVELOPMENT IN DETROIT

Detroit's experience with community development has been shaped by its unique circumstances, context, and history. As major cities have undergone renewal and reinvestment, lower-income residents regularly found themselves neglected or pushed aside by gentrifying developments intended for wealthier families, or by Detroit's stunning population loss that started in the 1950s, accelerated in the 1970s after the 1967 insurrection, continued in the 1980s as the crack epidemic took hold and the public school system deteriorated, and continues today.





The “CDC” movement in Detroit gained footing in the early 80s with the birth of several CDCs including the Warren/Conner Development Coalition (now Eastside Community Network), Core City Neighborhoods, U SNAP BAC and a few others. Up to that point only SDBA (Southwest Detroit Business Association), Messiah Nonprofit Housing Corporation and MACO (Michigan Avenue Community Organization) existed as some form of non-profit, place-based “CDC.” As agents of change, **these Community Development Corporations (focused on socially and economically distressed neighborhoods) gave voice to residents of low wealth neighborhoods experiencing or in need of revitalization.**

By the 1990s, in Detroit, more “CDCs” were forming, including Central Detroit Christian CDC, Grandmont Rosedale CDC, Vanguard CDC, Mexicantown CDC, Bagley Housing, Jefferson East Business Association, Urban Neighborhood Initiatives and others.

During the 1990s a community development ecosystem also began to form, with the entry of Detroit LISC (a local affiliate of a national Ford Foundation-created intermediary), the founding of Community Development Associates of Detroit (CDAD) and Community Economic Development Association of Michigan (CEDAM); and with the short-lived Detroit Community Development Funders Collaborative. By the 2000s, more intermediaries - know as Community Development Financial Institutions - were entering the Detroit community development ecosystem, although not always as partners with CDOs.

Through the years, those “CDC’s” - which today are known as Community Development Organizations (CDOs) to differentiate them from government- sponsored “Citizens District Councils” - worked diligently on behalf of the communities they serve. Some no longer exist as CDOs (having dissolved, merged with others, changed their organizational focus); but many remain at work today, and are joined by other CDOs, including several that have recently been supported through the CDO Fund - newer, smaller BIPOC-led organizations that are working to grow into CDOs. Some CDOs are sponsored by, or governed by, Detroit churches. There are organizations across the city that are CDOs of various sizes and capabilities in many neighborhoods.

Over time, since the 1980s, CDOs’ activities have ranged widely: affordable housing development, commercial real estate development, commercial corridor revitalization, vacant land reclamation and urban gardening or farming, park development, climate resiliency work, youth development, senior support; multiple supports for residents including financial literacy, job coaching and hu-



man services; and support for small businesses through business organizing, marketing and technical assistance.

WHAT IS COMMUNITY DEVELOPMENT IN DETROIT, TODAY?

What distinguishes CDOs from other non-profits are primarily their “place-based” nature: their focus on a specific neighborhood or group of neighborhoods in Detroit. Additionally, BECDD’s working definition suggests that there are ***five predominant functions or roles*** that CDOs tend to carry out, often in partnership with other organizations:

1. Convening and Facilitating: Creating a Strong Voice for the Neighborhood

This is the distinguishing role of a CDO, working with its Grass Roots Organization/Neighborhood Improvement Organization partners; and other institutional, business and government partners. CDOs bring organizations and stakeholders together for planning, joint problem-solving, community education, advocacy and physical development. CDOs act as a link between residents, city government and philanthropy.

2. Resident Engagement and Empowerment: Building Residents’ Power for Decision Making

The priorities, plans and activities in the neighborhood should reflect the priorities of neighborhood residents and other local stakeholders. Residents are engaged in the work of the organizations serving that neighborhood. Residents have a decision-making role in the neighborhood, helping to define and name the neighborhood and building pride in the neighborhood.

3. Community Planning and Advocacy: Sustaining the Neighborhood

CDOs partner with residents, local stakeholders and city government, looking at all aspects of community life in the defined area, making key planning decisions and staying engaged to help carry out and advocate for the implementation of plans they create together.

4. Economic Development: Bringing Jobs, Affordable Housing and Business, Health Services and Education Facilities to the Neighborhood

Using an equitable development approach that reflects neighborhood priorities, CDOs work with partners to carry out housing development/repair/rehab; commercial corridor development; business and/or entrepreneur development; vacant land reclamation and open space development; blight remediation and clean-up; recreational space development or other physical revitalization.

5. Resident Support: Nurturing Healthy, Successful Residents, Families and Local Entrepreneurs.

CDOs' work with institutional partners to help to develop the capabilities of individual residents and entrepreneurs, especially young people, to help them realize their full potential. This can include various training programs, the provision of direct social services, or advocacy to bring needed human services into the community.

BECDD estimates that there are between 40-50 CDOs that exist today in Detroit. The good news is that many of these CDOs - as a result of pandemic-related funding, the CDO and DRFF Funds and other resources - are growing and building their organizational infrastructure.

However, as seen in the Appendix, the distribution of CDOs in Detroit is uneven - some neighborhoods and City Council Districts have virtually no community development support; and other neighborhoods and Council Districts have multiple community development support, sometimes with overlapping geographic boundaries.

The unevenness of this distribution of CDOs has clear resource implications. There is currently no agreed-on citywide system or methodology to authorize a community development organization to serve any given neighborhood, or to assure that every neighborhood has community development support.

Equally important to understand about Detroit's neighborhood-focused ecosystem, is the existence of **hundreds – some estimate thousands – of small “grass roots organizations” or “neighborhood improvement organizations.”** These organizations are typically all-volunteer, created and led by local residents and tend to be focused on one or more blocks, or on a locally-defined “neighborhood boundary” or a specific commercial strip. Some are affiliated with local parks. Some of these “GROs” and “NIOs” have lasted for multiple generations; many of them come and go, vulnerable to the vagaries of volunteer leadership, neighborhood change, and the time constraints of busy families. But there is no doubt that the Detroit community development ecosystem is inclusive of these organizations and is fueled by them. Detroit's community development ecosystem couldn't be successful without them.

Since 2016, BECDD stakeholders have been developing a **“working definition” of community development**, developed out of its six-year process. It is offered here to create a baseline for discussion and these recommendations.



COMMUNITY DEVELOPMENT...

- **Is the work of building and sustaining neighborhoods, bringing opportunities and services to bear on behalf of residents and businesses in a defined neighborhood.**
- **Embraces sustained resident empowerment and social, economic, racial and environmental equity. It strives to build social cohesion.**
- **Holistically combines planning, community education, advocacy, resident support and economic development in a defined neighborhood.**
- **Coordinates strategies chosen by leaders within the neighborhood, derived from locally driven planning in partnership with city government.**
- **Supports residents in their advocacy for their neighborhood.**
- **Is facilitated through Community Development Organizations (CDOs) partnering with Grassroots or Neighborhood Improvement Organizations (GRO/NIOs), with other local stakeholders.**





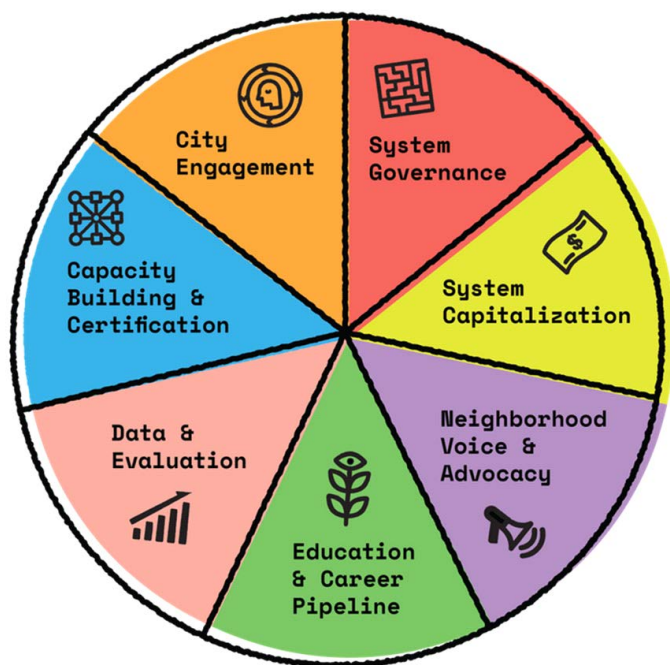
01

STRATEGY ONE:

A SYSTEMS APPROACH

DETROIT'S COMMUNITY DEVELOPMENT SYSTEM

Early in the BECDD process, stakeholders defined **“Seven System Elements”**. Those elements were validated by late 2017, through a national academic scan conducted by Lawrence Technological University, and they comprise the framework for the work of building a community development system.



The Seven System Elements

1. **System Governance/Coordination** – an aligned, coordinated, accountable system
2. **System Capitalization** – sustainable long-term public/private resources for all the system elements
3. **Capacity Building + Certification** – coordinated support leading to powerful, effective CDOs and GROs
4. **Education and Career Pathways** – an equitable leadership pipeline of Detroiters for the Community Development sector
5. **Neighborhood Voice and Advocacy** – powerful, connected multi-sector tables in every Council district
6. **Data and Evaluation** – actionable data to measure progress toward “neighborhood vitality”
7. **City Engagement** – engaged, supportive city government working as partners with CDOs and GROs

As the BECDD stakeholders moved through the process of building out the Seven System Elements, they devised a set of **Community Development Drivers that activate the elements** and make the system real:

- **Advocacy** – organizing collective, strategic actions to influence community development policy, practice, resources, and mindset
- **Coordination** – aligning the system elements so they work together; coordinating funding and initiatives; sharing information among partners; agreeing on collective next steps
- **Capacity** – strengthening and building the capabilities of both individual community development leaders as well as the infrastructure of their organizations
- **Knowledge** – gathering data and reporting on progress; acquiring and sharing information; conducting research on the practice and results of the work
- **Money** – investing resources for community development work; aligning, coordinating, leveraging, and strategically focusing the resources

PROGRESS SINCE 2016 IN THE DETROIT COMMUNITY DEVELOPMENT ECOSYSTEM

It has been said that “change moves at the speed of trust.” In any complicated ecosystem, the key players’ willingness to keep working together through the phases of a change process, will determine if and how quickly change is made. If “trust” among stakeholders is a measure of progress, then we suggest that the building of relationships has begun to happen across the breadth and depth of the hundreds of people and organizations involved in this process. When we studied other cities, we noted that their community development systems were forged over decades of relationship-building. In Detroit we had no such luxury, so we forged ahead with a process in the past six years that has tried to speed up the process of relationship-building.

Therefore first, we acknowledge that there are relationships forming today in this ecosystem that didn’t exist before and that bodes well. More importantly, we acknowledge how much trust has yet to be built. Perhaps BECCD’s most enduring impact has been that it set a table and normalized a process where these relationships can continue to build.

Below is a summary of our assessment of the status of our ecosystem today. [See BECCD overview.](#)

System Governance/Coordination Element

- Ecosystem-building work now being embedded in CDAD
- Mindset improving gradually: acknowledging importance of Community Development
- Intermediaries clarifying lanes and collaborating
- CDFI’s (Community Development Financial Institutions) leaning in with CDOs and with Intermediaries
- CDOs (Community Development Organizations) collaborating among each other and gaining more capacity
- Better understanding/more clarity on what community development is and can be
- Relationships being built among and within the many stakeholder groups who share this space.

System Capitalization Element

- Sustainability Strategies document (“Roadmap to Equity”) about to be published by Task Force
- “Pooled” Foundation funding strategies in play for neighborhood-focused work
- Newer CDOs in play and receiving support: “Elevating CDOs”
- The contributions of social justice movements such as the Peoples Platform, that benefit community development work in Detroit, are undeniable. For example, the Peoples’ Platform led the effort resulting in the Community Benefits Ordinance and the Detroit Inclusionary Zoning Ordinance, which also spawned the Detroit Housing Trust Fund. Another example can be seen in the creation of the Transforming Power Fund, resulting from organizing work led by Allied Media Productions with the Peoples’ Platform

Capacity Building Element

- Coordinated Delivery System designed with CDAD in the lead
- TA Providers Pool for specialized community development work is complete and will be updated periodically

Education and Career Pathways Element

- Led by 4 CDOs, the youth component of Leadership Pipeline (ages 11-24) is now in pilot phase with funding from two foundations and Detroit Employment Solutions Corporation (DESC)
- Multiple public-private partnerships are in play between the 4 lead CDOs and DPSCD, DESC, WSU, UMD,

LTU

- Community Development Competency Framework has been completed and in use by WSU + LTU
- A High School/Middle School Community Development Curriculum is complete and being piloted at 3 DPSCD schools; with learnings now being compiled
- A “Paid Internship Partnership” is being piloted for youth 11-24 at over twenty CDOs/nonprofits

Neighborhood Voice and Advocacy Element

- Led by CDAD, the pilot was completed in two neighborhoods and learnings have been compiled
- Funding for initial implementation is in place

Data and Evaluation Element

- Neighborhood Vitality Index, led by Data Driven Detroit and JFM Consulting, is now completing its three-phase pilot
- Multiple funders are contributing

City Engagement Element

- Rebuilding Home Together project, led by CHN Housing Partners, has proposed a co-created model for an affordable single-family rehab-resale delivery system
- 8 CDOs, DLBA, City of Detroit/HRD, Enterprise Detroit are now finalizing the partnership
- First philanthropic funding is committed through CDO Fund, for capacity building components
- A “Collaborative Financing Model” has been conceptualized and is being assembled by CHN



REMAINING GAPS AND NEXT STEPS IN THE DETROIT COMMUNITY DEVELOPMENT ECOSYSTEM

City Engagement Element

City response to community development is improving, but remains uneven and confusing:

- There is no community development delivery system that starts with a premise of partnership between the city and the community development sector, and which coordinates a strategic set of partnerships all aimed at mutual goal.
- The Community development policy environment remains uneven with some relationships that are fractured or contentious.
- CDBG/HOME/ARPA resource allocation for the work is disjointed, not strategic and not transparent

System Capitalization Element

Not enough, coordination/alignment among city, state, foundation and corporate funders for more equitable impact in all Detroit neighborhoods, especially the most distressed neighborhoods:

- Inequitable funding disparities among Council Districts
- Some neighborhoods unserved by a CDO
- Lingering “strong market” and “scarcity” mentalities
- Public and private funders are working in silos; banks and corporate funders are competing for publicity and focused on narrow priorities

System Coordination Element: In Process, Some Movement Forward

- **The CDAD System Building Committee and System Capitalization Task Force** are now integrated into the CDAD organizational structure
- **Mindset:**
 - Lingering mistrust among stakeholders
 - Hyper-focus on the affordable housing/real estate aspect of community development, not enough focus on the power-building functions
- **Partnerships between CDOs and GROs (Grass Roots Resident-Led Organizations) and between CDOs and Social Justice Organizations** are uneven across neighborhoods, although there is growing evidence of more collaboration between these two sectors.
- **There is no current citywide, agreed-on methodology to authorize any given CDO to serve any neighborhood**, resulting in uneven distribution of community development support across the city.

Capacity Building Element: Ready to Launch

- TA Provider Pool to be finalized
- Funding to be confirmed to launch delivery system

Education and Career Pathways Element: Preparing to Launch Some Elements

- Coordination strategy/lead organization(s) to be finalized
- Learnings from the pilot to be compiled
- Pipeline component for leaders age 25 years-to-elders still to be designed, funded and launched
- Additional funding for full-scale implementation to be finalized

Neighborhood Voice and Advocacy Element; First Stages of Implementation

- Process to choose next two neighborhoods to be launched
- Additional funding for full-scale implementation to be finalized

Data and Evaluation Element: Gaining Enthusiastic Support and Buy-In

- Learnings from Pilot to be compiled, shared, applied
- Additional funding for full-scale implementation to be finalized



02

STRATEGY TWO :

EQUITY CENTERED

COMMUNITY DEVELOPMENT

The appendix to this report includes a paper developed for *Building the Engine* entitled “[Equity-Centered Community Development in Detroit](#)” which powerfully shows us how the historic evolution of community development has evolved in ways that have not been equity-focused.

Equity-Centered Community Development is an approach to community development that

- **Flips the script on the roles of government and foundations in community development**
- **Recognizes that equity won't be achieved until all the players have equal power at the negotiating table**
- **Understands that government investment in the “common good” of communities is equally or more important as incentivizing private-sector development,**
- **Calls for alliances among organizations that typically stay in separate lanes.**

Four Mutually Reinforcing Systems Defining the Practice of Community Development

When connected in the context of community development, these four systemic dynamics have combined over time, to form the root cause of inequitable development; and have influenced community development practice:

- The **role of government policies and practices** that drive market-favorable development and often reduce or eliminate public protections for the most vulnerable residents
- Private market-based **financing practices that pit the rights of private property owners against “common good” and “community ownership” visions** and strategies
- **Market-driven private sector practices**, including corporate and foundation practices, without protections and public sector supports for vulnerable residents, which are then reinforced by structural racism: the “strong market-weak market” paradigm
- The **upgrading/new construction of housing and building stock in neighborhoods experiencing long-term disinvestment and redlining**; driving up housing costs and displacing or isolating lower-income residents

These systemic dynamics have influenced a set of traditional Guiding Principles that have often driven community development practice:

- Housing as a for-profit wealth generating commodity
- Reliance on the private sector to serve as primary driver of growth.
- Community development as vehicle for channeling private sector investments, incentivized by government-supported subsidies

But there is a hunger and an urgency within the community development field nationally and in Detroit to reimagine how traditional community development works. Our question is: **What is the right balance between government and private sector engagement in the work of community development? What is the role of government and the private sector in advancing equity-centered community development?**



Equity-centered community development in Detroit requires that philanthropy and government provide a policy framework and resources and accommodate efforts to advocate for these changes. It requires a commitment to fund and support efforts that encourage city/state government, philanthropy, and the community development sector to form partnerships and alliances to imagine alternative policies and practices.

Practices and policies of equity-centered community development: building power from the ground up

Even a summary power analysis illuminates the competing values between community development agendas defined by unregulated publicly subsidized market-driven community development, and equity-focused development where safe and stable neighborhoods are seen more as a right and a public good. However, others see CDOs and their partners as organizations that can create a pathway to successful equity-centered community development.

The argument is this: authentic community organizing builds power in communities that lead to compromises with powerful institutions about new services and programs. Hence, **if community organizing/power-building leads to the formation of CDOs that connect poorer communities to economic and political interests in a coalition, so much the better. In other words, the development of an equity-centered community development delivery system across the City of Detroit requires a successful community organizing/power-building component.**

Certainly, the idea that CDOs in Detroit can play a politically representative and socially reparative role in the community has truth to it: many Detroit CDOs already engage their constituents in planning for their community with values that differ from, and often conflict with, those of the marketplace or the government. Furthermore, many Detroit CDOs are also affiliated with national organizations that advocate for more affordable housing resources from federal local and state governments. Nonetheless, many observers note that CDOs' attention to producing services and products tends to "bend" the work they engage in, away from the mass mobilization and broad political-structural goals of equity-centered community development.

Stakeholders and partners/grantees in the field identify **four key elements that define power building practices critical to stabilizing neighborhoods and advancing an equity-centered community development agenda.** Taken together, these considerations are central to strategic power building approaches that effectively address issues of inequitable community development. At the same time, power building strategies must be rooted in two fundamental arenas as a proven approach in the community development arena: *Centering race and place, and connecting them to power building*

- 1. Directly support impacted residents and prioritize efforts to reach out and engage them.** In Detroit, nearly every social justice organization - Detroit Action, Force Detroit, Mothering Justice to name a few - recognize the importance of offering the kinds of supports that oppressed populations need to survive, before they can consider moving to collective action: childcare, food, clothing, furniture, transportation. The more recent resurgence of the "mutual aid" concept is a good illustration of this concept. For years many CDOs have found ways to support residents' basic needs and this activity was multiplied overnight during the COVID pandemic when foundations called on CDOs - which they knew were the most directly connected to residents - to distribute food and water and PPE and other basic survival items.
- 2. Support impacted residents to understand their individual conditions as related to broader structures and systems.** "Translating" the lived experience of everyday people - especially those living with too little - into an understandable policy analysis, empowers people to move from understanding to action, becoming more engaged in the collective work of organizing to influence change. Detroit's Social Justice Organizations and many Community Development Organizations have become adept at generating this analysis to help residents understand then act. Deepening relationships between frontline CDOs, Social Justice Organizations and their partners in the neighborhoods will expand that understanding. But it will require time, resources, and the development of trust among partners and other potential allies.

3. **Engage in Strategic Collaborations.** Across Detroit, grassroots community development organizations and coalitions such as Detroit Action, Force Detroit, BLM Detroit, New Era Detroit, Black Youth Project 100 (BYP 100) Detroit chapter, Detroit Socialists of America, Detroit Peoples' Platform, Coalition for Property Tax Justice, and Metropolitan Organizing Strategy Enabling Strength (MOSES), are organizing around broad agendas of inclusive development and growth. Rather than focus on a single place, these diverse coalitions are anchored in a shared mission to create just equitable, sustainable community development processes and systems and neighborhoods for all people in Detroit neighborhoods. The question for these organizations are: do they collaborate to advocate together on a few goals? **Can Detroit CDOs and Social Justice Organizations collaborate collectively on a few advocacy imperatives? Will philanthropy support these efforts?**
4. **Build a Statewide Infrastructure.** A statewide organizing infrastructure is needed to support and consolidate power built locally and regionally to drive statewide change. Several different statewide organizations are at work focusing on both community development, and social justice: We the People Michigan, The Coalition Against Homelessness, the Community Economic Development Association of Michigan (CEDAM) to name a few. These statewide organizations - paired with community development nonprofits across Michigan - could be a powerful constituency for change.

The role of government: policy imperatives to disrupt inequitable community development

The struggle to forge equity-centered community development policies and practices requires multi-skilled and empowered municipal officials, citizens, and communities to effectively serve the diverse needs and challenges prevalent in Detroit. **It is evident from the research that municipal, philanthropic, and institutional leaders in many ways still feel comfortable performing functions the way they used to do before the emergence of equity-centered community development notions. Such mindsets inhibit constructive dialogue with communities. Hence the dream of ensuring equity-centered community development remains a huge challenge.**

Policy levers (i.e., policies that can disrupt inequity in community development) show how supportive policy changes can become instruments for achieving equity-centered community development outcomes. Redirecting and disrupting drivers of inequitable community development require policy approaches that shift priorities and development outcomes from a purely market-based approach to one that meets the needs of legacy residents and sees affordability and community planning as a "common good." These policy approaches are not mutually exclusive and ought to be strategically advanced based on the context in each instance.

Detroit has made some progress in the arena of equity-focused policy change, although much is left to be done. The Detroit Inclusionary Zoning ordinance and its corresponding Detroit Housing Trust Fund is a start but needs improvement, as one example. Another example is Detroit's Community Benefits Ordinance - a useful tool, but a compromise ordinance that has both cheerleaders and detractors.

Below are seven types of policy changes that can point city government toward more equity-focused community development practices:

1. **Community Stabilization Policies** that support and protect renters as well as protect the existing affordable housing stock. They include cost control measures, eviction protection laws, "no net loss" policies, condo conversion regulations, renters' rights, homeless rights, and small business protections/support.
2. **Affordable Housing Preservation Policies** that preserve affordable housing and take housing or land out of the speculative market. They include surplus land policies, land trusts, Section 8, 1-to-1 replacement requirements, protection of affordable housing, transportation-oriented development, market-favorable housing finance programs, and maintenance/code enforcement.
3. **Affordable Housing Production Policies** that facilitate and expand affordable housing production.

They include inclusionary zoning, redefining affordability, affordability requirements in transportation-oriented developments, and community benefit agreements, and establishment/expansion of housing trust funds to finance new developments.

4. **Community Planning and Development Policies** that support and encourage community-driven planning and development strategies. For example: policies that require and show deference for community knowledge, participation, and leadership; and other planning tools and efforts such as zoning for affordable housing, especially near public transit.
5. **Tax and Fiscal Policies** that incentivize community stabilization and long-term investment practices; regulations, and programs that stabilize communities
6. **Community Economic Development Policies** that increase and promote community ownership over land and infrastructure, like those taking place in Boston and across Massachusetts, Cleveland, Philadelphia, Chicago. [See the Chicago example.](#)
7. **Community Ownership Policies** that support and facilitate community-visioned and community-owned projects and development efforts such as community land trusts, low-equity housing co-ops and nonprofit enterprise ownership.

The Role of Philanthropy and the Private Sector: Investing to Disrupt Inequitable Community Development

No single policy approach can stand alone in the ecosystem. **Recognizing and supporting efforts that achieve long-term community stability requires immediate and long-term strategic investments by philanthropy based on the following principles:**

- **Investments in Community Stabilization** is the first step to longer-term community development policy approaches that stabilize communities and reserve affordable housing that help people stay in place and build capacity and power to figure out how to develop their neighborhoods in the longer-term. Detroit's CDO Fund is a good starting point for this approach, with its general operating support grants, support for newer CDOs, and technical assistance support.
- **Investments in long-term, community-driven development and community planning.** These strategies support residents being able to influence and set policy for longer-term community development that meets their vision and goals for the future, including community control and leveraging of public land to capture permanent value, e.g., community land trusts, and community-centered land banks like [Minneapolis' Twin Cities Land Bank](#). Community and nonprofit ownership projects that model alternative development strategies require approaches that achieve scale and ongoing monitoring to ensure implementation.
- **Investments in Power Building Strategies** that feature the role of organizing and civic engagement are necessary in order to advance a long-term equity-centered community development agenda. Detroit's Resident First Fund and Transforming Power Fund are starting points along this journey.



03

STRATEGY THREE :

**A POLICY ENVIRONMENT
FOR EQUITABLE COMMUNITY
DEVELOPMENT**

PRIORITY POLICY IMPERATIVES

To arrive at these policy priorities a small team mapped out resource-related policy issues that were prioritized at the CDAD and BECDD tables. We also looked at existing City ordinances. We held conversations with ten external Detroit-focused policy analysts and advocates. This information and analysis resulted in a decision to choose 3-5 top priority imperatives that could support a robust community development ecosystem through a) more meaningful community engagement, b) better affordability for Detroit residents and c) more resources overall for community development work. Toward that end, we offer the policy goal stated below.

POLICY GOAL: TO ADVANCE NEIGHBORHOOD AFFORDABILITY, EQUITABLE RESOURCE ALLOCATION, ROBUST COMMUNITY ENGAGEMENT AND MORE AGGREGATE RESOURCES FOR COMMUNITY DEVELOPMENT WORK IN DETROIT

Inclusionary Zoning Ordinance And The Detroit Housing Trust Fund

Update the Detroit Inclusionary Zoning Ordinance to:

- Make projects **with less than \$500,000 in public subsidy subject to the affordability standard**
- **Increase the funding to the Detroit Housing Trust Fund (DHTF)** that comes from a percentage of commercial public property sales
- **Require public input** into how the dollars are allocated **from the DHTF**
- **Align and leverage the Detroit Housing Trust Fund, Neighborhood Improvement Fund, ALHF, HOME, CDBG and Other Housing Resources** to increase the percentage of rental and home ownership projects that reach the 50% AMI affordability standard
- Join the City of Detroit in working with the **State to change the AMI Housing Affordability standard**

BACKGROUND: Currently, the Inclusionary Zoning Ordinance requires 80% AMI, and only for rental projects w/ at least \$500,000 in subsidy, and only which involve the sale of city-owned land for below-market value. The Ordinance also generated the Detroit Housing Trust Fund, funded by 20% of public commercial property sales in Detroit. The Trust Fund is currently managed inside HRD, and no public input is sought on how these funds are allocated. The AMI Affordability Standard is state/federally mandated and does not respond to Detroit's large low-income population.

Community Development Block Grant Annual Budget Process/Hud Consolidated Plan

Pass a City Council Ordinance on CDBG requiring:

- That the annual CDBG allocation process adheres to a minimum threshold of 30% of the total annual allocation for Home Repair and Home Rehabilitation projects in Detroit's neighborhoods
- Changes in how NRSA benefits are calculated to accurately assess how low-moderate income residents are impacted
- Use of CDBG funds to institute controls on the NRSA spending and reporting to assure primary benefit to low-moderate income residents
- Ending the practice of 100% reimbursement-based funding to sub-recipients; and instituting a partial (30%) advancement policy, especially for smaller groups being funded through NOF
- Use of CDBG funds in the Affordable Housing Loan Fund (AHLF) for single family home-ownership projects
- Use of CDBG funds to engage CDAD to facilitate an annual, ongoing feedback/input process into the creation of the HUD Consolidated plan
- Expansion of the NOF Fund to support smaller organizations and investment in an intermediary to provide TA/capacity building support to use these funds

- Ending the practice of using HUD 108 Loan Guarantees for downtown projects and prioritizing this funding for projects outside the 7.2 downtown parameter
- A commitment to an externally funded CDBG monitoring process to assure transparency in CDBG planning and spending, and to eventually eliminate the HUD Fundings that constantly jeopardize Detroit's CDBG allocations

BACKGROUND: AHLF includes some CDBG funding therefore an ordinance could improve how these funds are used. HUD does not require reimbursement-based funding, it is a City requirement only, hampering and stalling the use of these funds. The City has had a long-standing practice of not enforcing repayment of HUD 108 Loans, resulting in the CDBG allocation being used to repay these loans. In the last HUD Monitoring Report, there were 28 Findings (up from 8 Findings in 2018), including faulty record-keeping, conflict of interest issues and procurement problems. A disproportionate slice of the CDBG allocation gets invested back into City departments which manage many CDBG programs, versus the City partnering with qualified nonprofit subrecipients. "NRSA" districts (Neighborhood Revitalization Strategy Areas) are allowed by HUD and must include primarily low-moderate income residents; but more importantly, HUD allows CDBG standards to be "waived" in NRSA Districts, of which Detroit has one per Council District. In Detroit NRSA Districts include portions of neighborhoods that are not low income, allowing CDBG spending to benefit more affluent Detroiters.

Michigan Community Investment Program

Pass the "Michigan Community Investment Program" legislation (House Bills 5752/5753) that incentivizes private contributions to place-based nonprofits for community revitalization plans and projects in local neighborhoods and communities.

BACKGROUND: The incentive is a 50% non-refundable state tax credit back to the corporate, business, or individual donor. The same program exists in 14 other states. In Michigan it would be administered by MEDC. This is BECDD-generated legislation that has been introduced with bi-partisan State House co-sponsors; and has been assigned to the House Commerce and Tourism Committee. CEDAMs statewide "Stronger Communities" Coalition is in the lead and is now mounting a campaign to get these bills passed.

MSHDA'S Qualified Allocation Plan (QAP): Low Income Housing Tax Credits (LIHTC)

Influence MSHDA's QAP to make Detroit's unique characteristics more competitive for subsidies for truly affordable rental housing.

BACKGROUND: The Qualified Allocation Plan (QAP) is the rulebook by which MSHDA allocates Low Income Housing Tax Credits (LIHTC). Despite a few required federal parameters, MSHDA has wide discretion to allocate LIHTC resources. Those determinations too often negatively impact Detroit's unique characteristics, hampering its ability to compete for LIHTC, which in turn reduces Detroit's ability to leverage other connected funding through the Detroit and MI Housing Trust Funds.

Federal Neighborhood Homes Investment Act (NHIA)

Pass the federal Neighborhood Homes Investment Act (NHIA) that incentivizes private investment in affordable single family homeownership projects.

BACKGROUND: This was originally a separate bill but was embedded in the Build Back Better Act. It will need to be separated back out and separately advanced. Several national coalitions (including NLIHC, NCST, Home Ownership Alliance, others) are now advocating the bill. Both MI senators are supportive. This program would provide federal tax credit incentives to investors in affordable home-ownership projects; the home-ownership equivalent to the federal Low Income House Tax Credit program that subsidizes low income rental housing.

CDAD/BECCD COMMUNITY DEVELOPMENT BLOCK GRANT RECOMMENDATIONS

To ensure that our recommendations for CDBG reflect the needs of CDAD members and the residents they serve, the System Capitalization Task Force and CDAD Policy Committee worked together to conduct a series of surveys and interviews to understand CDBG/CARES/ARPA priorities for CDAD members and BECCD partners. CDAD organized webinars with the City of Detroit Housing and Revitalization Department (HRD) and the Housing and Urban Development (HUD) Detroit Field Office to educate CDAD members and stakeholders on city and federal programs, processes, and policies. Furthermore, the partners [conducted research](#) to analyze how the City of Detroit and other comparable cities (Cleveland, Milwaukee and Pittsburgh) administer the CDBG program to learn best practices and identify ways to improve. Through extensive research, surveys, interviews, and organizing, the partners developed top priorities for reform and recommendations for the City of Detroit. As Building the Engine of Community Development in Detroit (BECCD) has become institutionalized within CDAD, the shared goal and these recommendations were created by the joint working group.

Shared Goal for CDBG, CARES, ARPA, and other federal funding:
Detroit residents and community stakeholders will work in partnership with the City of Detroit to ensure that the HUD Consolidated Plan, approved ARPA, CARES, and other federal spending programs reflect an equitable agenda for long-term neighborhood investment; one that is developed through a meaningful community engagement process designed by community stakeholders.

Recommendation 1: The City of Detroit Should Expand the Use of CDBG Funds to Facilitate Meaningful Community Engagement and Citizen Participation as Required by HUD

- The City of Detroit should partner with CDAD to develop and implement an annual process to ensure maximum, feasible, citizen participation in setting CDBG priorities as required by HUD
- The City of Detroit should Increase funding for Planning and Capacity Building projects funded through CDBG to provide studies, analysis, data gathering, preparation of plans, and identification of actions to implement plans

Recommendation 2: The City of Detroit Should Use CDBG Funds to Establish, Finance, and Expand Affordable Homeownership Programs and Strategies

- The annual CDBG allocation process should adhere to a minimum threshold percentage of the total annual allocation for Home Repair and Home Rehabilitation projects
- Require that CDBG funds in the Affordable Housing Leverage Fund (AHLF) are targeted to provide



- below-market loans and equity investments into single-family homeownership projects for low- to moderate-income residents
- Provide adequate funding for nonprofit developers to successfully complete single-family housing rehabilitation
- Allocate funding to subsidize interest rates and mortgage principal amounts to assist renters in acquiring property occupied by the household
- Increase the annual allocation into the United Community Housing Coalition's Make It Home Program

Recommendation 3: The City of Detroit Should Expand the Neighborhood Opportunity Fund (NOF) and Use CDBG to Assist in the Capacity Building and Technical Assistance of Smaller Nonprofits

- Set aside a percentage of the annual CDBG allocation to provide general operating support to smaller nonprofits to build their organizational capacity
- Identify and fund a nonprofit to serve as a fiduciary to assist smaller nonprofits in getting CDBG dollars to build capacity and carry out community development work
- Provide 30% cash-advancement to nonprofits that receive dollars through the Neighborhood Opportunity Fund
- Allow 2-year NOF grants to minimize administrative burden on city staff and grantee
- End practice of reimbursement-based funding to subrecipients
- Leverage CDBG dollars for further investment in capacity building from philanthropy and banks through the Community Reinvestment Act requirements

Recommendation 4: Limit all or a significant percentage of future Section-108 Loan Guarantees to neighborhood development projects outside of downtown

- The City of Detroit should use CDBG program income – especially from HUD 108 Loan Repayments - to expand additional CDBG-eligible activities

Recommendation 5: The City of Detroit Should Institute Neighborhood Revitalization Strategy Area (NRSA) Controls

- Change the way NRSA benefits are calculated to ensure that the maximum benefit is provided to low- and moderate-income residents and not those at or above 60% of the Area Median Income (AMI)
- Provide annual monitoring and reporting of NRSA outcomes to increase oversight

Recommendation 6: The City of Detroit Should Partner with Philanthropy and Community Development Sector to Monitor CDBG Budgeting and Spending to Eliminate Years of HUD Findings that Jeopardize the City's Annual CDBG Allocation

- Provide funding for external community monitoring and engagement on the HUD Consolidated Plan, Annual Allocation Plan, and Expenditure Reporting to increase oversight and prevent the risk of losing our annual CDBG allocation

04

STRATEGY FOUR :

**MONEY, BUT NOT JUST
MONEY**

Money but Not Just Money ... Alignment + Coordination + Leveraging + Strategic Focus = Sustainability

It would be easy to assume – especially considering that grants for community development work are increasing – that if there’s enough money available, an equity-focused community development ecosystem will be secure. **While we know this work is impossible without money, we also suggest that money alone is not the answer.**

Strategic Focus is Key: Funding the Right Work, Investing in Organizations to Do That Work

Our commitment to a systems approach – to the importance of multiple system elements coming together in an ecosystem, using equity principles – suggests that how, where and with whom dollars are investment, is key to impact.

We call for:

- Prioritizing Investment in neighborhoods that have the greatest need, the most disinvestment and invest in the unique needs and opportunities found in Detroit’s diverse neighborhoods.
- Engaging in Participatory Grantmaking
- Investing for the long-term in general operating support for organizations to build their internal mechanisms
- Investing in all forms of training, mentoring, leadership development and technical assistance
- Investing in the process of collaborations; in the separate organizations ability to work in collaboration, and in the process of managing and leading collaborations

Equally important, we call for sustainable funding for all seven elements of the community development ecosystem:

- Coordination of the partners and elements at one table
- Data and Evaluation processes to measure and report on progress in neighborhoods based on “neighborhood vitality”
- A Leadership Pipeline delivery system to assure a strong bench of Detroit practitioners of color
- Engagement with City Government, especially to assure affordability for Detroit’s neediest residents
- System capitalization to assure that money for neighborhoods is aligned, coordinated, and leveraged
- A coordinated system of Neighborhood Action tables to articulate and prioritize neighborhood voice
- A user-friendly and coordinated delivery system for capacity building for organizations on the ground

Finally, we call for a process to assure that neighborhoods all over Detroit have access to community development services, perhaps on a Council District basis.

Alignment Strategy and Coordination Tactics Increase the Impact of Money... and Triggers More Money

A large-scale investment in a Detroit neighborhood delivery system is not going to be possible with federal/city dollars alone. It’s not going to be possible with just state funding. Philanthropy and Detroit’s corporate community cannot handle the cost, even collectively.

We call on Detroit's leaders – from city to state government to philanthropy to corporations, to the major human service and health institutions, to Detroit's real estate development community – to embrace an alignment strategy, as complicated as that will be. And put the resources and structure in place, in collaboration with groups on the ground, to put that strategy into practice.

Leveraging Money Increases the Size of the Pie: Erasing the “Scarcity Mentality”

For years, the mainstream mentality about how to revitalize Detroit's neighborhoods has been premised on a “Scarcity Mentality”: that limited resources required neighborhood triage, a willingness to sacrifice the future of some neighborhoods to invest in others. That mentality bled into the mindsets of some CDO leaders who have felt they had to compete with their colleagues; or among intermediaries who felt they had to step into the lanes of their peer organizations and duplicate services. In the SNF process, too many residents have felt frustrated that their planning options were limited only to what the City could fund with its own money. Even in cases where private sector funding is added, the “solution” options are limited to physical development projects.

The scarcity mentality has fueled the mainstream mentality that “fixing” Detroit neighborhoods requires “targeting” – always with the promise that other neighborhoods would eventually be “chosen” or that a “trickle-out” theory would result in all neighborhoods being revitalized. We argue that a) this theory has not been proven over many years and b) a commitment to equity requires a different theory.

We posit that the only solution to a “scarcity mentality” is to increase the ‘size of the pie’ to reach all neighborhoods.

We should begin to do this by:

- Collectively deciding that investment in a Detroit Community Development ecosystem, over the long term, is as important as any other major funding initiative that has been prioritized in Detroit over the past several decades, even though the outcomes might not be immediately visible, or short-term.
- Leveraging more and more resources together through an aligned and coordinated approach to investing in our neighborhoods; we need public and private money to work together for all neighborhoods; we need legislative tools that incentivize investment in all neighborhoods.



Below we suggest several new and existing sources of funding, and we know that there are more. We list them as a way of suggesting that ***with alignment, coordination, leveraging and strategic focus, we can amass the necessary resources to make our neighborhoods strong and vital over time by triggering more resources, more energy and more investment.***

New(er) Sources of Community Development Funding

The Pending Community Investment Program/Legislation: Incentivizing Private Donations to CDOs

With initial support from BECDD and led by Community Economic Development Association of Michigan (CEDAM), legislation has been introduced in the Michigan House of Representatives called the Community Investment Program ([HBs 5752](#) and [5753](#)). Co-sponsored by Republican Tommy Bran of Grand Rapids and Democrat Ronnie Peterson of Ypsilanti, this program would create a 50% non-refundable state tax credit incentive for private contributions to place-based nonprofit organizations in Michigan communities, to support community development work. The bill now calls for \$25 million a year for five years in tax credits, to potentially generate \$50 million each year in community development projects across the state. It would be administered through MEDC. The bills have been referred to the House Commerce and Tourism Committee, a hearing has been held with no insurmountable opposition, and work is now underway to move forward. This same program is now in play in 14 other states in the US, and in those states has proven to generate significant investment, including tax revenue back to the respective state governments.

We call on the Michigan State Legislature to pass HBs 5752 and 5753 this year to give local communities in Michigan the opportunity to set, resource and implement their community priorities.

ARPA: Report on It, Leverage It, Remove Barriers to Using It, Spend More on Affordable Home Ownership

Detroit's total ARPA allocation is just over \$825 million, and the city has until 2026 to spend the dollars. The city's website reports that 76% of the funds are "programmed." Overall, the City describes these categories of ARPA allocations:

- Blight Removal: \$95 million
- City Infrastructure: \$250 million
- Digital Divide: \$45 million
- Employment and Jobs: \$105 million
- Home Repair: \$30 million
- Affordable Housing: \$7 million
- Homeless Prevention: \$30 million
- Neighborhood Beautification: \$23 million
- Neighborhood Investment: \$50.0 million
- Recreation Centers: \$30 million
- Parks, Recreation and Culture: \$41 million
- Public Safety: \$50 million
- Small Business: \$40 million
- Matching Funds: \$30 million



For purposes of our focus on affordability and bea

below. Equally important, when we compare the amounts that are being used with external nonprofit partners - versus retaining the funds internally - we challenge the city to rethink how the dollars are being used. Furthermore, when we look at total allocation of \$826 million, and compare that to a mere \$7 million for affordable home ownership, we question why so little, by comparison, is being dedicated to resolve this most pressing problem.

Below we highlight some uses of the ARPA funds that most directly relate to community development work in neighborhoods:

- **Neighborhood Beautification Program: \$2.25 million**
 - \$750,000 per year for 3 years to fund up to 50 projects a year
 - To support repurposing and beautification of DLBA-owned vacant lots through the sale and/or “licensing” of those lots to Detroit Neighborhood-based organizations; and to vacant land already owned by nonprofit organizations
 - Categories of uses are Major Cleanups, Community Gardens, Public Space Activities
 - Combined with Neighborhood Improvement Fund Dollars (see below for description)
- **Scattered-Site Homeownership and Preservation of Single-Family LIHTC Dwellings: \$7.2 million**
 - To preserve up to 325 single family and up to 5,000 multifamily dwellings, for affordable home ownership
 - HRD/City staff administers the funds, working with non-profit and for-profit owners of the developments.
 - “Preservation Partnership” oversees pre-development services: Enterprise Detroit, CHN Housing Partners, Cinnaire and United Community Housing Coalition.
- **Down Payment Assistance: \$8 million**
 - To lessen barriers to home ownership for low-moderate income homebuyers by providing down payment assistance of up to \$20,000 for new homebuyers, land contract homeowners or homeowners seeking rehab financing
 - A portion to be used for education and credit counseling for homebuyers
 - Estimated to help 350 potential Detroit homebuyers
- **Housing Counseling and Service Delivery: \$6.5 million**
 - To increase the availability of housing counseling services through the Detroit Housing Network, a network of housing counseling agencies managed through CHN Housing Partners
 - Funds will be used to increase the number of Partner Agencies in the Network
 - Services are intended to reduce mortgage and tax foreclosures, improve housing quality, increase homeownership, and reduce evictions
 - Includes development of the “Detroit Home Connect Affordable Housing Portal” - a website acting as a one-stop-shop to find and apply for government-subsidized affordable housing, and to market affordable housing
- **CDO Home Repair Program: \$4.6 million**
 - For Community Development Organizations that are part of the Detroit Housing Network to oversee home repair grants to low-income residents
 - Grants of up to \$10,000 for urgent repairs or to facilitate Weatherization Assistance
 - Expected to make up to 350 repairs
- **Landlord Repair Program: \$4.8 million**
 - To improve the quality of “NOAH” dwellings: Naturally Occurring Affordable Housing (non-subsidized rental units) through training to landlords, property managers and contractors
 - Grants/loans for lead-safe repairs, up to \$20,000 per unit
 - An incentive program to help landlords complete the “Certificate of Occupancy” process
 - Expected to impact 1,800 units
- **Property Tax Foreclosure Prevention and Outreach: \$2.7 million**
 - An HRD-sponsored initiative to canvass neighborhoods and connect residents directly to

foreclosure prevention resources and other services such as Low Income and Veterans' Property Tax Exemption, Pay as You Stay, Detroit Tax Relief Fund, Make It Home, Utility Assistance, Income Tax Preparation, COVID Emergency Rental Assistance and the MI Housing Assistance Fund.

We call on the City first, to create maximum transparency on the status of ARPA Funding and to continue to use the funds to leverage partnerships with capable, trusted nonprofits in Detroit's neighborhoods. Second, we call on the City to remove bureaucratic barriers from the use of the funds, such as requiring that the dollars be reimbursement-based. Finally, we call on the City of Detroit to reallocate more of the ARPA Funds for Affordable Single Family Home Ownership.

MI Housing + Community Development (MIHCDF): Annualize the Appropriations

The MHCDF was funded for one year in 2008 as a general appropriation but was subsequently cut by the legislature the following year and not refunded. In 2012, \$3.7 million from the Homeowner Protection Fund was allocated to the Michigan Housing and Community Development Fund for another round of one-time funding.

Unfortunately, only nine projects out of the 65 submitted received funding due to the limited resources of the MHCDF. It has not been funded since then, until this year, as the affordable housing crisis has peaked. Recently a bi-partisan budget bill was passed, and the Governor is expected to sign, that would allocate about \$100 million to the fund. Some of the key areas targeted by the MHCDF include financing affordable and market-rate housing for people with low and moderate incomes, and financing downtown and neighborhood improvements to make them attractive places to live and do business. But we need more than a one-time investment in this fund. We need an annual allocation to this fund, mimicking forty-seven states and the District of Columbia that have created fifty-eight housing trust funds.

We applaud the State Legislature and Governor for appropriating \$100 million initially and call on them to make this appropriation annually for the MI Housing and Community Development Fund.

The Proposed CDFI Fund

Michigan's policymakers have a unique opportunity to provide significant and immediate resources that can impact workforce development, housing, downtown projects, and small businesses in our state's hardest hit communities. The members of the CDFI Coalition are proposing an allocation of \$150M to create a State fund supporting a network of existing Community Development Financial Institutions (CDFIs), which already deploy higher-risk resources to provide capital in underserved communities. The CDFI Coalition believes that investing into existing CDFI infrastructure and revolving loan funds can quickly create a sustainable source of support that will serve Michigan far into the future. Other states have appropriated resources to support CDFI activity that bring more capital and funding into the state. The CDFI Coalition, which is working to secure the appropriation, is reporting that there is support so far for the proposal and they are hopeful it will be included in an appropriation before the legislature breaks for this summer.



We call on the State Legislature to appropriate \$150 million into the CDFI Fund, to facilitate CDFI investment in Detroit neighborhoods.

Program Related Investments (PRIs): An Underused Foundation Tool for Long Term Impact

PRIs are a type of structured financing that a foundation can provide in support of its philanthropic activities, to encourage social enterprise. It can be in the form of a loan or equity; requires a return; and is required to be paid back at the end of its term. Typically, PRIs have a much lower interest rate and are more long-term and more flexible than traditional loans. PRIs have not typically been used with CDOs in Detroit but could be an important piece of the resource mix for CDOs to work on innovative projects.

We call on philanthropy to use the PRI tool more prolifically for neighborhood enterprises, and especially as part of a collaborative financing model to make truly affordable home ownership possible for Detroit residents.

Recoverable Grants: Putting More Neighborhood Real Estate Projects into the Pipeline

A Recoverable Grant is a 0% advance or loan that foundations can provide to a nonprofit organization, typically for the pre-development work that is necessary for real estate development projects including SF housing or commercial real estate work. Recoverable Grants can be used to put real estate projects into a CDOs project pipeline, so that necessary work such as environmental remediation, cost estimating, and other feasibility studies can be done to move the project to readiness for financing and construction. Recoverable Grants can be converted to grants depending on the circumstances of the projects; but they are also useful tools to lower the cost of debt capital for these projects, because of the 0% pricing.

We call on philanthropy to bring back the widespread use of Recoverable Grants to make it possible for CDOs to generate more projects for the development pipeline, in neighborhoods

The Pending Neighborhood Homes Investment Act (NHIA): Tax Credits for Affordable Home Ownership Projects

The Neighborhood Homes Investment Act was introduced in both the House and the Senate in the 116th Congress. This year, it has been reintroduced in the Senate as S. 98 by Senators Ben Cardin (D-MD) and Rob Portman (R-OH). The goal of the Neighborhood Homes Investment Act is to create a financing tool for single-family home ownership as powerful as Low-Income Housing Tax Credit (LIHTC) is for rental units, to help transform neighborhoods across the country. States would allocate and administer the NHIA program, as they currently do for rental housing with LIHTC. States would then select NHIA project sponsors through a competitive process.

Sponsors of these projects would use the tax credits to raise equity capital from investors and oversee the development and marketing of the homes. Investors would assume construction and marketing risk. Investors would receive tax credits only after the construction or rehabilitation work is completed and the property is occupied by an eligible homeowner.

We call on the US Congress and Senate to pass the NHIA, to incentivize Single Family Affordable Home Ownership in communities.

The (developing) “[Collaborative Single Family Financing Model](#)” for CDO-Sponsored Single-Family Rehab Projects in Detroit: Make Affordable Home Ownership Real

During the past year BECDD has facilitated conversation among multiple resource providers to look at ways to collectively and collaboratively generate a financing model that would address the challenges of truly affordable single family home ownership in Detroit. Over time those conversations merged with the discussions around the “Rebuilding Home Together” project, where 8 CDOs are working with CHN Housing Partners to generate a cohort model that creates a SF Housing Rehab-Resale delivery system; so that CDOs will be positioned to take the lead in the generation of single family housing affordability in Detroit neighborhoods. The underlying theory of change with RHT is that as place-based organizations, CDOs are best-positioned to understand their micro-housing market, identify potential homebuyers, and use their mission-motivation to acquire, rehab and sell homes to lower income residents. But to reach scale, CDOs need a delivery system that gives them ready access to the tools needed to make this process a reality, at scale. Part of that system involves clarifying the roles of CHN and of the 8 CDOs, and that work is underway. The other part of the system requires a financing model that a) responds to the need for deep subsidy to achieve more affordability, b) responds to the need for risk mitigation on the part of lenders and c) responds to the need for CDOs to build predictable cash and operational capacity to do the work.

To respond to the need for a financing model, ***preliminary modeling by CHN Housing Partners suggests a significant - but collaborative - investment is needed using different types of funding together, to make it possible to create a “proof of concept” for 8 CDOs to acquire, rehab and resell 108 homes in Detroit over 3 years.*** We recognize that as CDOs acquire more capacity through a larger portfolio, and construction costs gradually stabilize, these costs can decrease proportionally as more homes are rehabbed and sold. In turn, Detroit’s property tax base will increase, the DLBA portfolio of unoccupied homes will decrease, and Detroit can, over time, become a city of homeowners again.

- **Construction Cost Subsidy: \$4MM:**
 - Primarily thru Philanthropy with some city participation (CDBG/ARPA)
- **Operational Subsidy: \$2.8MM:**
 - Philanthropy
- **Mortgages: \$17.6MM:**
 - Non-profit mortgage lenders, conventional bank/credit unions, non-bank lenders
- **Down Payment Assistance: \$1.7MM:**
 - City/state government (CDBG, ARPA, MSHDA)
- **Liquidity Lines: \$2.8MM (max need in year 3):**
 - CDFIs, Banks thru Equity Equivalent Financing (EQ2s) and Philanthropic PRIs or Recoverable Grants
- **Credit Enhancement: \$2.8MM (max need in year 3):**
 - Philanthropy in the form of guarantees and/or loan loss reserves

We call on the CDO Fund Philanthropic partners, plus CDFIs and Detroit’s conventional and nonprofit lenders, to join and work with CHN to create this innovative, collaborative financing model

Existing Sources of Community Development Funding

CDO Fund: Calling All Partners

In early 2020, Enterprise Community Partners launched the CDO Fund with support from the Kresge,

Kellogg, Ford, and Ralph C. Wilson Jr foundations; and Hudson Webber Foundation and JPMorgan Chase invested later. The fund was designed to support CDOs that are BIPOC-led or serving BIPOC communities. In 2021, the Elevating CDO fund was created to support BIPOC-led organizations. Overall this Fund is intended to help CDOs achieve long-term sustainability, provide an equitable and pooled mechanism for supporting Detroit CDOs, build CDO capacity, and advance racial equity by supporting organizations led by BIPOC-led organizations in Detroit neighborhoods. In its first year, the Fund awarded \$2.07 million to 24 CDOs across the city and these groups also received technical assistance as well.

We call on philanthropy - more family foundations and corporate foundations - to invest in the CDO Fund to create opportunities for existing and elevating CDOs to work on all aspects of community development including more technical assistance support, participation in leadership pipeline activities, generating more neighborhood action tables, rehabbing more affordable single-family homes and participating in the neighborhood vitality project.

Detroit Residents First Fund: Leadership Development from the Ground Up

The Detroit Residents First fund was first proposed in 2016, by Ed Egnatios of the Kellogg Foundation, and then co-created with , with support from the Ford, Kellogg, Erb, and Skillman foundations. The Detroit Residents First Fund is a pooled fund that uses participatory grantmaking strategies to support grassroots and rising community development groups in Detroit. The Fund is administered by Wayne Metro Community Action Agency, and Community Development Advocates of Detroit (CDAD) serves as the lead organization for the capacity building and leadership development strategies supported by the Fund. The focus of the Fund is to support rising neighborhood leaders to build resident power and voice for Detroit neighborhoods. The Fund awarded a total of \$700,000 to 15 local organizations in 2021. The Fund also supported 76 grassroots leaders in Detroit, Highland Park, and Hamtramck to enable them to respond to community needs because of the COVID-19 pandemic.

We call on DRFF to add more philanthropic funders to expand this important work.

Transforming Power Fund: A model for supporting resident power in Detroit Neighborhoods

The Transforming Power Fund (TPF) is a social justice fund created by Allied Media Group to support community organizing and resident power building through community-led grantmaking and donor organizing in Detroit. The Fund seeks to follow the “12 Recommendations for Detroit Funders” developed by Allied Media Projects and Detroit Peoples’ Platform in 2015. TPF provides grants to individuals and groups who are organizing around systemic social justice issues and focuses its support on efforts led by BIPOC-led organizations in Detroit. The Fund models a more inclusive, participatory, and equitable philanthropic approach.

We call on philanthropy to support the Transforming Power Fund and to embrace this grantmaking process for supporting and sustaining power building in Detroit neighborhoods.

Funding For Small Nonprofits

Resident-led organizations are groups that are hyper-local and led by residents. These groups take on a disproportionate share of work in neighborhoods, often without pay or the resources to do the work they are called to do. These organizations take care of vacant/unused land, organize their neighborhoods, ensure residents have what they need, create impromptu programs and services for their communities, and advocate for fair resources and policies. Many of these activities are done outside the radar of mainstream philanthropy and sources of government funding. Often, they operate separately from the work of mainstream community development organizations. Many leaders of these organizations report using their own personal resources to accomplish their work.

These groups are a critical component of community development work; they have the deepest relationships to, and connection with, residents where they live. The pandemic illustrated how crucial these neighbor-to-neighbor relationships are during a crisis. While many of these organizations aspire to become more formal, many prefer to remain informal.

There have been several rounds and offers of “mini-grants” geared towards resident-led groups. These types of investment are for small amounts of money and often for a specific time-limited project. A strategy to provide predictable and long-term supports to these resident-led organizations is imperative for them to continue the important role they play. This could be in the form of “neighborhood impact funds” housed at local CDOs or at an intermediary. Regardless of the form it takes, this new funding infrastructure should be developed with the resident-led groups to ensure they meet their ongoing needs.

Regardless of the levels of formality or the organizations, we call on philanthropy and government and the private sector to develop a coordinated and robust strategy to support smaller, grassroots groups through funding, technical assistance, and relational supports.

CDBG: Put Community Development Resources Back into Neighborhoods

Community Development Block Grant funding is federal funding that was enacted decades ago, to provide a “block” of funding directly to “entitlement cities” that meet certain population and income standards. It is intended primarily to eliminate blight and benefit low- and moderate-income residents in cities. HUD administers the funding, and entitlement cities decide every five years what the CDBG priorities will be through a “HUD Consolidated Plan” process that involves some required public hearings. City Council then ultimately decides each year how the CDBG budget will be spent, based on recommendations from the Mayor of Detroit and the City Planning Commission.

In Detroit, the CDBG program has been controversial for decades; with communities pushing for a larger portion of the “block” of money to be allocated directly into neighborhood-based organizations



for community development purposes, and city executives wanting to allocate the funding directly back into city departments and quasi-departments for the city to administer the programs. Furthermore, for decades Detroit has been under scrutiny by HUD (which monitors and enforces CDBG spending) because the City of Detroit's record of compliance with HUD regulations has been uneven at best, and very poor at worst.

We call on the City of Detroit to embrace the recommendations developed in this report, reform the way the executive and legislative branches allocate and spend CDBG dollars and put more CDBG funding back into neighborhoods.

National/MI Housing Trust Fund: More Deeply Affordable Rental Units

The federal Housing Trust Fund is administered by HUD and provides grants to states to produce and preserve affordable rental housing for extremely low- and very low-income households. The Michigan State Housing Development Authority (MSHDA) receives and administers these dollars in our state. MSHDA's allocation plan uses these dollars to complement other state-administered funding such as Low-Income Housing Tax Credits, for affordable rental housing that serves households with incomes below 30% of area median income. In 2021, Michigan received just over \$17 million through the Housing Trust Fund, and it is hoped that additional funding through this mechanism can support a much wider array of affordable rental housing in Detroit.

We call on the State of Michigan to continue to use this fund to expand the availability of rental housing for very low-income residents and more specifically to expand its availability in Detroit.

Detroit Housing Trust Fund: Expose It, Expand It for More Truly Affordable Housing



After years of organizing and advocacy, the Detroit Peoples Platform successfully persuaded the City of Detroit to create the Detroit Housing Trust Fund as part of the City's 2017 Inclusionary Zoning Ordinance. The Fund is supported by 20% of the revenue from public commercial property sales and from fines paid by developers who do not meet the requirements of the ordinance. The Fund is used to support the preservation and production of affordable housing units for Detroit families with annual incomes below \$35,000. The Fund is administered internally by the Housing Revitalization Department, with little to no public reporting on how much money is in the fund, no public input into how allocations are made, and little reporting on which developers and which projects receive funding.

We call on HRD and the Detroit City Council to “daylight” this fund, increase the percentage of commercial property sales proceeds that go into the Fund, and create a public process so that the Detroit community can advise on how these funds are used.

Detroit Neighborhood Improvement Fund: Beautifying our Neighborhoods

In 2017, the Detroit City Council approved a resolution that called for the capture of a portion of the income tax paid by Detroit Pistons players, employees, and visiting players. In 2021 the city of Detroit added ARPA funds to expand this fund which now totals approximately \$1.3 million per year and will continue operating through 2048. Currently the city is promoting this fund to be used by neighborhood groups for beautification projects.

We call on the City of Detroit to keep expanding the Detroit Neighborhood Improvement Fund, making the allocations more transparent, and using it for neighborhood beautification.

Affordable Housing Leverage Fund (AHLF): Add Home Ownership Projects to the Menu

Administered by Detroit's Housing & Revitalization Department, Detroit LISC, and MSHDA, the Affordable Housing Leverage Fund provides capital for affordable housing rental projects in Detroit. These public and private dollars may total \$250 million and is used to fill financing gaps in multi-family rental developments through low-interest loans, philanthropically backed soft debt, grants, low-interest tax-exempt bond loans, and other gap financing including equity. The Fund provides a common application and review process for three coordinated funds, including the Detroit Housing for the Future Fund. While this Fund's initial description suggests that affordable home ownership projects qualify, little to none of the funding has been used for this purpose.

We call on the City of Detroit set up mechanisms for this fund to provide financing for truly affordable rehab-resale projects sponsored by qualified nonprofit developers.

COLLABORATIVE FINANCING MODEL FOR AFFORDABLE SINGLE-FAMILY REHAB/HOME OWNERSHIP IN DETROIT

In summer of 2021, a small group of banks and CDFIs, and intermediary and 3 CDOs, came together with support of BECDD staff and consultants, to talk through the challenges of why mortgage credit did not seem to be making it into Detroit's neighborhoods, despite nationally publicized commitments by banks in the months following the George Floyd murders and the resulting national unrest.

Working with BECDD staff, the group was first able to work with NCRC's Detroit Coalition to obtain a survey **sampling of over 465 Detroit residents** from virtually all its Zip Codes, on their experience and perception

with getting credit from banks. The results provided important insight:

- Over 20% never tried to get credit
- Almost 31% felt they had “poor” or “very poor” experience with getting credit
 - Just over 42% attributed their poor experience to “low credit score”
 - 27% attributed their poor experience to “not enough income”
 - Almost 17% felt they “got the runaround” and “couldn’t get a straight answer”

How to interpret this data? How to respond to the barriers? Equally important, they asked how to reach the 20% that never even tried?

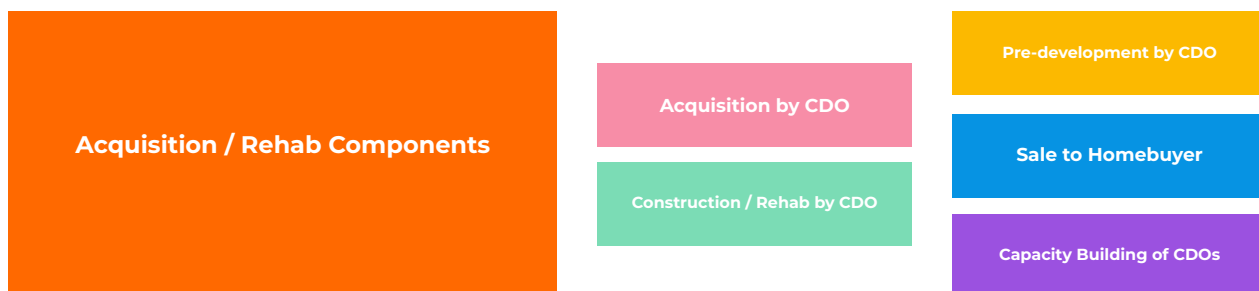
The group then turned to the question of how to generate a **systemic solution to the challenge of making homeownership credit – or mortgages – available to more low-income Detroiters**. Since the group’s context was community development, they decided to look at the **actual experience of three community development organizations** with a history of single-family rehab, that have attempted to bring more access to more, affordable, home mortgages to Detroiters through their long histories of buying/rehabbing/selling hundreds of homes to low-to-moderate income Detroiters. Their experience revealed some key challenges:

- Detroit’s “appraised value” problem made it difficult to impossible for a CDO to rehab a home and recover their investment through a sale, because property didn’t have enough value – **so large amounts of grant subsidy was necessary during rehab**
- The low-credit-score problem would need to be mitigated through **CDFI, foundations or other non-profit mortgages** that offer more **flexibility on underwriting criteria for home mortgages; and credit guarantees to protect lenders from non-repayment**
- So many low-income Detroiters simply can’t afford large mortgages or don’t have adequate mortgage experience; they need **down payment assistance, smaller mortgages, mortgage counseling**
- CDOs as a group have the best potential to respond to these needs as a group because they are place-based and mission-driven and will take the time to work with low-income buyers; but as a group they **don’t have ready access to low-cost cash to buy the homes and get them rehabbed**.

The group then began discussions on how to respond to these issues. They decided to focus on the “Rebuilding Home Together” pilot project generated through the BECDD process and being led by CHN Housing Partners. This project is working with a group of 8 CDOs to generate a **delivery system in Detroit for truly affordable single-family rehabs**.

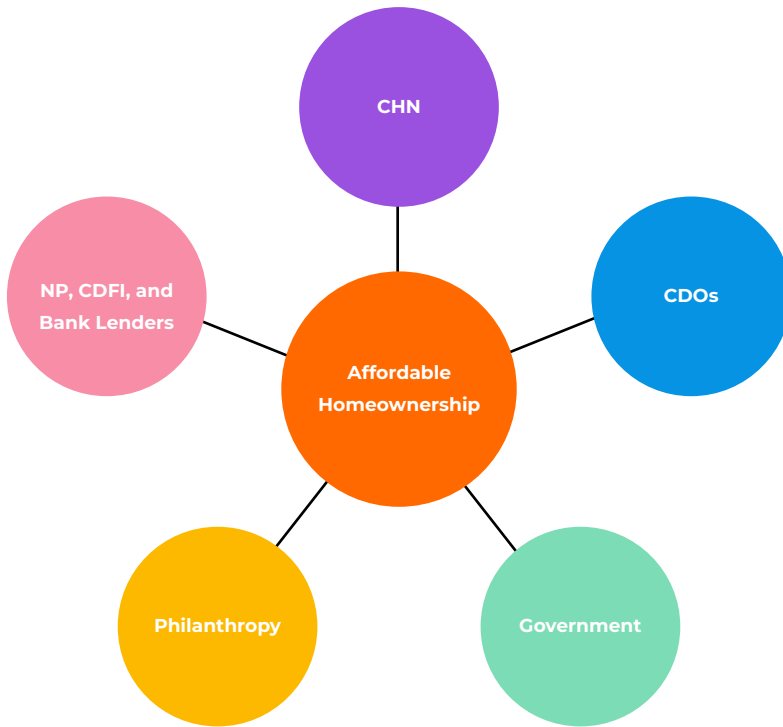
This group of lenders, funders, banks and CDFIs are now at work with CHN Housing Partners on this challenge. In the meantime, CHN is also convening the 8-CDO Cohort to co-design and prepare for a pilot phase.

Below is a graphic description of how the pilot project, and the corresponding collaborative financing model is evolving, and what is being proposed.





Roles of the Partners



- **CDOs:** Real estate development activities; balance sheet/real estate risk; buyer pipeline; capitalization support; thought partner.
- **CHN:** Lead convener/administrator; construction activities; capitalization lead; thought partner.
- **Nonprofit, CDFI and Bank Lenders:** liquidity facilities; mortgage lending; thought partner.
- **Philanthropy:** Operating support; capital subsidy; liquidity facilities; credit enhancement; thought partner.
- **Government:** Capital subsidy; credit enhancement; thought partner.

Capital Needs for 8 CDOs to acquire, rehab and resell 108 homes in Detroit over 3 years:

- **Construction Cost Subsidy: \$4MM:**
 - Primarily thru Philanthropy with some city participation (CDBG/ARPA)
- **Operational Subsidy: \$2.8MM:**
 - Philanthropy
- **Mortgages: \$17.6MM:**
 - Non-profit mortgage lenders, conventional bank/credit unions, non-bank lenders
- **Down Payment Assistance: \$1.7MM:**
 - City/state government (CDBG, ARPA, MSHDA)
- **Liquidity Lines: \$2.8MM (max need in year 3):**
 - CDFIs, Banks thru Equity Equivalent Financing (EQ2s) and Philanthropic PRIs or Recoverable Grants
- **Credit Enhancement: \$2.8MM (max need in year 3):**
 - Philanthropy in the form of guarantees and/or loan loss reserves

05

STRATEGY FIVE :

**MEASUREMENT,
TRANSPARENCY,
ACCOUNTABILITY IN
FUNDING + PRACTICE**



Community Development Funding In Detroit: What Does the Data Tell Us?

Starting in 2019, the BECDD System Capitalization Task Force engaged consultants to examine the funding data trends in the community development sector in Detroit from 2018 through 2020. In early 2020, the Task Force released a first-of-its-kind report on system capitalization in Detroit examining 2018 data on grants and loans from private foundations, banks, corporations, and CDFIs. The consultants also validated the data through surveys with 26 CDOs across Detroit. Several key findings emerged in 2020 from this single-year analysis of Detroit's community development funding picture:

- Community development activities were severely underfunded when the available resources were compared to the needs identified through the Building the Engine process.
- There was a mismatch between the kinds of funding that was available versus the funding that was needed.
- There was a disproportionate amount of funding provided to Intermediaries compared to funding directly to CDOs.
- In the aggregate there was less of a gap in the amount of funding available versus the amount of funded needed. Rather, there was a mismatch between the purpose for which the funds were allocated and how BECDD prioritized the community development system needs. In 2021, the Task Force decided to review two subsequent years of funding data (2019-2020), this time through an "Equity" lens, going back to the same funding sources. The data set discussed here includes grants awarded in 2018, 2019 and 2020 for community development work in Detroit neighborhoods. Eleven foundations, three CDFIs, the City of Detroit, State of Michigan and fifteen CDOs all provided data to the consultants. While the data set discussed here does not include all grants made for community development in Detroit, it does provide a reasonably representative picture of the overall community development funding landscape. The data discussed below also does not include loaned capital. [Key Findings from analysis of the more recent data, comparing 2018-2019-2020, are below.](#)

1. There was a marked increase in community development funding in Detroit over the three years.

The System Capitalization Task Force was in consensus, after its 2018 research, that an increase in support for community development activities in Detroit neighborhoods was called for. The amount of funding doubled between over the three-year period and the number grants quadrupled. Table 1 below illustrates this growth.

Table 1. Grants from Foundations & Intermediaries

| Year | # of Grants | Total \$ | % Change | | Average |
|------|-------------|--------------|-------------|----------|-----------|
| | | | # of Grants | Total \$ | |
| 2018 | 62 | \$10,553,725 | | | |
| 2019 | 138 | \$18,154,543 | 123% | 72% | \$131,555 |
| 2020 | 186 | \$20,435,103 | 35% | 13% | \$109,866 |

Most of this growth was due to an increase in funding from two private foundations – Kresge and Ford Foundation - that provide major support for community development work in Detroit. These additional resources were used to provide operating support for CDOs, economic development projects and ecosystem support. This analysis does not include funding provided to the Strategic Neighborhood Fund (SNF) which was launched in 2016 and is investing \$169.4 million in physical redevelopment projects in 10 Detroit neighborhoods. Support for SNF has come from foundations and corporations (\$72 million), HUD (\$12.7 million), the City of Detroit (\$69.7 million in CDBG), and the State of Michigan (\$15 million). Virtually none of the SNF dollars have been granted to neighborhood-based community development groups.

2. The trend of increased community development funding in Detroit is likely to continue. The increase in operating support for CDOs and GROs is a significant development which, if continued, will help provide stability for neighborhood-based organizations.

First, over the past 12 months foundations, banks and corporations have announced new and significant initiatives to support community development work in Detroit. For example, in March 2021, the Gilbert Family Foundation and Rocket Community Fund made a \$500 million pledge over 10 years to support Detroit Neighborhoods. The Detroit Housing for the Future Fund launched by Mayor Duggan has raised more than \$50 million toward its \$75 million goal to preserve affordable housing units in the city. The Knight Foundation has announced that it will focus its grantmaking in Detroit on the North End neighborhood and Fifth Third Bank has awarded significant community development funding in the Gratiot-7 Mile neighborhood as part of its renewed commitment to racial equity.

Second, new community development pooled-funding initiatives were launched in the past two years with support from a wide range of private foundations and corporations as well. The first of these, the CDO Fund, is housed at Enterprise Community Partners, and provided unrestricted operating support totaling \$2,054,057 to 24 CDOs across the City of Detroit in 2020. The Detroit Residents First Fund, a second pooled fund housed at Wayne Metro Community Action Agency, provided more than \$631,000 in support to 14 smaller and emerging community development and grassroots groups across the City.

Third, in response to the COVID-19 pandemic, the City of Detroit and State of Michigan have received very large increases in federal funding for a wide range of needs, including affordable housing and community development. The City of Detroit alone was allocated \$826.7 million through the federal American Rescue Plan Act in 2021 alone. These new public resources are likely to make the City of Detroit and State of Michigan significant funders of community development activities in the next few years.

3. There are significant disparities in the geographic distribution of foundation funding. Many Detroit neighborhoods are inadequately funded or served by CDOs, creating a stark inequity in support for neighborhood revitalization.

The grant data was analyzed by Detroit City Council District and revealed significant disparities in both the number of grants and total dollars awarded to organizations located in the Seven Council Districts. CDOs and others in Districts 4, 5 and 6 received more than twice the total funding over the three-year period than was received by groups in Districts 1, 2, 3 and 7. More than 65% of funding was

allocated to Districts 4, 5, and 6. The greatest disparity was found when comparing grant funding allocated in Districts 1 and 6 where a 15-fold difference was found. **This pattern of funding disparity was present in all three years of grant data collected. Though the disparity is most prominent in the allocation of funding from private foundations, significant differences exist for public funding as well. These disparities cannot be explained by comparing the number of residents, number of households or land mass in the Council Districts.** Each District has roughly the same number of residents. While the percentage of residents living in poverty in Districts 4, 5 and 6 is higher than in other parts of Detroit, these percentage differences are relatively small and do not explain the large funding gap between Council Districts. For example, District 7 has the second highest percent of its population living in poverty and yet it receives the second lowest amount of community development grant funding. See Table 2 below.

Table 2. 2018-2020 Number and Grant Amounts by City Council District

| District | Foundations | | Intermediary | | Public | | Total | | % Of Total | |
|------------|-------------|--------------|--------------|-----------|--------|-----------|-------|--------------|------------|-----|
| | # | \$ | # | \$ | # | \$ | # | \$ | # | \$ |
| District 1 | 29 | \$2,011,540 | 4 | \$275,000 | 7 | \$364,754 | 40 | \$2,651,294 | 9% | 5% |
| District 2 | 16 | \$2,643,000 | 7 | \$446,000 | 3 | \$59,873 | 26 | \$3,148,873 | 6% | 6% |
| District 3 | 15 | \$1,104,989 | 4 | \$206,700 | 0 | \$0 | 19 | \$1,311,689 | 4% | 3% |
| District 4 | 42 | \$5,180,524 | 8 | \$530,000 | 9 | \$576,801 | 59 | \$6,287,325 | 14% | 12% |
| District 5 | 75 | \$10,791,750 | 13 | \$743,944 | 1 | \$150,000 | 89 | \$11,685,694 | 21% | 23% |
| District 6 | 89 | \$13,532,931 | 11 | \$790,010 | 13 | \$826,229 | 113 | \$15,149,170 | 27% | 29% |
| District 7 | 12 | \$1,080,000 | 4 | \$305,831 | 2 | \$153,014 | 18 | \$1,538,845 | 4% | 3% |
| Citywide | 57 | \$9,536,983 | 1 | \$50,000 | 2 | \$30,000 | 60 | \$9,616,983 | 14% | 19% |

The presence, or lack, of community development funding partners in a particular neighborhood does not fully explain the funding disparity. Map 5 illustrates that there are neighborhoods in Districts 3, 4, 5 and 7 that are not currently receiving community development services from any CDOs. However, it is true that there are fewer community development organizations located in the districts receiving the least amount of funding. It is likely that the presence of potential grant partners influences the allocation of grant dollars. For example, Districts 4, 5 and 6 are the older parts of the city; and, in general, the community development groups serving these neighborhoods have existed longer and are more mature than those located in Districts 1, 2, 3 and 7. Another contributor to explain the disparity is that in the past several years in Detroit funders are more willing to invest in neighborhoods that appear to show a readiness for private (primarily real estate) investment: “strong market” neighborhoods. This would especially be true in District 5 which includes Downtown and Midtown areas that have seen significant private development in the last 10 years. The prevailing mindset has been driven by the “scarcity” analysis, or an analysis based on triage: that “limited funding” suggests less investment in Detroit neighborhoods that are experiencing greater economic decline and less density. The perceived “market readiness” of neighborhoods has likely influenced the inequitable distribution of funding. The impact of this “strong market/weak market” analysis has not been seen in increased population or significantly lowered poverty rates; but the threat of gentrification has significantly increased in many neighborhoods and the percentage of Caucasian residents has increased.

A geographic analysis of the presence and absence of community development groups in City Council Districts illustrates the disparity in community development resources to serve all [Detroit neighborhoods](#). Some Detroit neighborhoods do not appear to be served by any community development groups. For example, there are no apparent community development organizations serving the neighborhoods in District 3 between I-75 on the west, 8 Mile Road on the north, Mound Road on the East and the city of Hamtramck on the south. Another unserved area of Detroit is located in eastern portions of District 7.

By contrast, two different portions of District 6 are served by five or more community development

groups. The same is true for portions of District 5 and District 4, with some neighborhoods served by five or six community development groups. In the areas where there are multiple CDOs operating in the same geography, there is a likelihood that they provide different - and perhaps complementary - services; or if they are providing the same services it may be because the need is so much greater. The larger issue is whether these organizations are working together to intentionally assure that their work is responding to the real needs and priorities within the communities they are serving.

This disparate distribution of community development organizations has significant resource implications and deserves more thoughtful analysis and conversation. By far the most significant concern is where neighborhoods have no apparent community development work going on - whether it be resident engagement and organizing, affordable housing, youth support, or other community development functions.

Also, as with the total amount of funding for community development, there are significant disparities in the amount of funding provided in each City Council District for different community development functions. For example, funding for economic development projects and resident support was highly concentrated in Districts 5 and 6. These Districts received 71% of the total amount of funding provided for these two functions over the three-year period.

Table 3 below illustrates the total funding committed to each CDO function by Council District.

Table 3. 2018-2020 Grants by CDO Function and District

| | District 1 | District 2 | District 3 | District 4 | District 5 | District 6 | District 7 | City Wide | Total |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|
| Convening and Facilitating | - | - | - | 200,000 | 200,000 | - | - | - | 400,000 |
| Resident Engagement & Empowerment | 30,000 | 100,000 | 41,700 | 395,000 | 1,250,000 | 510,010 | 70,000 | 163,000 | 2,559,710 |
| Community Planning and Advocacy | 150,000 | - | - | 1,618,000 | 48,000 | - | - | - | 1,816,000 |
| Economic Development | 368,181 | 1,019,873 | 613,322 | 1,557,362 | 3,045,000 | 5,735,504 | 170,000 | 1,434,500 | 13,943,742 |
| Resident Support | 898,113 | - | 25,000 | 709,963 | 3,590,000 | 5,449,726 | 463,845 | - | 11,136,647 |
| Capacity Building | 65,000 | 201,000 | - | 105,000 | 161,444 | 67,930 | - | 10,000 | 610,374 |
| Ecosystem Support | - | - | - | - | - | - | - | 7,909,483 | 7,909,483 |
| Other | 10,000 | - | - | - | 101,000 | 500,000 | - | - | 611,000 |
| CDO Unrestricted Operating Support | 1,125,000 | 1,828,000 | 631,667 | 1,702,000 | 3,290,250 | 2,886,000 | 835,000 | 100,000 | 12,397,917 |
| Totals: | 2,646,294 | 3,148,873 | 1,311,689 | 6,287,325 | 11,685,694 | 15,149,170 | 1,538,845 | 9,616,983 | |

4. Funding for the CDO Functions focused on economic/physical development has increased and is the largest portion of the type of funding being invested in neighborhoods. Yet, this function remains significantly under-funded. Equally important, funding for the important CDO “power-building” functions of convening, facilitating, resident empowerment and planning is still significantly inadequate

Although many social justice organizations that operate on a citywide basis do receive funding for organizing and power building on important social issues, CDOs which focus on neighborhoods have inadequate resources to build resident power and voice from a place-based, neighborhood-focused platform. As a result, planning for major investments in the City of Detroit can take place without significant resident input. **The 2018-2020 grant data set indicates that some community development functions are funded more often and at higher amounts than others in Detroit.** In 2019-2020, the System Capitalization Task Force had consensus that “all seven elements” of the system needed to be resourced, especially the functions closely associated with “power building” (Resident Engagement/Empowerment, Convening and Planning/Advocacy) and in general operating support. Some funding gains have been made in those areas. And the creation of the CDO Fund has given CDOs the discretion to use the funding for these power-building functions; notably operating support for these group increased by 30% over the three-year period. However, using General Operating Support for power-building work comes at a cost to funding for the important functions of HR, IT, PR, Occupancy and Financial Management. And overall the portion of specifically-focused “power building” funding continues to be a very small portion of the kinds of funding that CDOs have received. The least funded functions were **“convening and facilitating” (1%); “capacity building” (1%), “community planning” (4%), and “resident engagement” (5%).** Grants for “economic development” projects and “resident support” (human services) make up more than 50% of the total. It is worth noting that going back to the early 2000s when Detroit’s neighborhoods were more devastated, property values were dismal and the Great Recession and Detroit Bankruptcy overtook the city, many CDOs remained intact but began to do more human service (“Resident Support” work) and less real estate work.

Table 4 below illustrates the amounts of funding provided over the three-year period for the variety of community development functions.

Table 4. 2018-2020 Grant Funding for Community Development Functions

| | 2018-2020 | | |
|-------------------------------------|-------------|--------------|---------|
| | # of Grants | Total \$ | % of \$ |
| Convening and Facilitating | 2 | \$400,000 | 1% |
| Resident Engagement and Empowerment | 34 | \$2,559,710 | 5% |
| Community Planning and Advocacy | 12 | \$1,816,000 | 4% |
| Economic Development | 125 | \$13,943,742 | 27% |
| Resident Support | 67 | \$11,136,647 | 22% |
| Capacity Building | 16 | \$610,374 | 1% |
| Ecosystem Support | 44 | \$7,909,483 | 15% |
| Other | 5 | \$616,000 | 1% |
| CDO Unrestricted Operating Support | 119 | \$12,397,917 | 24% |

5. The proportion of funding to intermediaries vs. directly to groups on the ground, has improved.

15% of grants were for ecosystem support which describes funding to intermediaries to provide system-wide services to CDOs. This is a significant difference and a favorable trend compared to the 2018 data, which showed almost half of community development “capital in play” was going to intermediaries vs. on-the-ground organizations.

6. The funding data gap continues impede our efforts to achieve equity in community development funding.

Unfortunately, despite multiple requests, none of the banks or corporations approached by the consultants were willing to share their community development funding data. Furthermore, some data requested from the City of Detroit was not provided. This lack of transparency is problematic in two ways. First, without sharing this data, it is impossible for ecosystem stakeholders to assess whether, how, and in what parts of the city funding investments advance CDAD and BECDD’s shared goals of equitable community development in Detroit. An unwillingness or inability to share data also limits the ability to align community development grants and loans across Detroit neighborhoods in ways that can have a major impact.

7. There is little apparent structure or process by which government, corporations and philanthropy can look at all Detroit neighborhoods strategically, together; and work with all funding partners to coordinate, align and leverage public and private funding for greater impact.

Finally, we note and applaud the “pooled funding” initiatives created through the Kresge and Ford Foundations and others (CDO Fund, Detroit Residents First Fund). These show great promise, although they do not include a mechanism to align and leverage related city and state funding. We also note that the Mayor’s Strategic Neighborhood Fund organizes bank/foundation/city funding to plan for and execute real estate development and commercial corridor improvements in a few select neighborhoods. Clearly the seeds for alignment, coordination and leveraging have been planted.

But until all these tables are better coordinated and aligned, until all Detroit neighborhoods are included in the analysis and decision making around funding, those seeds will not take root in a way that will achieve the **BECDD Vision: All people in every neighborhood in the city of Detroit live, work, and engage in healthy, thriving, sustainable and inclusive communities.**

8. The available community development “resources in play”, of \$21.53 million in 2020, compared to the needed \$25.69 million (current system partners’ perception of “whole system costs”) suggested these findings:

The aggregate gap is clear, between total-system resources in play in 2020, and resources needed in one year. But it is not insurmountable if

- **Some funding is shifted among system elements,**
- **Foundations retain a permanent priority on funding community development ecosystem support,**
- **More foundations, banks and corporations invest in the CDO and DRF Funds,**
- **The state legislation (Community Investment Program) passe, to incentivize new donations to CDOs and**
- **The City prioritizes more community development allocations from CDBG and ARPA, to fund elements of the community development system as described.**

The annualized gap between “resources in play” and resources needed is driven by the large gap in economic development funding. Secondly, there are significant - though smaller gaps - in funding for the CDO power-building functions of planning/advocacy, convening, and resident engagement/empowerment. Third, the ecosystem support function of “capacity building” is underfunded.

The purposes for which funding is allocated don’t always match what stakeholders believe are the necessary uses of the funding. Some of the system components appear to be funded more than the perceived need, and others are underfunded. A shift in the purpose for which some funds are allocated could move more funding into categories that are perceived to be necessary for the system.

[The Appendix includes a more detailed matrix with comparative estimates and analysis.](#)

// AT SOME POINT, WE FORGOT THAT
WE ALL BELONG
TO EACH OTHER"
- FATHER GREG BOYLE



BUILDING POWER TOGETHER: RESPONSIBILITIES OF KEY PLAYERS IN ADVANCING EQUITY-CENTERED COMMUNITY DEVELOPMENT

No ecosystem is owned or controlled by one entity. In Detroit, during the BECDD system-building process about 200 organizations have played some role in helping to build this ecosystem. But just as important as the process of *building* the ecosystem has been, it is fundamentally necessary to develop a shared understanding of the responsibilities of the many different stakeholders who are part of that ecosystem, to operate within it as collaborators.

Without that shared understanding, an ecosystem can't last. Without *clarity on the distinctions* among the different players, competition and mistrust erode the ecosystem. Without an *acceptance of the existence of "overlapping" roles* - an understanding that some responsibilities are carried out by multiple players - authentic and trusting relationships can't develop. Without authenticity and trust, difficult issues can't be litigated and resolved, important data and information can't be daylighted to help stakeholders learn together. And *without information*, common ground can't be found.

Without any of these characteristics - shared understanding, clarity on the distinctions, acceptance of overlapping roles, authenticity, trust, data and information, and ultimately common ground - there can be no accountability. And what we seek, in the end, is mutual accountability for a jointly-owned community development ecosystem that is committed to equity in the practice and funding of community development. Toward that end, we offer thoughts on the distinct responsibilities of key players in this ecosystem, and a call to action to each of them to find ways to work together and to build power together on behalf of Detroit's neighborhoods.

The Responsibilities of City Government

In other cities across the US, city government recognizes the importance of community-driven community development as a key strategy in the health of neighborhoods – especially older, distressed neighborhoods.

- Mechanisms are in place to **regularly engage neighborhood-based organizations** as vital contributors to long-term neighborhood stability.
- City government sees **neighborhood-based community development organizations as key players** in this engagement, and resources them to play vital roles in neighborhoods.
- City government recognizes the importance of its **CDBG strategies as an anchor in their community development strategies**, and understand how to leverage their CDBG - with the help of partners – to bring in additional federal, state and private resources for neighborhoods.
- City government uses their **Master Plan update** process to engage neighborhoods to update neighborhood strategies.
- City leaders center their **neighborhood strategies within a city department** with a mandate to coordinate messaging, engagement and strategy among various other city departments.

We call on the City of Detroit to create a community development delivery system. CDAD can be a leader in convening a process with the City of Detroit to create and document this delivery system.

Elements of such a delivery system might include:

- **Guiding Principles** that describe agreed-on vision, values and goals
- An **Annual Collaborative Planning Process** to generate a **comprehensive neighborhood plan and updated Master Plan**, where the City and representative neighborhood based organizations/residents work together
- An **Ongoing Neighborhood Feedback and Engagement Process** - with CDAD facilitating - that assures that city government and neighborhoods are working together on the **formation of the HUD Consolidated Plan that governs CDBG spending**
- **Coordination of Messaging and Information** among City Departments, starting with a designated “Neighborhood” Department
- **Policy** that flows from research on equity-centered community development, and from a robust partnership with neighborhoods
- **Commitment to aligning, coordinating and leveraging public resources** for neighborhoods, with foundation and corporate resources
- **The transparent and coordinated provision of data** on how funding from the City is allocated and spent
- A **Resource Delivery Process** that is streamlined, equitable, accountable and user-friendly

The Responsibilities of Community Development Organizations

Community development organizations are known in Detroit as “CDOs” and play a critical role in **transforming communities that have suffered disinvestment, standing in the gap when city services are poor and gentrification threatens a neighborhoods history and culture, and at their best providing a table for multiple sectors - block clubs, police, institutions, government, business - to sit together and generate plans and projects.** In the 1970-80s, they formed in Detroit’s southernmost neighborhoods that were being battered by job loss, drugs, population loss and blight. Many were formed through the work of churches, some through the work of major institutions. Over time many CDOs have developed more competitive – versus collaborative – practices across the city, although that is clearly changing for the better. Some CDOs are also challenged with finding ways to partner with their resident-led organizations; some are challenged with finding ways to embrace the social justice sector,

Today we estimate between 40-50 CDOs in Detroit, spread unevenly across the City, some with overlapping boundaries, but still persevering within an environment of scarcity, **in carrying out five “community development roles” that the BECDD process has identified.**

We call on CDOs to continue their commitment to these key roles:

- **Convening and Facilitating.** This is the *distinguishing role of a CDO*, working with its partners. CDOs bring **neighborhood organizations and stakeholders together** for planning and joint problem-solving. CDOs act as an intermediary between residents, city government and major private institutions. CDOs can **collaborate with each other to build coalitions across neighborhoods that amplify issues from a neighborhood level to a citywide level.**
- **Resident Engagement and Empowerment.** The *plans and activities in the neighborhood should reflect the priorities of neighborhood residents* and other local stakeholders. Residents should be engaged in the work of the organizations serving that neighborhood. Residents should have a decision-making role in the neighborhood, helping to define and name the neighborhood and building pride in the neighborhood. CDOs can play an important role in **facilitating direct relationships between residents and city government.**
- **Community Planning and Advocacy.** Partnering with residents, local stakeholders and city government, looking at all aspects of community life in the defined area, with residents making key decisions. This planning function also necessitates **educating residents and businesses** on key issues, resources and policies. CDOs can **work together to advocate with foundations** to change outdated funding models that are paternalistic. CDOs can **connect with Social Justice Organizations to jointly advocate on fundamental policy change** for our neighborhoods.
- **Economic Development and Truly Affordable Housing.** Using an equitable development approach that reflects neighborhood priorities, CDOs can **focus on truly affordable housing development/repair/rehab; commercial corridor development; business development; vacant land reclamation** and open space development; blight remediation and clean-up; recreational space development.
- **Resident Support.** CDOs can constantly **feel the pulse of the neighborhood**, understanding what residents need, and **helping to develop the capabilities of individual residents and entrepreneurs**, especially young people, to help them realize their full potential.



The Responsibilities of Resident-Led Organizations (GROs and NIOs)

Through their collective grassroots and neighborhood improvement organizations – **be they block clubs, neighborhood associations, parent groups, etc – residents are the voice of the neighborhood.** Residents' lived experience and knowledge of their neighbors, streets and businesses are major contributors to neighborhood planning. Resident-led organizations are the **“glue” that builds social cohesion** on a block-by-block basis because of their relationship-focused work with their neighbors and local businesses. Resident-led organizations can be the **eyes of a neighborhood** – tracking everything from residents' well-being to home abandonment to crime. In Detroit, resident-led organizations can also laser-focus on blight **by cleaning, beautifying and maintaining vacant land. When resident-led organizations team up with community development organizations – especially when they serve on the Boards of CDOs – they form a powerful fulcrum for positive change.** These groups are an important connection between residents and larger policy issues as they participate in a number of coalitions. **Detroit is known for its resilient and proud grassroots leaders who organize thousands of such organizations.**

We recognize their roles and call on GROs and NIOs to maintain and expand their important work:

- **Organizing block-by-block and door-to-door** for social cohesion, beautification, the voicing of concern, priorities and solutions
- Working with partners to **provide needed services to local residents:** a “mutual aid” approach
- **Teaming up with other block clubs** to form a powerful neighborhood voice
- **Reaching all residents** especially young people, and including renters, using all forms of communication including social media, printed materials, and face-to-face conversation
- **Teaming up with Community Development Organizations** to provide voice, planning input and guidance on priorities for the neighborhood

The Responsibilities of State Government

The State of Michigan plays an important role in a healthy community development ecosystem for Detroit. First, Michigan receives and distributes some federal resources to Detroit (HOME, ARPA, Housing Trust Fund, LIHTC tax credit allocations). MSHDA and MEDC provide direct resources to Detroit for various housing and economic development projects ranging from Down Payment Assistance to low-income homebuyers to various forms of development project subsidies to the MSHDA MOD and Neighborhood Enhancement Program (NEP). Finally, the State Legislature finalizes the state budget and other legislation that directly affect Detroit. However, MSHDA's “QAP” allocations of low-income housing tax credits include guidelines and scoring priorities that reduce Detroit's competitiveness for these allocations, thereby reducing the amount of other funding that Detroit's developers can leverage for truly affordable housing. And for years, the state legislature has failed to appropriate much-needed funding for the Michigan Housing and Community Development Fund (MI HCDF), which has existed for years as an entity, but with no funding. Furthermore the state can play a significant role in recognizing and fixing the flaws in the current “affordable housing” standards – which leave out a large slice of Detroit's low-income population. So while we recognize the importance of the state government's role, we also believe the state can do more for Detroit's neighborhoods.

We call on the State of Michigan to play certain key policy roles:

- For the legislature to pass the **Community Investment Program legislation** and accompanying MEDC appropriation, which will provide tax incentive tools for Community Development Organizations to attract donations for their revitalization plans and projects.

- For the legislature to **approve significant appropriation(s) of at least \$100 million every year for the MI-HCD Fund** for affordable rental and home ownership housing projects.
- For the legislature to approve an **appropriation of \$150 million into the newly-proposed CDFI Fund**, to increase Detroit's CDFIs ability to invest in projects in Detroit's more distressed neighborhoods.
- For MSHDA to change its priorities and scoring to allow **Detroit's LIHTC projects to be more competitive** for funding.
- For state leaders to work hand-in-hand with Detroit government officials to provide for a **more equitable "affordability" formula for housing**; one that responds to Detroit's population.
- For the state to partner with **foundations, corporations and city government to align funding** for greater impact in all of Detroit's neighborhoods

The Responsibilities of Private Foundations

A crucial part of private foundations becoming capable of addressing inequity is to ensure that they find ways to invest in equity-centered change in neighborhoods, both as individual institutions and collectively.

For Detroit's community development ecosystem to thrive for the long-term, we call on Foundations that invest in Detroit neighborhoods to play these roles:

- **Collectively:**
 - **Agreeing on a standard way of reporting** on community development funding
 - Leading a **structured, ongoing process of bringing city government, state government and philanthropy to align, coordinate and leverage public and private resources**
 - **Creating a self-assessment tool and commit to a transparent funding accountability process** that focuses on equity in community development funding
 - Funding a process of **monitoring and reporting on Detroit's CDBG spending**
 - Providing **significant capital as part of a structured single-family homeownership financing model through:**
 - Increased use of PRIs and Recoverable grants
 - Capital subsidy for truly affordable housing rehab
 - Grants for CDO capacity building
 - Aligning funding to **invest in the capacity of, and collaboration among Detroit's CDOs, Social Justice Organizations and resident-led Grass Roots Organizations**
- **As individual institutions:**
 - Engaging in **participatory grant-making** not just when grant decisions are made, but earlier in the process through authentic conversation with communities
 - **Using intermediaries creatively and authentically** to strengthen participatory grant-making practices
 - **Creating programs to make small grants to smaller, volunteer organizations in neighborhoods**
 - Investing in neighborhood-based, citywide and statewide **power-building infrastructure**
 - Prioritizing funding to **under-represented organizations led by people of color**
 - Prioritizing investments into **Detroit's most distressed neighborhoods**

- **Changing the composition of Foundation Trustee Boards**, to support equitable funding practices

The Responsibilities of Banks and Corporations

Across the country, the **Community Reinvestment Act is an underutilized tool to leverage capital investment in under-served, low-income BIPOC communities.** But that promise hasn't always materialized, and the CRA law doesn't facilitate the kind of reporting, enforcement or ongoing practices that can truly make these promises real for Detroit's residents. Traditionally, banks compete with each other, so working collectively to break down systemic barriers is not easy. Typically, banks analyze projects through the lens of "alleviating risk," not by recognizing opportunity in low-income communities and working backwards from that goal. The role of banks and corporations in equity-centered community development should be to **collaboratively help eradicate the deficiency of capital available in underserved communities and join with philanthropy and government to invest in equity-centered community development.**

We call on Detroit's banks and corporations, collectively, to:

- Recognize deficiencies in lending and generating creative and responsive credit products in low income and BIPOC neighborhoods
- Report funding and lending data in a more transparent, accessible and granular way
- Work with other philanthropic funders by participating in aligned funding models
- Join with other banks and nonprofit lenders in collaborative financing models, especially for affordable home ownership
- Assist in making CDO/GRO/SJO work more visible, to encourage more collaboration
- Set up a Pooled Innovation Fund to encourage more collaboration testing of transformational ideas
- Make information on how to access capital for projects, more accessible and granular

The Responsibilities of Community Development Financial Intermediaries (CDFIs)

Community development financial institutions (CDFIs) were created to provide credit and financial services to people and communities unserved by mainstream lenders; similar to the role mutual aid societies played in the early 1900. The modern CDFI movement goes back to the 1970s, as advocates moved to counter banks' redlining practices by forming community-controlled banks. The CDFI industry expanded since the 1990s. Detroit has a large number of CDFIs, but the perception is that Detroit CDFIs are more risk-averse than they should be, considering their mission. **CDFIs must be both a complement and a partner to extend mainstream lending to communities most in need, not just "strong market" communities.**

We call on CDFIs to:

- Create collaborative financing models for CDO-sponsored, affordable single-family housing projects
- Leverage the CDFI Coalition to influence banks to produce more creative solutions to credit access
- Find ways to generate a change in mindset that supports “failing successfully” to learn and grow
- Align with CDOs as partners in advocating for and driving equity-centered community development
- Take on projects that manage risk in non-traditional ways and that increase risk tolerance – through intensive technical assistance
- Find ways to authentically daylight expectations of CDOs with a goal of doing more, real projects
- Research and report on innovations in lending that disrupt inequitable development
- Develop alternative capital delivery mechanisms that embrace alternative real estate models like Community Land Trusts, Worker-Owned Cooperatives, Low-Income Housing Cooperatives and Community Investment Trusts
- Team up with Intermediaries to generate support strategies that respond to the needs of organizations on the ground

The Responsibilities of Community Development Intermediaries and Support Organizations

Intermediaries/Support Organizations are an important link across the community development ecosystem, between grant-seekers and grant-makers. Intermediaries can provide the **technical assistance** needed to create equitable community change. Intermediaries can **broker resources for grassroots organizations** engaged in community power-building. In bringing together these two sectors, intermediaries create and sustain a central component of the community development ecosystem. Intermediaries can also **provide research and data.**

In Detroit, intermediaries have made important strides in clarifying and distinguishing their respective roles and collaborating instead of competing. A continuing challenge for intermediaries/support organizations is **to find ways to create direct pathways between grantees on the ground and funders,** without playing an unproductive “gatekeeping” role.

To continue to support equity-centered community development in Detroit, we call on Intermediaries/Support Organizations to keep playing these roles:

- Aligning with CDOs and GROs as partners in advocating for and driving equity-centered development.
- Supporting capacity of CDOs, resident-led grass roots groups and local

business groups through coordinated training and technical assistance, where support for the grantee is custom-tailored to the needs of the grantee

- Aggregating and sharing data that advances equity-centered community development policy and practice.
- Promoting participatory research that involves residents, and highlight the results of that research.
- Teaming with CDFIs to generate support strategies that respond to the needs of organizations on the ground
- Teaming up with foundations to help them generate more authentic participatory grant programs

The Responsibilities of Social Justice Organizations (SJOs)

Most Social Justice Organizations operate on a **citywide, regional, state or national level**. They focus on **achieving justice against systemic social injustice**, using a variety of research, analysis, organizing and advocacy strategies and tactics to influence widespread positive change. They are distinguished from CDOs and GROs in that they are not place-based organizations as described above, and they work on the centuries-old intangible, systemic issues stemming from racism that divide and traumatize so many and that remain entrenched within our institutions and mindsets. **Their laser focus on these systemic issues, and their expertise in understanding and analysis of systemic issues, make them important partners in the battle to make our neighborhoods whole because those injustices have contributed to the larger patterns that have sought to destroy so many of our neighborhoods.** SJOs are also challenged with working across sectors, especially with organizations, governments and entities that they believe contribute to the injustices we experience. This dynamic has contributed to a **traditional mistrustful “divide” between the social justice sector and the community development sector.** But some believe that divide is waning as more CDOs and GROs partner with Social Justice Organizations, and more Social Justice Organizations see value in working together.

We call on Social Justice Organizations to:

- Continue to organize for systemic change
- Apply the outstanding research, analysis and knowledge of policy issues to a neighborhood framework and identify and articulate the connection between underlying systemic issues and the lived experience of Detroiters in our neighborhoods, to help neighborhood leaders engage in social justice organizing
- Engage the community development sector to acknowledge common goals and identify clear tactical roles that each sector can play – together - in pushing for positive, systemic change in our neighborhoods
- Continue to search for ways to unite with other SJOs and CDOs to create a more powerful citywide and statewide infrastructure that builds power and an equal playing field against inequitable community development

The Responsibilities of Academia

“The Academy” can sometimes feel remote, bureaucratic and esoteric. In the world of community development, until recently just one university offered a community development degree in Detroit, at a Masters Level. This is understandable on one level because the field of community development is a hybrid of many disciplines, and current practitioners are drawn from a myriad of different academic programs. Despite that, some universities have generated brilliant and helpful research on the impact of community development on neighborhoods. In the past five years many higher education institutions have stepped up in the BECDD system-building process. Many of them worked with practitioners to **create the “Community Development Competency Framework”** that outlines the skills, knowledge and experience needed to make community development a career. Some of them have used that tool to **launch easily-accessibly community development certificate programs for young people, career changers, current practitioners and resident leaders**. Some have created - or are planning to create - **workshops for practitioners** to hone and update their communities development skills and knowledge. Others have **teamed up with Detroit Public Schools Community District to generate Dual Enrollment programs** for high school youth who want to get a head-start on community development for their career. By continuing to develop more and more accessible on-ramps for credentialing in the field, **universities can then play an advocacy role in helping to generate more jobs in the field**, better pay and a more robust status for the work.

One current gap in the community development system is the lack of a **progressive research and learning space - a Community Development Institute space - that explores research questions developed straight from the field; that creates a separate, learning space** for students of all ages to engage in this research, **learn from one another, learn from their teachers and elders in the field**.

We call on Detroit’s Higher Ed/Academic community to:

- Find ways to shrink the bureaucracies that make academic institutions hard to connect with
- Find ways to involve neighborhood-based nonprofits when designing new programs and classes
- Continue to generate easily-accessible, competency-focused, on ramps to community development credentialing tracks for leaders of all ages
- Generate more and more Community Development Dual Enrollment programs with Detroit Public Schools Community District
- Create an equity-focused “Community Development Institute” for Detroit that can offer practice-generated research and learning space
- Offer workshops and training opportunities for community development learners to hone their skills and knowledge, where current practitioners are teaching
- As a group, advocate for the opportunities that a lifetime career in community development can offer, and push for better pay and benefits to attract more and more Detroiters of all ages to the field
- Collaboratively create an “information warehouse” of resources, research, policy, and other data



MEASUREMENT AND ACCOUNTABILITY EQUITY IMPACT OF COMMUNITY DEVELOPMENT FUNDING IN DETROIT

What do we mean by “equitable funding” for community development?

The Building the Engine process in 2018 generated a vision for Detroit neighborhoods: **“All people in every neighborhood in the city of Detroit live, work, and engage in healthy, thriving, sustainable and inclusive communities.”**

The BECDD-generated **Neighborhood Vitality Index (NVI)** calls for multiple indicators of “neighborhood vitality” including high-quality, deeply-affordable housing for all Detroit residents and “socially cohesive” communities; and measures of community capacity, resident opportunity, neighborhood conditions, quality of life, equity impact and youth quality of life. Its main data source is primary data, gathered through extensive annual surveying of residents’ perception. But is the documentation of resident perception enough to make funding more equitable? Should the accountability for whether progress is being made in neighborhoods rest only with CDOs, neighborhood groups, and local institutions who do the work on the ground? Implicit in the effectiveness of the NVI tool is that public and private institutions that fund and invest in neighborhoods should have the primary accountability.

How do we measure this?

The **“Equity-Centered Community Development”** paper published by BECDD suggests **“Investment Principles” and strategies** to advance equitable community development. They include, but advance beyond, affordable housing; to funding **power-building infrastructure and strategies**, long-term investment in capacity building or ground-level organizations, and incentivizing broad, strategic collaborations. **How do we assure that these kinds of funding**

investments are ever-increasing in Detroit? In reviewing examples of how other funding entities have moved in this direction, **there are two key elements: 1) shared values that are rooted in racial equity and social justice** to determine funding allocations, and 2) the **transparent use of funding data** that allow all stakeholders to assess where funding is needed most and to learn from the shared experiences. The tools that are available suggest two simultaneous pathways: **individual foundations assessing themselves;** and **multiple resource providers coming together with their nonprofit partners to commit, collectively, to a new way of placing resources into neighborhoods.**

So what do we mean by “equitable community development funding”? We suggest that **equitable community development funding means transparently-reported, accountable, equity-focused resources aimed at achieving neighborhood vitality in every Detroit neighborhood.**

The Gap in Data on Community Development Funding in Detroit

Deep systemic issues like structural racism can't be solved without a baseline understanding of the problem and opportunity. In the context of equitable funding, that requires a commitment to consistent, aligned data reporting and transparency on the part of public and private funders; showing on how, where and why their resources are being invested.

In conducting its funding research, the BECDD consultants learned four key things. First, foundation funders categorized and tracked their grants inconsistently, so creating a protocol for analysis and reporting was challenging. More importantly, banks and corporations were unwilling or unable to disaggregate their funding data to show its distribution in Detroit. Equally challenging, obtaining data on public spending in neighborhoods is fraught with inconsistency, fractured internal systems for reporting and a reluctance to make some data more transparent. Finally, there is currently no neutral, central place where data on funding for community development is gathered and kept.



Creating an equitable community development funding accountability strategy for detroit

To achieve a true accountability strategy, we suggest that **four elements are necessary:**

- *Public and Private entities that fund community development have to **agree on the importance of their funding becoming increasingly more transparent**, equitable and impactful.*
- ***The acquisition and inclusion of funding data is key** so there has to be agreement among government and philanthropic funders about which data (grants, loans, tax incentives and other development subsidies) will be reported.*
- *There must be **agreement on how data will be managed:** collected, categorized, stored and reported, by a central, neutral, trusted institution.*
- ***Accountability mechanisms** will have to exist, to assure that the data leads to measurable change*

We offer a two-track strategy to move Detroit's funding public and private funding community in a constructive and collaborative direction toward the **co-creation, among funders and grantee partners and other neighborhood leaders, of an equitable funding accountability strategy:**

First, we recommend the **co-creation of a self-assessment tool**, built together by government, foundation and corporate resource providers and their grant recipients, that allows each institution to continuously assess its own progress. CDAD would lead the process of co-creating this self-assessment tool, and encourage its regular, continuing and growing use.

Second and simultaneously, a willing group of public and private community development funders should simultaneously create a set of guiding principles, a collective vision, a set of success measures and agreements on the types of data that will be shared. We suggest that we begin with a **"Coalition of the Willing"** that might include the funding partners that have **already invested in the CDO Fund at Enterprise Detroit, and those that have already invested in the Detroit Residents First Fund at Wayne Metro Community Action Agency**. Those funders have been: Ford Foundation, Kresge Foundation, Kellogg Foundation, Hudson-Webber Foundation, Skillman Foundation, Erb Family Foundation, Wilson Foundation and JP Morgan Chase Bank. These initial investors have already proven their commitment to Detroit's communities and they can lead the way in modeling a commitment to equitable funding practices, and to the kind of data collection and reporting that can lead to problem-solving accountability and continuously improving funding practices on behalf of our neighborhoods.

Taken together, the **process of self-assessment, linked to a collective equitable accountability table**, has the potential to transform our neighborhoods by changing the resources and other investments that are made into neighborhoods. A volunteer self-assessment tool can help any local funding institution – including city government – learn and understand how to improve its practices. These institutions could opt to sit at a collective table so they can learn and grow. The collective table, in the meantime, can commit to its process of measuring the equity impact of its funding, learning from each other, and modeling how other institutions can join this coalition.

Furthermore, the **Neighborhood Vitality Index could be revised** to add a new set of indicators: those that measure equitable funding. Over time, the NVI – while offering important insight from the authentic voices of Detroit residents – can also become a collective accountability tool by positing the kind of equity measures that allow funding institutions to transform their practices, along with the other neighborhood-based, government and institutional entities that NVI seeks to inspire.

Examples of “Indicators of Funding Equity” – drawn from examples around the country - could include:

- % and distribution of public and private grants and loans for real estate development projects that directly impact low-income Detroit families as measured by a Detroit-based AMI, especially truly affordable home ownership strategies
- Number and type of efforts to engage low-income Detroiters in influencing funding allocation decisions
- % of grant dollars that support community development projects in under-resourced BIPOC Detroit neighborhoods
- Number and type of long-term investments in
 - Organizations that are advancing activities based on an analysis of structural racism;
 - Processes that bring people together to think, talk, and strategize about racial justice;
 - Inter-generational power building strategies
- Number and type of investments that support strategic collaborations between social justice organizations, CDOs and resident-led organizations
- Investments in Detroit-wide and Michigan-wide organizational infrastructure to support equitable development and power-building





EMBEDDING EQUITY INTO FUNDING DECISION-MAKING: PARTICIPATORY GRANTMAKING

What is Participatory Grantmaking?

In general, participatory approaches are changing the role of foundations from “judgers” of what gets done, to partners in and facilitators of a process to work with non-grantmaking organizations to on funding priorities and decisions. These are important components of a participatory approach to philanthropy, and all can be used at different points in an institution’s process. In these instances, participatory grantmaking is another way that some foundations are choosing to incorporate broader more diverse forms of participation in their efforts. Even as more foundations express an interest in participation, however, adoption of these approaches is still the exception in philanthropy.

What Types of Participatory Practices are Out There?

Foundations are involving non-grant makers in funding decisions through **blended advisory and decision-making structures that include both grant makers and non-grantmakers.** Others are pushing the envelope further by **using completely peer-led grantmaking panels in which no donors are participants.** Every aspect of the grantmaking process can be adapted to invite community participation, all the way up to allowing grantees final decision-making authority over funding. There is a spectrum in terms of levels of participation and a diversity of approaches, however **all approaches value the knowledge and expertise of the communities they work with in their funding process.** While many funders want to see evidence that applicants have engaged or consulted the community they work with, far fewer involve the community or applicants themselves in setting their priorities or deciding who actually receives funding. The next step is actually putting decisions into the hands of those the foundation seeks to help. There are some inspiring examples of collaborations between donors and communities which give majority decision-making authority to those from the

community they fund. [The Appendix contains more detail](#) on both collective foundation strategies, and specific institutional examples.

What are Strengths of Participatory Grantmaking Processes?

Working in a participatory grantmaking framework carries many strengths: shared responsibility, community responsibility for due-diligence, foundation transparency and accountability to the community, advancing democratic practice and civic engagement, accessibility to funders, building innovation and trust, creating bridges across communities, cultivating leadership and self-determination, and collaborative learning. A culture of participatory grantmaking increases diversity of decision-makers, strengthens decisions, and allows more funding at the grassroots level.

What are the Challenges and Opportunities?

The key challenge is that this type of grantmaking takes more time to manage because the work involves community-building. This process can be mistaken to be less efficient, when foundations fail to account for how strategic and informed the eventual investments are. In addition, there are challenges around working in communities where power dynamics are delicate and entrenched. Opportunities emerge when foundations document the qualitative and quantitative benefits to communities from using a participatory framework; this practice can then help funders better appreciate the benefits of participatory grantmaking approaches.



06

STRATEGY SIX :

**STRATEGIC ADVOCACY
AND POWER-BUILDING
TO MAKE THE PLAN REAL**



POWER-BUILDING, STRATEGIC ALLIANCES AND COLLABORATIVE ADVOCACY: THE PATHWAY TO MAKE EQUITY-CENTERED COMMUNITY DEVELOPMENT REAL FOR OUR NEIGHBORHOODS

Power-Building to Even the Playing Field

Whether in the United States or the City of Detroit, even a cursory power analysis will clarify the competing values and mindsets associated with resident power: racial justice - uninhibited market-driven real estate development - equity-centered community development - competitive/capitalistic economics - cooperative economics - service to the needy - the American “bootstrap” mentality.

The community development sector is not immune from those dynamics, and some would argue that this clash of mindsets and the daily reconciliation of these competing values, is what makes the work of community development unique and powerful. Others argue that the attempt to reconcile them is what makes community development an inauthentic exercise.

CDOs must navigate the world of real estate development which demands “Return on Investment” while also fighting to make housing deeply affordable. CDOs must fight for low-income people while also promoting economically diverse neighborhoods. CDOs must help residents in badly-blighted, low-density neighborhoods see the value and beauty in those neighborhoods, while also working to eradicate the blight and push for new development. CDOs must help low-income residents build increasingly more wealth through home-ownership, while also standing in the gap to fight gentrification when property values rise too high and too fast. CDOs must seek and use funding from government, foundations and corporations while also being willing to criticize them for their inequitable practices.

We argue that authentic community development includes the kind of organizing and advocacy that builds power in communities, that creates a more even playing field, that leads to agreements between leaders in a neighborhood and governments, corporations, developers and other “power-players” who seek to invest in or influence that neighborhood’s direction. We argue that this balance of power creates the best opportunity for the priorities of those who live and do business in a neighborhood to be realized.

We argue that this balance of power can mitigate the worst elements of unregulated, market-driven development, while bringing out the benefits of equity-centered development – and leading to a prosperous, equitable city.

We argue that the success of an equity-centered community development system in Detroit will turn on whether or not all the stakeholders in the system are at the table as partners; and that to balance the inherent power of government, foundations, corporations, developers, and huge institutions, communities, their residents and their representative organizations must build their power to organize, negotiate, litigate and fight for change; so they can be equal players at the table with government, philanthropy, developers and corporations.

In other words, the creation of an equity-centered community development ecosystem across the City of Detroit - one that creates pathways for every neighborhood in Detroit to be whole and prosperous - requires a successful community organizing/power-building component.

Many CDOs in Detroit already engage their constituents in planning for their community with values that differ from, and often conflict with, those of the marketplace or the government. Many CDOs also are affiliated with national organizations which advocate for more affordable housing resources. Many already embrace and support the work of social justice organizations. Nonetheless, there is a prevailing belief among some that CDOs' attention to producing services and developments for their neighborhoods tends to "bend" the CDO away from the mass mobilization and base-organizing that characterizes social justice campaigns. **How do we bridge this apparent divide?**

Advocacy and Strategic Alliances to Make Equity-Centered Community Development Sustainable

Strategies like the kind proposed in this document will not be realized naturally because they seem right, or feel fair, today. Government bureaucracy that relies on property tax from real estate development, or long-standing bureaucratic foundations traditionally governed by the wealthy elite, or developers whose livelihood depends on using other peoples' money to achieve a certain return, or banks whose stock value turns on avoiding "risky" loans, will not naturally or easily change. They will not naturally join Community Development, Grass Roots and Social Justice Organizations to fight for equity-centered development in our neighborhoods.

We argue that the many key players in this ecosystem not only won't ever agree, but may not need to, if we are willing to acknowledge the differences at the table, and argue constructively together in the search for a common vision, and to find clarity on the best roles that each of the key players can take on, in the quest to achieve a common vision.



We call for a Strategic Advocacy campaign that:

- Recognizes that we may use different tactics and espouse different values, but we share a vision for an equitable City of Detroit
- Embraces the notion of constructive arguing to clarify roles
- Agrees on how different players will play their best, inherent roles to achieve the vision
- Embraces power-building as a necessary strategy
- Commits to transparency and the sharing of real data among all the stakeholders, and then the use of that data to hold ourselves accountable to that vision

We suggest that an effective Strategic Advocacy campaign:

- Starts with a “Coalition of the Willing,”
- Parses the issues at hand to find ways to respond to the priority interest of each participating group,
- Uses an “inside-outside” tactical approach
- Will only work if we try.

For these strategies to become real, strategic advocacy efforts targeted toward these goals are necessary:

- To **embrace of equity-centered community development** as necessary for our neighborhoods
- To form new **alliances, collaborations and alignment** among government, banks, philanthropy, CDOs, GROs/NIOs
- To **prioritize ongoing, permanent resource investment** into community development work in neighborhoods
- To **implement the necessary policy imperatives** that will make equity-centered community development sustainable

CDAD accepts the challenge of quarterbacking such an advocacy effort but also recognizes that all the stakeholders must step up.

- City government needs to recognize the value of partnering with neighborhood-based groups and social justice groups, embrace the importance of transparency and accountability, prioritize the work of community development and work to create a delivery system that is strategic and long-term and focused on Detroit’s most distressed neighborhoods.
- Foundations need to invest in the high cost of creating and maintaining effective advocacy strategies, and building long-lasting campaigns to change mindsets.
- Corporations and banks should collaborate to invest in strategies that see the opportunity to build neighborhoods first, secondary to their PR value for the business.
- Organizations doing work on the ground should look for ways to strategically collaborate. And those organizations on the ground – along with foundations, government and business – can agree on their goals and each play their unique roles to reach them..

Building Public Will to Embrace Equity-Centered Community Development in Detroit

CDAD and BECDD’s efforts to create a sustainable and equitable community development ecosystem will rely both on the mindset of both stakeholder groups within the ecosystem and the general public.

This means that the advocacy strategies we create must be connected to efforts to clearly and persuasively a) respond to the “Mindset” barriers that have negated some of community development’s value-add over the last 30 years, and eroded trust among all the stakeholders; then b) define and communicate our values and priorities publicly.

Broadly-shared negative opinions and beliefs - and the resulting mistrust - about community development in Detroit have a profound influence on the decisions made and actions taken by elected officials, corporate and philanthropic leaders, neighborhood and social justice leaders, and others. In the BECDD process, “mistrust” and “negative mindset” were consistently identified as underlying problems impeding the development of a healthy ecosystem: a negative mindset about the importance of the work, about whether various stakeholders could be trusted, and about whether our organizations on the ground are capable of carrying out the work.

But, in just the last 20 years we have seen public will shift dramatically in the public's attitudes and behaviors regarding smoking, marriage equality and organic food: three prominent examples of changes in public will that came about due to focused efforts by a small group of advocates who sought to build public will for change.

[Research suggests](#) that public will-building focuses on **three mutually reinforcing levers for change**: personal behavior, social norms and systems policies and practices. **The BECDD/CDAD process has built on these elements:**

- By discussing the contributions of key stakeholders in the ecosystem, we suggest how the behavior of major institutional players can change to advance equity-centered community development
- By articulating our values of equity-centered community development, we look to embed a different set of norms to drive community development practice.
- By pushing for certain policy changes and systemic delivery systems, we prioritize the creation of a different environment in which to work on behalf of our neighborhoods.

But deeply-embedded changes in public will is a long-term effort and requires deliberate, focused, intentional strategies that are well-resourced and persistent over time. But the good news is that successful campaigns don't require 100% agreement on the goals. **Rather, a will-building approach requires five critical communications elements:**

1. **Framing the Opportunity** by understanding the key stakeholder groups and crafting a plan that targets their core values,
2. **Establishing Relevance** by crafting messages and stories to advance the narrative,
3. **Deepen Understanding** by communicating these messages about the desired change and mechanisms for change,
4. **Drive Conviction and Action** by using multiple channels, voices and tangible calls for action, and
5. **Reinforce and Leverage** by evaluating shifts in public will and adapting strategies and tactics.

While we work to define our roles and push for policy change and changes in institutional practices, ***CDAD/ BECDD call on the stakeholders in our ecosystem to immediately and collectively create communication strategies based on the above principals, then to embark with patience, persistence and resources, on a campaign to change public will and create a positive mindset for community development.*** We want to persuade our elected officials, government leaders, resource providers and the general public, toward a different mindset that results in:

- A clear understanding and embrace of what community development is, can be, and should be;
- A recognition that organizations on the ground – be they resident-led groups, local business associations, social justice networks or community development organizations – can be trusted as partners;
- A fundamental mutual trust among groups on the ground, city government, corporations foundations and intermediaries that we can work together, argue together, develop strategy together and fight together toward a common vision;
- A belief that this work is necessary for every neighborhood in Detroit to be vital and whole.

CDAD'S ROLE IN SYSTEM COORDINATION

Most multi-sector collaborations are excellent at collective visioning but fall far short in execution. They suffer when the original altruistic vision meets the hard reality of the daily grind. A gap opens up between collective strategy formulation and collective strategy execution.

To address this gap, CDAD and the sum of its many parts are challenged to hold the center on executing the collective strategy inherent in this ecosystem. While most of the research focuses on making the case for why multi stakeholder collaborations need organizational support, CDAD's immediate challenge is to focus on the "how" of being a successful home for reimagining the local community development delivery system in Detroit as envisioned through the Building the Engine process.

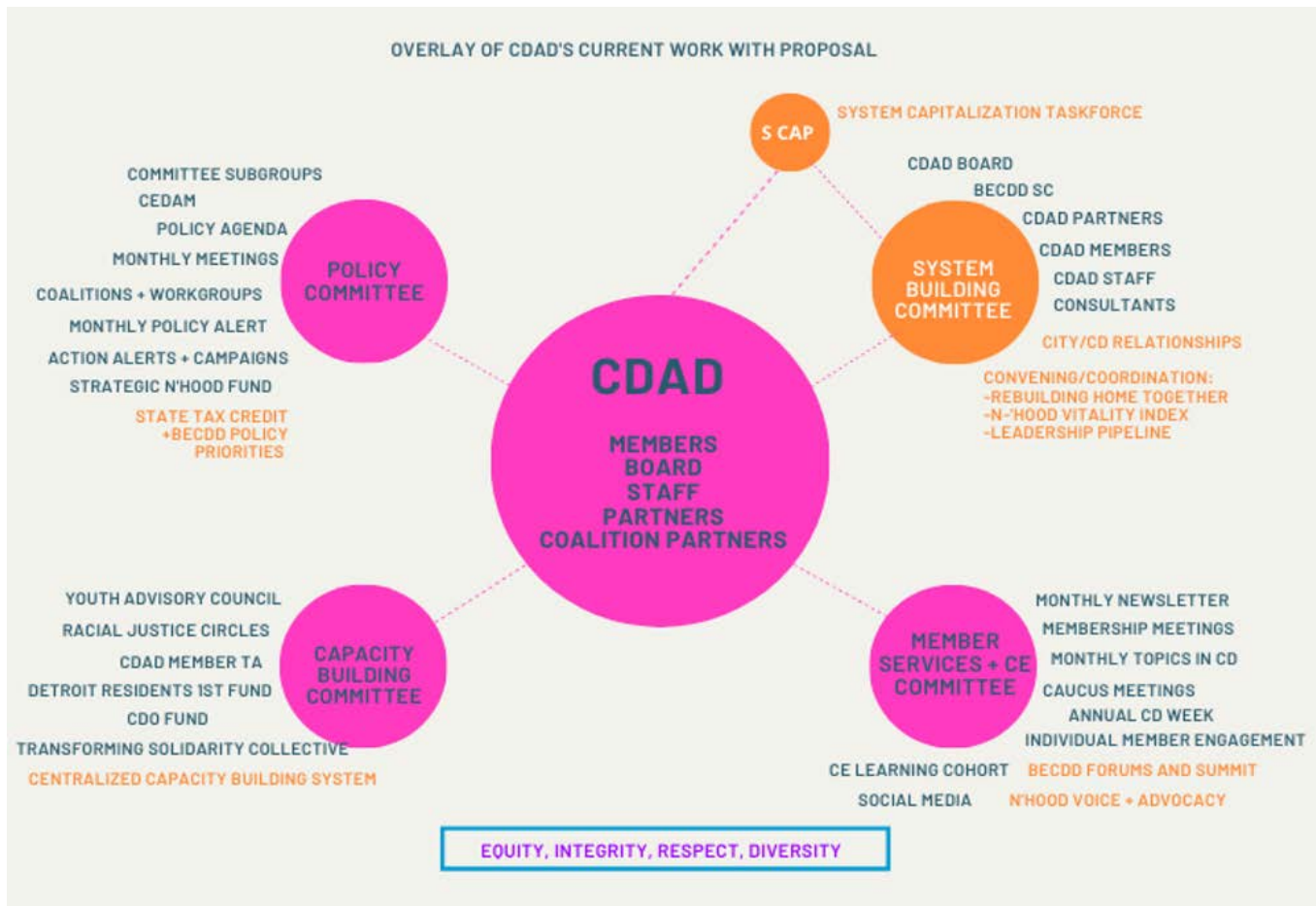
As CDAD expands its' capacity to build a stronger, more equity-centered community development ecosystem, the organization will have to focus on key systems activities such as ***building public will, advancing and influencing equity-centered policies and practices, alignment across the community development system of resources/investments, the creation of a funders' self-assessment tool and a funding ac-***

countability strategy.

BECCD was previously guided by a Steering Committee that made decisions about fundraising, system elements and projects. This Committee made a recommendation that CDAD be the organization to provide long-term sustainability for the work. A number of scenarios were proposed for the structure, including a collective impact model. A decision was made to integrate the work of BECCD into CDAD's existing infrastructure rather than creating a separate collective impact table.

CDAD has created the **"System Building Committee"** to support it in the efforts to strengthen the community development ecosystem. This committee will help guide CDAD as it integrates the work of BECCD into its core structure, continue to strengthen the system, and it will interact with the **System Capitalization Task Force** to implement the recommendations in this long-term strategy. The System Building Committee will work with dedicated CDAD staff to build a community development system that is future-focused, built on anti-racist analysis, and supports an emergence and adaptability that builds the necessary working relationships required among the community development ecosystem stakeholders to ensure the system is strong and thriving.

The creation of the System Building Committee required a change in CDAD's organizational structure. The following diagram illustrates the relationships between this new System Building Committee, the System Capitalization Task Force, and the CDAD board. It also illustrates how CDAD's other work and the ecosystem work will be integrated together.



TIMELINES AND MILESTONES

- HB 5272/5273 passes to incentivize contributions to CDOs
- Detroit Inclusionary Housing Ordinance updated to include more affordable housing support and expand DTF

- Funding Data elements finalized vis a vis System Goals
- Pilot Funding in play for the five projects plus CDAD for system coordination
- Philanthropy and State providing consistent data
- Measure Mindset Factors of stakeholder trust, use of public dollars in neighborhoods, scarcity mindset.

- NHIA passes to incentivize investment in affordable home ownership
- CDBG Reform Ordinance passes to expand community engagement, control NRSA benefits, focus HUD 108
- Create independent monitoring, increase CDBG \$ for affordable housing and grants to smaller nonprofits

An ongoing advocacy group of Detroit stakeholders focused on neighborhoods in Detroit: advocating for the passage of equity-centered policy, more resources for neighborhoods in Detroit, and an embrace of equity-centered work in all of Detroit's neighborhoods

- Initial convenings to identify common goals, talk through differences, identify common tactics to advance the goals
- Convenings include multiple stakeholders including grass roots-led organizations from Detroit neighborhoods.

- Analysis of costs w/ bottom-up strategy to provide CDO services in every Council District
- Passage of local and state policies signals a shift in mindset about the priority of policy changes
- Updated Funding Data signals more funding going to disinvested neighborhoods, and for power-building strategies

- CD Services in every Council District
- Documented change in public/private funding patterns
- More funding to disinvested neighborhoods, more
- Funding for power-building activities

- Policies and protections that mitigate the adverse impacts on current residents in high development areas
- Policies and practices that fully embrace a meaningful role for residents in planning and implementing strategies
- LIHTC Criteria modified to make Detroit more competitive

- Advocacy activities generating some success with passage of some policy imperatives
- Public funding trending toward more investment in equity-centered community development work
- Overall funding trends toward more investment in power-building strategies and related civic infrastructure

- CD Services in every neighborhood
- Broad support for community driven planning, economic and collective ownership wealth building approaches

2022 2024 2026 2028 2030 2032

- Funding Data available and reported collectively from philanthropy, state government
- Agreement with CDO Fund and DRFF Funders on how data will be organized and reported.
- Agreement with City/HRD on how data will be organized and reported
- Agreement with banks and other corporations on how data will be organized and reported
- Decision on where data will be stored and how it will be reported
- Funding Data being independently monitored, stored, reported

- First sets of consistent funding data coming from philanthropy, city, corporations/banks
- Funders are self-monitoring their performance based on a set of agreed-on equitable funding guidelines
- Documented increase in the use of participatory grantmaking for community development
- First reports on equity in funding published

- A community development philosophy that prioritizes leveraging dollars into sustaining and expanding development into underserved communities
- Discernable increase in the supply of affordable single-family homes for current Detroiters
- Discernable increase in use of PRIs and Recoverable Grants for CDO-sponsored real estate/economic development projects
- LIHTC Criteria More Competitive for Detroit projects

- A formal, ongoing structure/process for both public resources for community development and private funders to coordinate, leverage, align and expand resources for community development
- CDO Fund and DRF Fund expanded
- Transforming Power Fund funding renewed
- AHLF Loans/Investments for Home Ownership Projects
- More CDBG and ARPA Funding allocated for Affordable Home Ownership
- Annual \$100 million allocation to the MI HCDF
- Detroit Housing Trust Fund Expanded
- Neighborhood Improvement Fund Expanded

- All elements fully funded
- Measurable Progress on NVI Indicators
- Additional positive mindset trend over 4 years

- Revive the use of PRIs and Recoverable Grant
- Annual \$100 million allocation to the MI HCDF
- SF Affordable Home Ownership Collaborative Financing Model Launched

- Local stakeholders fully embrace/adopt equity centered policies and practices
- Corporations providing data based on agreed goals
- Positive mindset trend over three years

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| A POLICY ENVIRONMENT THAT FACILITATES EQUITY-CENTERED COMMUNITY DEVELOPMENT | MEASUREMENT, TRANSPARENCY AND ACCOUNTABILITY IN COMMUNITY DEVELOPMENT FUNDING | COLLABORATIVE, STRATEGIC ADVOCACY PLUS POWER-BUILDING |
| A SYSTEMS APPROACH | EQUITY-CENTERED POLICY AND FUNDING PRACTICES | MONEY, BUT NOT JUST MONEY |

STAKEHOLDERS AND THEIR RESPONSIBILITIES

- CDAD:**
- Convenor and Coordinator of the System Building Committee and System Capitalization Task Force
 - Convenor of community development stakeholders to formulate a long-term public will building strategy to change mindsets
 - Convenor of a bottom-up process to devise strategies that assure community development services in all Council Districts and neighborhoods over time
 - Convenor of broad-based strategy to successfully advocate for necessary policy change, especially for an updated Inclusionary Housing Ordinance and a CDBG Reform Ordinance
 - Convenor of a process with funders and grantee partners to create a self-assessment tool to measure equity-focused funding to neighborhoods

- CDAD AND CEDAM:**
- Convene a broad statewide coalition, joined with multiple national coalitions, to pass the federal Neighborhood Homes Investment Act
 - On behalf of members, work to pass the state Community Investment Program legislation

- STATE LEGISLATURE WITH MSHDA, MEDC AND GOVERNOR:**
- Work together to pass state Community Investment Program legislation
 - Appropriate funding to MEDC to administer the CIP Program
 - Appropriate \$100 million annual for MI-HCD Fund
 - MSHDA: update LIHTC Criteria to make Detroit more competitive

- DETROIT CITY COUNCIL:**
- Update the Inclusionary Zoning Ordinance to include more affordable housing projects and expand the Detroit Housing Trust Fund
 - Pass a CDBG Reform Ordinance
 - Appropriate more ARPA and CDBG for affordable housing

- PHILANTHROPY:**
- Identify pathways to increase the use of Program-Related Investments and Recoverable Grants for community development work
 - Adopt increasingly more participatory grantmaking practices
 - Increase funding to the Residents First Fund and the Transforming Power Fund and the CDO Fund
 - Create a self-assessment tool to measure equity-focused funding to neighborhoods

- PHILANTHROPY + CITY AND STATE GOVERNMENT:**
- Create an ongoing structure and process to align and coordinate existing and new sources of funding for equity-centered community development work.
 - Report on it, and be accountable to it
 - Create a set of guidelines and success measures to change funding patterns toward equity-focused public and private funding

- CHN, CDFIs, PHILANTHROPY AND BANKS:**
- Create a collaborative financing model for truly affordable single-family home ownership in Detroit

ACRONYMS TRANSLATED

AHLF – Affordable Housing Leverage Fund
AMI – Area Median Income
ARPA – American Rescue Plan Act
BECCD – Building the Engine of Community Development in Detroit
BIPOC – Black, Indigenous and People of Color
BLM – Black Lives Matter
BYP 100 – Black Youth Project
CARES – Coronavirus Aid, Relief and Economic Security Act
CDO – Community Development Organization
COC – Congress of Communities
CDAD – Community Development Advocates of Detroit
CDFI – Community Development Financial Institution
CDBG – Community Development Block Grant
CEDAM – Community Economic Development Association of Michigan
CHN – CHN Housing Partners, dba Detroit Housing Network
CIP – Community Investment Program
COW – Coalition of the Willing
CRA – Community Reinvestment Act
CRCAA – Cody Rouge Community Action Alliance
D3 – Data Driven Detroit
DESC – Detroit Employment Solutions Corporation/City of Detroit
DHTF – Detroit Housing Trust Fund
DLBA – Detroit Land Bank Authority
DPSCD – Detroit Public Schools Community District
DRFF – Detroit Residents First Fund
ECN – Eastside Community Network
EQ2 – Equity Equivalent Financing
EOA – Economic Opportunity Act
GRO – Grass Roots Organization
GOS – General Operating Support
HRD – Detroit Housing & Revitalization Department
HUD – US Department of Housing and

Urban Development
JFM – JFM Consulting Group
LIHTC – Low Income Housing Tax Credit program
LISC – Local Initiative Support Corporation
LPC – Leadership Pipeline Collaborative
LTU – Lawrence Technological University
MACO – Michigan Avenue Community Organization
MEDC – Michigan Economic Development Corporation
MI - Michigan
MI-HCDF – Michigan Housing and Community Development Fund
MNA – Michigan Nonprofit Association
MOSES – Metropolitan Organizing Strategy Enabling Strength
MSHDA – Michigan State Housing Development Authority
NHIA – Neighborhood Homes Investment Act
NIO – Neighborhood Improvement Organization
NOAH – Naturally-Occurring Affordable Housing
NOF – Neighborhood Opportunity Fund
NVI – Neighborhood Vitality Index
NRSA – Neighborhood Revitalization Strategy Area
OEO – Office of Economic Opportunity
QAP – Qualified Action Plan
PRI – Program Related Investment
RG – Recoverable Grant
SEMCLP – Southeastern Michigan Community Learning Partnership
SJO – Social Justice Organization
SNF – Strategic Neighborhood Fund
TA – Technical Assistance
TPF – Transforming Power Fund
UMD – University of Michigan Dearborn
UNI – Urban Neighborhood Initiatives
U-SNAP-BAC – United Street Networking and Planning, Building a Community
WSU – Wayne State University

We are deeply grateful for the commitment of time, wisdom, expertise, and tenacity of so many people and organizations who contributed to the development of this document over two years.

THE BUILDING THE ENGINE SYSTEM CAPITALIZATION TASK FORCE

Co-leaders Sherita Smith, Chris Uhl and Jodee Raines

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- Bryan Hogle, Kresge Foundation
- Jodee Raines and Cris Doby, Erb Family Foundation
- Kevin Ryan, Ford Foundation
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The Alignment Forums' scores of attendees



BANK OF AMERICA

Bank of America, the lead sponsor of this report with the Ford Foundation, Hudson Webber Foundation, and Kresge Foundation



DOCUMENTS

- [CDO Location Maps](#)
- [Data Maps on Community Development Funding](#)
- [Document: Whole System Five-Year Costs with Comparative Analysis to Current Capital](#)
- [Paper: A Scan of CDBG Practices in Four Cities](#)
- [Paper: CRA: an Underutilized Tool](#)
- [Paper: Equity-Centered Community Development](#)
- [Paper: Models of Equitable Decision Making in Funding](#)
- [Paper: Public Will-Building](#)
- [PPT: BECDD Community Development System and Projects Overview](#)

APPENDIX



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