



# EQUITY-CENTERED COMMUNITY DEVELOPMENT IN DETROIT

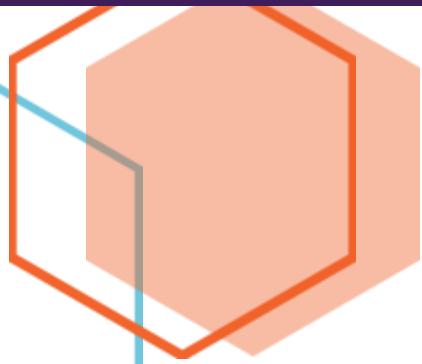
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## Options for Broadening Impact in Low-Wealth Neighborhoods

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*Prepared by  
Garland Yates, Mobilizing Communities – Community Democracy  
Workshop, Maryland*

*With support from  
John Zraldo, Commonwealth Consulting, LLC  
Detroit*



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## PREFACE

This paper is designed to pass on lessons my peers and I across the field of community change have learned, as we have grown the field of place-based community change and development. Working on the ground to improve conditions in so many diverse situations has given us rare opportunities to learn a great deal about developing pathways to more equitable communities, flush with opportunities for all residents. I hope it has been a useful undertaking.

As I have gotten more experienced, I have become increasingly concerned that so much is being written about and otherwise passed on to help agents of positive community change develop good enduring pathways to sustainable equitable communities: What works? What does not? What blind alleys should be avoided, and what pathways show promise? How can technical support, combined with adequate resources, help build community power and capacity to make equity-centered change happen? What is needed to help prepare local community development groups to enjoin with allies to increase their impact?

The issues involved range from housing to community reinvestment; education to community economic development; and now, increasing accountability and more equity in publicly subsidized private development to provide jobs and wealth-creation opportunities.

This experience led me to set out four fundamental conclusions to be applied in equity-centered community development strategies:

- **Low-wealth communities must become the prime movers** in community, social and political change efforts to ensure that the future responds to their needs and priorities.
- They must **build their own powerful and democratically inspired networks, organizations, alliances and partnerships, and institutions** to represent their interests, and they must be able to hold those entities accountable.
- **Those efforts require grassroots infrastructures** of volunteers and leaders equipped with broad knowledge and skills, capacity to involve people and develop leaders, and a long-range vision, undergirded by sophisticated strategies.
- **People with lived experience with poverty and discrimination bring unique insights, knowledge, commitment, and interpersonal skills** as well as enormous quiescent talent to working on these issues, and they also are uniquely qualified to be role models for other potential leaders, organizers, and change agents.


## PURPOSES OF THIS REPORT

• • •

Present a framework for understanding the root causes, policy, and power dynamics that proffer inequitable community development policies and practices across Detroit neighborhoods.

Illustrate how inequitable community development policy solutions and strategies reinforce and complement each other to the detriment of current long-time residents.

Provoke discussion among community development funders and other stakeholders in Detroit about the need for equity-centered community development funding, policies, and practices.



“IT IS IMPORTANT TO REMEMBER HOW RADICAL THE IDEA OF COMMUNITY DEVELOPMENT WAS WHEN IT BEGAN.

NEIGHBORHOODS AS A LOCUS FOR FEDERAL POLICY WAS DISRUPTIVE THINKING—AND OFTEN OPPOSED BITTERLY BY CONSERVATIVE FORCES OF THE TIME. INVESTING NATIONAL RESOURCES DIRECTLY INTO POOR COMMUNITIES TO REVERSE ECONOMIC DECLINE, TO PRODUCE OPPORTUNITY AND EQUALITY FOR LOW-INCOME RESIDENTS, WAS BRAND NEW. IT HAD NO PRECEDENT IN AMERICAN SOCIAL POLICY. COMMUNITY DEVELOPMENT THEORY HELD THAT BY REVERSING DECADES OF DISINVESTMENT AND CHANNELING THAT REINVESTMENT INTO LOCAL ECONOMIES, WE WOULD STIMULATE ECONOMIC GROWTH, CREATE JOBS AND OPPORTUNITY, AND LIFT FAMILIES OUT OF POVERTY. AND THE NATION WOULD BEGIN TO REPAIR A HISTORY OF RACISM AND DISCRIMINATION. URBAN INSTITUTE REPORT, OCTOBER 2019

Over time, I became increasingly convinced that, while people can learn and develop the basic capacities needed through trial-and-error experience, they will develop far more quickly if they are supported with opportunities to learn through a combination of structured learning, extensive practice, and critical reflection.

This led me to devote this time in my latter career to do consultation and study with community leaders, organizers, academics, trainers, government, public and private philanthropy, exploring how best to expand the fields of community development and community change to produce more equitable, prosperous, and inclusive communities for everyone. That work has lifted up the importance of forming equity-centered and inclusive communities through robust partnerships with communities, public and private philanthropy, government, businesses, and academia.

In Detroit, the times are ripe for the Building the Engine of Community Development approach. Every day we see ordinary people demonstrating incredible commitment, courage and leadership on the central issues facing their communities and world today. They are encouraging, organizing, and leading mass movements on racial and economic justice, the climate crisis, gun safety, immigration, and civil rights. It is time to invest in actually helping these people to fully prepare for the equally awesome redevelopment challenges facing their own neighborhoods.

This paper is part analysis, part 'how-to guide', part policy advocacy, part agitation, and includes several intriguing vignettes. It is designed primarily to help

Building the Engine collaborators develop similar partnerships, explore similar strategies, discover ideas and lessons from others, which may help as they work to strengthen their own equity-centered approaches. Hopefully, these ideas help augment equity centered community-based development approaches as performance is measured, impact is assessed, and influence shows up in the forms of public policies and expanding resources.

Lastly, this paper draws from the work of community organizers, community change agents, community-based development organizations, community development finance institutions, government, and philanthropy in place-based comprehensive community change strategies. Strong leadership by community-based organizations in low-income and working-class neighborhoods combined with research in the fields of urban development, housing,

economic development, and public health show a universal need for more strategic investments in equity-centered community development strategies at neighborhood, citywide, and regional levels.

## **INTRODUCTION: ORIGINS OF COMMUNITY DEVELOPMENT**

The idea of comprehensiveness permeated the antipoverty programs of the 1960s. To get many separate government agencies to work together to undertake a multipronged attack on poverty, the Economic Opportunity Act set up an Economic Opportunity Council made up of the president's cabinet secretaries and named the OEO director as its chairman. The fundamental concept of the 1966 Model Cities program was that focusing diverse programs and approaches in a concentrated area would transform a slum neighborhood and its low-income inhabitants. The OEO, and even more explicitly Model Cities, relied on an integrated approach to come up with that magic answer that would break down the barriers between how different types of primarily social services were delivered. In practice, however, effectively coordinating separate and often jealous government agencies to achieve scale ultimately proved undoable.

While elite policymakers mulled over what was the best way to solve poverty, on the streets in neighborhoods of America's cities the people had begun to act for themselves. The civil rights movement took center stage in the nation's domestic affairs, much in a similar fashion as the Black Lives Matter movement has done today. Voices of all stripes and colors, from south to north and country to city, raised expectations of Americans of all stripes and colors again demanding better treatment and access to opportunities.

After dramatic confrontations such as the marches in Selma, AL, and the triumphant achievements of the Voting Rights Act and the 1965 Civil Rights Act, many southern civil rights leaders along with Martin Luther King Jr. pivoted to northern cities. In cities from Boston to Seattle, civil rights activists crusaded against racial discrimination in education, employment, and housing. The increasing appeal of black nationalism, which ranged from black pride to "black power," the emergence of militant nationalists, such as H. Rap Brown, and a fiery black nationalist movement was beginning to move leaders like King who preached nonviolence and racial integration.

Meanwhile, in Chicago, a close-to-the-ground approach to urban problems known as community organizing was born. In the late 1930s, Saul Alinsky, a former social worker studied and applied union organizers' tactics and strategies to help residents of the "Back of the Yards" neighborhood, an impoverished Eastern European immigrant neighborhood, gain enough political power to force local government, corporations, and institutions to respond to their needs. Alinsky then set up the Industrial Areas Foundation to organize the powerless of all stripes—Mexican Americans, Puerto Ricans, and African Americans—in their home communities. During the 1960s, Alinsky's brand of community organizing gained national attention, as Charles Silberman publicized Alinsky's work in the best-selling book, "Crisis in Black and White," and members of the New Left turned to the organizer to learn political organizing tactics. Many years later Alinsky's ideas would influence a young community organizer in southside Chicago named Barack Obama.

The spirit of rebellion and “enough is enough” that flourished in the 1960s also inspired citizens in black communities to take to the streets to oppose large-scale urban renewal and new highway projects. Across the nation, they rallied to stop the government from tearing down their homes for a small number of public or luxury housing and from slicing 10-lane expressways through their neighborhoods to benefit suburbanites who fled the cities. Although not always successful, especially at first, over time the protests gained champions who articulated the intellectual case for their cause—seeding the early conversations about what many would now call “inequitable community development.”

As the antipoverty experiments increasingly called for a comprehensive approach, grassroots campaigns nurtured the idea that any effort to confront the so-called urban ills should engage, and be written by, the people who were the intended beneficiaries of the initiative. Thus, a signature piece of the War on Poverty became the local community action programs, whose local agencies would carry out a panoply of antipoverty programs and legal services for the poor.

Although the Johnson administration eventually gave in to mayors’ objections against the embedded role of residents, he never entirely abandoned the principle of “citizen participation.” Consequently, in contrast to public housing, urban renewal, and highway construction of the 1950s, the antipoverty and community development strategies of the 1960s enshrined, at least to some degree, a bottom-up approach. Thus, in the late 1960s, the country redoubled its efforts to improve the slums and ghettos in cities.

Facing an increasingly dire fiscal situation caused by an unpopular war and a leftward political tilt of the 1960s, lawmakers and government leaders embraced the idea that the private sector could play a central role in solving what many called the “urban crisis.” New York Senator Robert F. Kennedy became a leading proponent of the idea of tapping the power and wealth of corporate America for social betterment. Deeply unhappy with how the war on poverty was going, he sought an alternative to the big government programs. Kennedy turned to big business. 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. As the other U.S. Senator from New York Daniel Patrick Moynihan put it, the Bedford-Stuyvesant project would “get the market to do what the bureaucracy cannot.”

## Neighborhood Funders Group “Democratizing Development” Work Group, 2019

*Across the country, residents and community institutions are coming together and organizing in new ways to create a people-powered alternative vision for housing policy and local development.*

*This vision is not driven by profit, speculation, or the influx of new corporate capital. This vision is centered on self-determined community needs as millions of renters are just one rent increase or eviction away from experiencing homelessness.*

*This vision cuts across philanthropic silos and connects housing needs with income inequality, criminal justice, climate justice, health, immigration, and LGBTQ issues to benefit all low-income and working-class communities.*

With the support of New York Republican leaders Senator Jacob Javits and Mayor John Lindsay, Kennedy persuaded Congress and the administration in November 1966 to amend the Economic Opportunity Act by adding the “Special Impact Program” to fund community development “ventures” in urban poverty areas, beginning with Kennedy’s Bedford-Stuyvesant Restoration Corporation. In December of that year, Kennedy announced that two new nonprofit organizations—one made up of local leaders and another of top business executives—would lead the effort to revive Bedford-Stuyvesant. Kennedy had convinced several corporate heavyweights—including the corporate heads of IBM, First National City Bank (later renamed Citibank)—to serve on a corporate based advisory committee.

Across the country a new wave of housing developments was stabilizing low-income neighborhoods and residents served notice that their neglected neighborhoods were worthy places in which to live and invest. The most spectacular example of the transformative effect of housing development on dying neighborhoods can be seen the history of New York’s South Bronx, at the time regarded as the international symbol of urban degradation. In 1986, Mayor Edward Koch declared a 10-year plan to rebuild homes on the rubble of abandoned and arson-destroyed apartment buildings that scared the city’s landscape.

Unlike the old, centralized model of the public housing and urban renewal programs, the Koch administration opened the city’s coffers to anyone who had a plausible project. The city eventually put up \$5 billion to develop or renovate more than 180,000 dwellings, and the largest share (65,300 units) went to the troubled borough of the Bronx. That program spawned a network of diverse community-based developers—large and small, nonprofit and for-profit—using an array of approaches and programs and rebuilt many neighborhoods across the city. In the process, CDCs—Community Development Corporations including the colorfully named Mid-Bronx Desperadoes and Banana Kelly in the Bronx and St. Nicholas Neighborhood Preservation Corporation in Brooklyn—adopting market-oriented practices, demonstrated success to lenders and were able to boost the number and size of their projects.

The forerunner and prototype of comprehensive neighborhood change initiatives, the Dudley Street Neighborhood Initiative (DSNI) in Boston, was initiated by residents, which like many successive CCIs emerged under their own unique circumstances that are not easily replicable. An alliance of local social service agencies, CDCs, and churches was forged by organized residents and came together to create the Dudley Street Neighborhood Initiative (DSNI) in 1984 to upgrade an area in the Roxbury section of Boston. It instigated an enormous amount of interest among the local residents.

The motivation was fear: the Boston Redevelopment Authority had recently proposed an urban renewal plan that, with its call for construction of office towers and luxury hotels, raised the specter of demolition and gentrification of the Dudley Street neighborhood. A group of concerned residents took over the planning process, dubbed themselves DSNI, and transformed what was supposed to be a large-scale social service operation into a new kind of locally based redevelopment-planning entity.

Following this interesting example of broad community development, during the 1990s a number of foundations created comprehensive community initiatives. During that same time the Ford Foundation launched the Neighborhood and Family Initiative which targeted poor



neighborhoods in Detroit, Milwaukee, Memphis, and Hartford. The Ford Foundation specifically worked through a locally based community foundation in each city (Community Foundation of Southeast Michigan in Detroit) as the backbone organization to guide the formation of a collaborative committee to plan and oversee implementation of a local comprehensive community plan. In the collaborative committees, neighborhood residents, business owners, and professionals were to develop a local action agenda, for which representatives of the city's government agencies, corporations, and nonprofit organizations were to provide the resources.

By the 1980s, forces that encouraged the revitalization of the inner city began to grow and gather momentum. During the 1980s, immigrants, attracted by economic opportunity greater than that in their homelands, began to arrive in increasing numbers. Often low-wage workers, they sought and found inexpensive shelter in low-income neighborhoods of large "gateway" cities, such as New York, Washington, Chicago, Los Angeles, and Miami. At the same time, a small but noticeable number of artists and white-collar professionals began to take up residence in central cities. For them, the city held attractions: historic homes, which some of the arrivals took great care to renovate, lively cultural life, and proximity to downtown jobs.

The "CDC" movement in Detroit also gained footing in the early 80s with the birth of the Warren/Conner Development Coalition (now ECN), Core City Neighborhoods, U SNAP BAC and a few others. Up to that point only SDBA and Messiah Nonprofit Housing Corporation existed as some form of "CDCs". During that same time, the Enterprise Foundation and the City of Baltimore began the Neighborhood Transformation Initiative, a multipronged effort—including education, social services, job training, and community organizing—to systematically address the social, economic, and physical conditions of Sandtown-Winchester, an impoverished neighborhood in southwest Baltimore.

By the 1990s, in Detroit, more "CDCs" were forming, including Central Detroit Christian CDC, Grandmont Rosedale CDC, Vanguard CDC, Mexicantown CDC, Bagley Housing, JEBA, UNI and others. A community development "infrastructure" also began to form, with the entry of Detroit LISC and the founding of CDAD, CEDAM and the short-lived Detroit Community Development Funders Collaborative.

In 1993 the Annie E. Casey Foundation initiated the Rebuilding Communities Initiative and selected existing community organizations in Denver, Detroit, Philadelphia, and Boston to be the backbone organizations to lead campaigns for comprehensive renewal in their target neighborhoods. Other foundations such as The Pew Charitable Trusts followed with their own comprehensive health-based initiative. The NFI initiative in Detroit really bypassed the CDC's (now CDOs) in Detroit. Several of them attempted to intervene in the formation of the NFI plan, without success. So, the "comprehensive community plan" that was produced in Detroit was very top-down.

By the start of the new millennium, it was clear that the map of poverty had changed once again. In the large cities where the community development movement was strongest, the changes that had begun in inner-city communities now reached or passed a tipping point. Where once only a CDC or a few urban pioneers regained a sense of the potential value of living in city neighborhoods, an influx of upper-middle-class and wealthy professionals began moving in and driving up rents and home prices far above what unsubsidized low-income



families could pay. As these places became more gentrified, remaining subsidized affordable housing projects ironically often provided justifications for use of public resources to further incentivize the neighborhoods' economic and social transformation, all the while maintaining a somewhat mixed-income character. Immigration is another factor in the ensuing transformation the ethnicity of neighborhoods.

## DEFINING RACIAL AND ECONOMIC INEQUITIES AND CONDITIONS IN COMMUNITY DEVELOPMENT IN DETROIT

### History and Context

Detroit's experience with inequitable community development has been shaped by its unique circumstances, context, and history. In recent decades, as some of the nation's major cities have undergone renewal and reinvestment, lower-income residents regularly found themselves neglected or pushed aside by gentrifying developments intended for wealthier families. Detroiters know this experience all too well.

Low-income residents in cities with greater density and less available space are often displaced from their homes and apartments in gentrifying neighborhoods by upscale new development projects. In Detroit this has been true in a few neighborhoods (e.g., Midtown and West Village), although some scholars (e.g., Alan Mallach in "The Divided City") argue that gentrification is NOT Detroit's problem; but for most of Detroit gentrification has taken on a different look. Rather Detroit's highest-in-the-nation surplus of blighted vacant land and, in many neighborhoods low housing density, has lowered property values, making many neighborhoods ripe for "buy and hold" strategies by outside speculators. These conditions often allow new development to move forward without relocating current families.

### Gentrification by Disinvestment

Nearly 30% of Detroiters have incomes below the federal poverty line – arguably the nation's highest - and almost every Detroit neighborhood needs revitalization. As a result, "Detroit" has become a code word that refers to low-income families, crime, and urban decay. As a result, for too long, any new real estate development or investment in Detroit was viewed by civic leaders as a positive dynamic within the city. In a 2019 retrospective of Detroit's Community Development Funders Collaborative, one of the former funders commented that real estate development was viewed as the only type of investment they wanted community development organizations (CDOs) to engage in.

In Living Cities' "Woodward Corridor Initiative" funded by multiple national funders in the 2010s, one organization Midtown, Inc, was heavily supported to engage in real estate development along Detroit's main commercial corridor. This allowed public subsidies and private philanthropy to support developments primarily intended to serve middle- and upper-class families in the Midtown and Downtown neighborhoods rather than being allocated to serve neglected neighborhoods and their long-term residents.

Rather than experiencing gentrification by displacement, many high-need neighborhoods in Detroit have experienced gentrification enabled by disinvestment. Too many Detroit

residents live in under-resourced, disinvested neighborhoods that have not received their fair share of government funding and little new investment from foundations and corporations. And as Detroit's fortunes improved and property values decreased, these neighborhoods have become a magnet for speculative investment, through the Detroit Land Bank Authority's (DLBA) many programs or through the Wayne County Tax Auction, leaving blighted neighborhoods vulnerable to future gentrification, while the "controlled" land remains blighted. Residents living in these blighted, low-density neighborhoods become locked into an unwinnable predicament where they are unable to afford to upgrade their homes, they are unable to sell because prices are too low, but once prices rise tenants will be unable to afford rent and homeowners will be unable to afford repairs and/or property taxes.

According to the Urban Institute, the Impact of Community Development Corporations on Urban Neighborhoods, government, and private supporters of urban revitalization have increasingly relied on community development corporations (CDCs,) to carry a major share of the front-line burden of improving poor neighborhoods. This research presents new evidence that these community-controlled, market-responsive development organizations can indeed spark a chain reaction of investment that leads to dramatic improvements to neighborhoods. Advanced econometric analysis shows that CDC investments in affordable housing and commercial retail facilities have led to increases in property values—right now the dominant measure of neighborhood improvement—that are sometimes as great as 69 percent higher than they would have been in the absence of the investment. These organizations have demonstrated unequivocally that they are more than up to the challenges of revitalizing underserved neighborhoods.

### *The Scarcity Mindset*

Municipal bankruptcy and a series of housing crises over the past fifteen years have reinforced a belief held by city leaders (public and private) that there will never be enough resources available to fully support the renewal of every Detroit neighborhood. In the last year, for example, the COVID-19 crisis redeployed private foundation funding to tackle the crisis and the uncertainty in an unstable stock market has left foundations uncertain as to the amount of funding their institutions would have available to donate. This scarcity mindset leads community development leaders to think they must compete with each other for scarce resources, even when they have the same aspirations for Detroit's revitalization and operate against the same challenging conditions. Meanwhile, the City of Detroit, through the Strategic Neighborhood Fund, seeks private funding from the same foundations and corporations relied on by many CDOs for operating and project funding. Paradoxically, many of these CDOs serve low-wealth neighborhoods that were not selected by SNF for special investment.

Like in many other communities, it is important to note that Detroit CDOs have played a key role in identifying some of the more equitable and efficient community development policies and practices. They also have been a major voice in advocating for the broad strategic implementation of these policies and practices. However, in far too many instances, CDOs in the same parts of Detroit find themselves competing for scarce funding for projects that ultimately all serve the shared goal of improving communities for Detroit residents. This dynamic undermines trust among potential partners and incubates inefficiencies that limit the potential impact of these development efforts.

Since 2007, Detroit families have suffered through a mortgage foreclosure crisis, a water shut-off crisis and property tax foreclosure crisis that pushed many families into financial ruin, devastated the city's housing stock and depleted the city's tax revenue base. In 2013, the City of Detroit filed for Chapter 9 municipal bankruptcy. As a result, the solutions put forward to these crises have often pitted the well-being of families against the financial well-being of Detroit municipal government, or against the interests of banks intent on recovering their losses from the Great Recession. Even the City's proposed solution to the over-assessment of city property taxes would not directly repay low-income families who were overcharged and who lost their homes to tax foreclosure. The fear is that making these families whole would push the City back into bankruptcy. This, despite the unprecedented creativity and generosity shown by government leaders and philanthropy in co-creating the "Grand Bargain" that helped end the Detroit Bankruptcy, or co-investing in the "Q-Line" that connects midtown to downtown.

Another by-product of a scarcity mindset in Detroit is the disproportionate influence and over-reliance in community development priorities in Detroit by private foundations, banks, and corporations. Over the past few decades, city government, community development intermediaries and CDOs have been dependent on financial support from private sources of capital for new community development projects. Community Development Finance

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*"The Philadelphia Association of CDCs' credo is that "Strong neighborhoods are made up of neighbors who care about their communities and welcome new residents, as well as community-based organizations that provide a forum for input and action to create inclusive neighborhoods. ", Through the Philadelphia Planning Commission's Citizens Planning Institute, community residents are given the knowledge and tools to participate in the Registered Community Organization (RCO) process and other planning and zoning decisions in effective, inclusive ways. Non-profit community, civic and neighborhood associations play a vital role in engaging neighborhood residents and connecting them to vital services and programs yet are vastly under-resourced. The City will boost to \$4 million per year its investment in Neighborhood Advisory Committees (NACs) and other neighborhood-based groups that engage the community. Market-rate development projects that receive public subsidies should be required to advance Equitable." Development in a meaningful way."*

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Institutions (CDFIs) and even some non-financial intermediaries have too often aligned priorities with those of their funders and investors, rather than with the residents of the neediest neighborhoods in Detroit. And unlike in other cities, many of Detroit's CDFIs tend to view investment in Detroit's lowest-income neighborhoods as too risky, mimicking the investment mindset of conventional lending institutions.

Definitions of inequitable community development represent a range of starting points and theoretical assumptions, depending on the local circumstances. The equity-centered framework proposed here draws heavily on definitions developed to support community-based development organizations that build grassroots power and leadership to create strong, equitable neighborhoods in their communities. The ensuing policies and practices drive

the racial and class reconfiguration of urban, working-class communities and communities of color that chronically suffer from a history of disinvestment and abandonment already. Similarly, involuntary economic and social dislocation far too often are byproducts of inequitable community development processes that purposely aim to drive the social, economic, and cultural transformation of disinvested urban neighborhoods. This involuntary outmigration of low-income people and people of color from their existing homes and neighborhoods on too many occasions is due to social, economic, or environmental conditions that make their current neighborhoods either uninhabitable or unaffordable.

These definitions reflect four mutually reinforcing systems that define the process of inequitable community development. When connected in the context of community development, these **four mutually reinforcing systems** (i.e., how inequity is created in community development) create the root causes of inequitable community development.

First, are **private market-based financing practices** that often pit the rights of private property owners against community visions and community ownership. For instance, wealthy residents are more often drawn to urban amenities created by new investments in public transportation in disinvested communities and other investments like new entertainment districts that drive a demand for affordable housing. As a result, longtime residents often experience unbridled market-driven demographic, cultural social and political transformations in their neighborhoods and struggle to keep a foothold in their own communities.

Second, is the **role of government and public/private policies** that drive market-favorable community development. Political approaches that favor free market orientations have transformed the role of government from a regulator and distributor of wealth and social and public goods, to one focused on providing favorable conditions for capital investments in cities. Within the context of privatization, declining public investments and an increasing reliance on the private sector, housing is viewed in the context of supply and demand, rather than a public good. Limited public resources are increasingly diverted to incentivize and benefit the private sector at the expense of public spending that should be directed toward community needs.

Third, these **market-driven practices of community development**, without protections and public sector supports for vulnerable residents, are rooted in and reinforced by structural racism, which produces racially and economically segregated neighborhoods that cyclically experience depraving patterns of disinvestment, poverty, low-wages, environmental degradation, poor health, high levels of incarceration, and a dearth of education and employment options.

Fourth, **housing and building stock in neighborhoods that experience long-term disinvestment and redlining is upgraded by new developments**, increasing pressure on formerly affordable neighborhoods, and leaving poor and working-class households trapped in their current housing situations without options for mobility or facing the threat of displacement. Institutionalized racism intrudes into the marketplace as well, denying people of color access to financial resources (such as mortgages and loans), education and other services, causing a racial wealth and credit gap.

These kinds of entrenched inequities also lock out the participation, knowledge, and leadership of long-term neighborhood residents in the community development process, further exacerbating the dearth of democratic structures and processes to define policies that directly impact them. Arguably, these interlocking systems of market-driven community development, market-favorable government policies and practices, disinvestment and blight and structural racism, result in and depend on, **vulnerable communities not having equal power to influence projects** (in the marketplace and the political landscape) **and frame the debate.** Increasing housing and economic insecurity caused by inequitable community development strategies together further worsen the already unequal power that residents have in setting the policies that affect their lives and neighborhoods. Predictably, the result is the power held by developers, investors, and the wealthy outweighs the limited power of longtime residents to influence policy and decision-making and shape the public policy debates based on their own lived experiences.

### The Home Funders (HF) Collaborative

The Home Funders (HF) collaborative was formed in 2003 to address the unprecedented crisis in affordable housing for very low-income families in Massachusetts. Several of the area's private funders came together based on the belief that without adequate housing, all other social investments are at risk. Home Funders developed an innovative product to address this growing problem – pooling private dollars to make low-interest loans and grants to build very affordable housing. The founding members pooled significant capital in the form of Program Related Investments (PRI) and grants for an initial total of \$16 million. That loan capital grew to over \$21 million with additional contributions. The funds are loaned to affordable housing projects through two experienced housing finance intermediaries – Community Economic Development Assistance Corporation (CEDAC) and Massachusetts Housing Partnership (MHP) at incredibly low interest rates for a range of predevelopment and development uses. In return for the below-market rates, developers commit to set aside at least 20% of the project's units for extremely low-income families. Information from (2012-2013) indicate that the Fund was very productive for Home Funders. During 2012 and 2013, Home Funders financed a total of 759 units; 163 were affordable to extremely low income (ELI families). The early-stage capital provided through Community Economic and Development Assistance Corporation (CEDAC) and secondary financing through Massachusetts Housing Partnership (MHP) helped move eight mixed-income projects through the development process. In Boston, Lowell, Framingham, Worcester, Dennis, Beverly and other communities across the state, Home Funders financing worked with other federal, state, and local funding sources to make these projects a reality.

## DRIVERS OF INEQUITABLE COMMUNITY DEVELOPMENT

The interlocking systems of institutionalized racism, market-driven financing practices, market-favorable government policies, and unequal power relations when combined, create an atmosphere that spawns inequitable community development policies and practices in neighborhoods (see attachment A). While these features significantly facilitate inequitable community development, they can be shifted through policy decisions and practices that lead to more equitable community development outcomes.

The inequity drivers (i.e., how inequity is sustained in community development) described below and root causes (interlocking systems) described above combine to move capital, cause the movement of people, and define community development policies and investments. Resulting in long-term patterns of market-driven disinvestment that create racially and economically segregated neighborhoods with concentrated poverty, low wages and insufficient educational attainment, poor health, and environmental degradation. Ironically, urban reinvestment can make things worse by triggering improvements which prompt increases in land and housing values, result in higher housing costs, and ultimately transformations in populations by income.

Below four key inequity drivers are outlined:

- **Policies and practices that result from a dominant narrative** that focuses on a) beliefs like “scarcity” and “smaller government”, b) regional development and c) increased public sector a/or private investment in transportation infrastructure such as highways and bridges and green infrastructure and waterway restorations. These investments can have positive and/or negative impacts on places.
- The **Role of government in community development** is changing from its primary responsibility and authority in regulating and distributing wealth and public goods, to a role focused more on providing favorable conditions that incentivize private sector capital investment.

### Massachusetts SoftSecond Mortgage Program

On January 11, 1989, the Boston Globe's front page had a lead story on a leaked draft study from the Federal Reserve Bank of Boston. That study found “racial disparities” in bank mortgage lending patterns in Boston neighborhoods. That leaked draft kicked off a two-year effort to address these racial disparities that included protests, confrontations, negotiations, and ultimately collaboration. The centerpiece of these negotiations was a mortgage program that the Massachusetts Affordable Housing Alliance (MAHA) hoped would address these racial disparities. In January 2001, almost two years to the date from the original Boston Globe story, a single woman headed African American family moved into their first home because of the program. The SoftSecond program is unique in many ways, not the least of which is that the program was negotiated with prospective homebuyers at the table. That made sure that the program would be designed based on the actual needs of the families to be served. These families understood that mortgage lending is too important to the health of their community to let unresponsive or unregulated institutions make decisions about the best way to deliver mortgage products within the context of Reinvestment Act.



- **Dominant narratives that reinforce drivers of inequitable community change**, set a framework that reinforces prevailing assumptions about community development. For example, the dominant narrative in Detroit's community development eco-system mirrors less-regulated and market-favorable community development as the "fulcrum" of development, and that social and economic dislocation are a "naturally occurring" aspect of that community development. This leads to an attitude that *all* real estate investment is good investment, regardless of its equity implications.
- **Processes (reflecting policy decisions and market responses) that define and redefine neighborhoods by race and income.** New investments in urban neighborhoods and ensuing race and income population changes can result in once mixed- population neighborhoods that increasingly shift toward single class/single race populations.

How these drivers impact a neighborhood relates to government policies and practices that influence private sector policies and practices. By the 1990s, the move to greater market-favorable community development systems exponentially increased the power of the private sector while shrinking the role of the public sector, resulting in the weakening and elimination of many measures to mitigate the adverse impacts of market-favorable development on long-term residents.

A home-grown example of this further complicated already dire circumstances in Detroit. The city's 2013 bankruptcy made worse an already-existing scarcity of public resources, instigating the overwhelming popularity of attracting new/wealthy residents, reinforcing the mindset that only private, market-driven investment would revitalize the City and only new real estate investment (primarily in multi/small-unit development) was the answer. At the same time, reinforcing the mindset that only private, market-driven investment could revitalize the City.

Shifting and disrupting these drivers of inequitable community development in Detroit is necessary to intervene in the processes that ignore low wealth neighborhoods and cause the involuntary dislocation of low-income people and people of color from "targeted" neighborhoods. The same drivers that facilitate these adverse impacts can be leveraged toward more equitable impacts.

## POLICY LEVERS THAT CAN CHANGE THE COMMUNITY DEVELOPMENT LANDSCAPE IN DETROIT

These policy levers (i.e., policies that can reduce inequity in community development) show how supportive policy changes can disrupt inequitable community development processes and 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 current residents and advances equity-centered community development.

These examples (below) are illustrations of a range of possible policy actions but are not meant to be exhaustive. These policy approaches are not mutually exclusive and ought to be strategically advanced based on the particular context and change underway in each



instance. However, for many in Detroit neighborhoods already facing inequitable community development pressures, *community stabilization and housing preservation policies must be prioritized* in order to prevent involuntary economic and social dislocation and enable residents to stay in their neighborhoods.

1. **Community Stabilization policies** are those 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 are those 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, protection of affordable housing, transportation-oriented development, market-favorable housing finance programs, and maintenance/code enforcement. Depending on the ability to pass and implement these policy approaches, they can also be deployed as more immediate community stabilization approaches.
3. **Affordable Housing Production policies** are those that facilitate and expand 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** are those 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** are those that promote Community Stabilization and Long-Term Investment policies, regulations, and programs that stabilize communities, facilitate community-driven development, and shift power relations. Some examples: taxes on luxury housing, landlord taxes, reducing/freezing property taxes to protect long-time residents, collection of fees to create resources for housing trust funds, and policies that set higher relocation costs for investors and landlords.
6. **Community Economic Development policies** are those that increase and promote community ownership over land and infrastructure, like those taking place in Massachusetts, Cleveland, Philadelphia, Chicago. There are others that stabilize and support economic development that meets the development vision of residents. These plans can include pathways for quality and stable jobs and wealth creation opportunities. Other examples include policies that stabilize and support small businesses, and community or nonprofit commercial uses.
7. **Community Ownership policies** are those 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. Community-owned projects, like affordable housing development projects in Buffalo, Cleveland, and Minneapolis, may produce solutions at the scale necessary to address current or future housing needs; community ownership projects in these places received investment and support by decision-makers and stakeholders that frequently helped advance community-driven development agendas.

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

## POWER AND EQUITY-CENTERED COMMUNITY DEVELOPMENT IN DETROIT

What will it take for the disruption and redirection of drivers of inequitable community development in Detroit to address the needs of current residents into the future? Addressing inequitable community development policies and practices require, first and foremost, addressing the unequal relations between low-wealth and working-class communities that struggle to remain in their neighborhoods, and the economic and political decision makers that define community development. Understanding inequitable community development as the process defined by these unequal power relations, helps not only explain why certain conditions in neighborhoods exist, but also what must be done.

Even a summary power analysis illuminates the competing values and community development agendas defined by unregulated market-driven community development, and community-driven development where safe and stable neighborhoods are seen more as a right and a public good by some, but more of an afterthought by others who believe that promoting less-regulated investment will jump-start broader revitalization strategies.

Across the country, since the 1980s, the dominant community development dogma has prioritized deregulated private and for-profit development. Key values and objectives undergirding this current dominant agenda are:

- 1) **Housing as a for-profit wealth generating commodity** and the reliance on the private sector to serve as primary driver of growth.
- 2) **Community development as vehicle for channeling private sector investments**, incentivized by government-supported subsidies, illustrated by the rise in investor-owned properties and increased speculation in real estate.
- 3) **The reduction and elimination of public protections** such as regulations that control escalating housing cost measures and mitigate forced evictions through eminent domain-type actions.

In states such as California, Massachusetts and Pennsylvanian for example, passage of laws and regulations (similar to the Ellis Act and the Costa-Hawkins Act) give greater power to property owners and landlords and limit the power of local regulations and the ability of local governments to pass protections against inequitable community development policies and practices; while at the same time, not investing in equity-centered community-driven community development approaches, exacerbating already complicated community needs and the need for long-term development in neighborhoods for the current slate of residents.

The case for intentionally focusing on the disruption of inequities in community development is clear in the persistent disparities present in every aspect of social and economic well-being in neighborhoods across Detroit. Although these disparities and inequities exist based on multiple factors, including race/ethnicity, gender, ability status, education and income, the data show that the most enduring, pervasive, and intractable disparities are those based on historical patterns of structural and institutional oppression and discrimination based on class and race. Many current disparities in community development owe their origins to the evolution of market favorable approaches and policies and practices, undergirded by an economic system that breeds inequality.

**The Loan of New Mexico started CreativeFund** to offer opportunities to help arts and cultural entrepreneurs launch or grow creative businesses in New Mexico.

Sparked with a seed investment from the Kresge and Surdna Foundations,\* **CreativeFund** provides free workshops and one-on-one coaching sessions specifically for creative entrepreneurs who want to learn strategies to make their businesses more successful.

In addition, start-up and expansion loans may be available at favorable terms for creative entrepreneurs who cannot or choose not to pursue conventional banking loans.

## FUNDING EQUITY-CENTERED COMMUNITY DEVELOPMENT STRATEGIES FOR CHANGE

There is no one magic solution to address inequitable community development processes, particularly those already underway. Because policies, decision makers, and power relations may differ from place to place, the policy solutions presented here varied depending on the local political and economic landscape. Similarly, no single policy approach can stand alone in the ecosystem. Recognizing and supporting efforts that achieve long-term community stability through community-defined and owned development, requires immediate and long-term strategic investments based on the **following principles**.

- 1) **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.

- 2) **Investments in long-term, community-driven development through 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, 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.
- 3) **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. None of these policy approaches can be achieved without building power to change the narrative and win policies that disrupt and redirect drivers of community development and neighborhood change. These funding strategies must be informed by where the opportunities to build power exist. Policy approaches should be chosen strategically, and campaigns designed where policy solutions and planning approaches are rooted in lived community experiences and knowledge.

For stakeholders and funders committed to building long-term resilience and vibrancy in marginalized and low-wealth underserved communities, developing power building strategies to address inequitable community development processes, represents a strategic approach that pushes beyond housing or other single issues, and creates opportunities to build broad and strategic collaborations. The priorities of housing and community development intersect with a wide range of issues related to transportation and the built environment, health, schools and education, economic and workforce development, as well as the arts and culture. Supporting power building related to equity-centered community development serves as the fulcrum to support other strategies as well.

Ensuring that power building strategies are able to achieve the policy change drivers of equity-centered community development require the following investment approaches:

- 1) **Enable Building Power from the Ground Up.** Stakeholders and partners/grantees in the field identify four key elements that define power building approaches critical to stabilizing neighborhoods and advancing an equity-centered community development agenda.
  - Directly support impacted residents and prioritize efforts to reach out and engage them.
  - Support impacted residents to understand their individual conditions as related to broader structures and systems.
  - Focus on supporting organizing to scale that build broader power through coalitions that expand neighborhood-based organizing efforts.
  - Provide ongoing and long-term support to local anchor organizations to build the capacity and leadership of residents to develop a vision for their future.
- 2) **Support Strategic Collaborations.** Across Detroit, grassroots community development organizations and coalitions such as, Detroit Action, Force Detroit, BLM Detroit, New Era Detroit, BYP 100 Detroit chapter, Detroit Socialists of America, Peoples Platform and MOSES, are organizing around broad agendas of inclusive development and growth. Rather than focus

on a singular issue or campaign, these diverse and powerful 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.” Anchored by the Building the Engine backbone organization (CDAD), convening and supporting groups to engage in coalitions and collaborations to confront inequitable policies and practices is especially important; so is funding for the coalitions themselves to provide support for the “connective collaborative tissue” that brings groups together.

3) **Build a Statewide Infrastructure.** A statewide organizing infrastructure is needed to support and consolidate power built locally and regionally to drive statewide change. Despite the positive and supportive role CEDAM performs, currently, there is still a gap in resources for the existing statewide infrastructure across Michigan around advocacy for housing and community development issues, yet effective statewide models exist in other states and lessons can be drawn from them. The Massachusetts Association of CDCs Pennsylvania CDC Association, Association of Neighborhood Housing Developers in New York City, are examples.

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. the key is recognition of and intervention in the system of racism that plays a fundamental role in defining community and value in policy and planning. Centering race and place, and connecting them to power building, is a proven approach in the community development arena.

In the field of place-base community change research, it is acknowledged that training and community-engaged advocacy, anchored in an anti-racist framework, recognizes that racialized development policies and practices include explicit strategies to address racism.

It is common for nonprofits, including churches, to sponsor a credit union. Back in North Carolina, Bill Bynum was an employee of the Center for Community Self-Help when, in 1983, that nonprofit became the founding sponsor of Self-Help Credit Union. But it is rare for a credit union to have a nonprofit loan fund as a sponsor.

Paired in this way, a nonprofit loan fund and a credit union have multiple ways of strengthening each other. With more full-time loan officers, Hope Federal Credit Union soon added home mortgages, new car loans and small business loans to its loan offerings. It became a Small Business Administration 7(a) lender, giving it access to government guarantees to help scale up its small business lending operation.

## The Inclusionary Development Policy (the "IDP")

The City of Boston's Inclusionary Development Policy (the "IDP"), created in 2000, requires that market-rate housing developments with ten or more units and in need of zoning relief support the creation of income restricted housing through:

- a. Inclusion of income restricted units within their building (typically 13% of a development's units).
- b. Creation of income restricted units at a location near their building; and or
- c. Contributing to the Inclusionary Development Policy Fund.

These funds are used by the City of Boston Department of Neighborhood Development ("DND") to fund the creation of affordable/income restricted housing across Boston. Over the life of the program, developers have directly created 2,599 income restricted units, and IDP funds have created 1,414 income restricted units.

Work by Neighborhood Funders Group, The Akonadi Foundation, Borealis Philanthropies, and other philanthropic intermediaries highlight equity-centered community change investments and grantmaking, containing the following elements.

- Making **racial justice** an explicit and direct focus of the community change process.
- Providing **long-term investments** in organizations that are developing or advancing an analysis of structural racism and that are committed to proactive racial justice action.
- **Helping people come together** to share how they think, talk, and strategize about racial justice.
- **Supporting the interconnected strategies** of building power, shaping policy, and transforming culture.
- **Nurturing and supporting** inter-generational leadership.

Community organizing is a fundamental tenet of power building strategies but may not necessarily aim toward broader social justice goals such as dismantling institutional racism or rectifying patterns of unequal power. Investing in power building strategies that have larger systemic racial equity and inclusion goals and linking them with broader social movements – and with the traditional community development sector – can create conditions for local organizing to "scale up" its power and "stretch out" to engage new allies and resources in their efforts.

Deepening relationships between frontline community development organizations and their partners in the field will expand everybody's understanding of issues and strategies. This will require development of trust among field partners and other potential allies providing the kind of support that allows community development organizations to push boundaries and design their own community-driven solution. In October of 2019, the Urban Institute, in collaboration with the Opportunity Finance Network and the Low-Income Investment Fund, released a report entitled "Race, Gender, and Equity in Community Development."

The report was based on the views of 15 progressive-thinking and highly regarded community development finance leaders, including nationally prominent IFF and Capital Impact Partners, two institutions with offices in Detroit. That paper offers a radical critique that revisits the roots of the community development idea. The interviewees argued that only by embedding an explicit race, gender, and social justice lens into place-based community change work, can the goals set more than 50 years ago, when the idea of community development first emerged from the civil rights movement, be realized.

The 1960s' turmoil and social upheaval in cities, compelled Americans to acknowledge the depth of poverty and inequality that threaded through urban and rural communities alike. The national reaction spawned a wide-range of responses— the War on Poverty—that included the early seeds of community development. But today, almost 70 years later, we are sobered once again by similar events in Ferguson, Baltimore, Charleston, Chicago, and even in cities like Charlotte and Greenville – and by a January 6, 2021 violent attempt to turn over the 2020 presidential election.

In light of these developments, many community development leaders are questioning whether we have done enough to address racial and gender inequality. Consequently, we are forced to reconsider whether our community development work has become too narrowly focused on revitalizing the built environment, whether we have drifted too far from our roots in the civil rights movement. Across the broad spectrum of place-based community change, there is a wide move afoot to delve deeper into the issues of race, gender, equity, inclusion, and social justice in community development is possible.

It is important to note that there are signs that Detroit's history of neighborhood disinvestment is beginning to turn around. The \$172 million Strategic Neighborhood Fund was launched in 2015 by the City of Detroit's Duggan Administration as the building block of its neighborhood revitalization strategy. It seeks to improve commercial streetscapes, support local businesses, and increase affordable housing (primarily through LIHTC multi-unit development) in 10 Detroit neighborhoods. Support for the Fund has been successfully achieved from local and national banks, corporations, and private foundations.

While this represents a significant new round of real estate investment in Detroit neighborhoods, many Detroiters have expressed concern that relatively few neighborhoods were selected for SNF investment and that the selection of neighborhoods and development priorities was made without meaningful input from Detroit residents or the community development sector. Some philanthropic leaders have said similar investments in supports for the residents of those neighborhoods should also be prioritized. Detroit's community development sector criticized the effort because in the beginning, community development organizations were specifically shut out from participation by city government while for-profit developers were recruited to invest.

Voters in the City of Detroit approved a community benefits ordinance in 2016 – one of the few cities in the USA with such an ordinance. While the CBO itself is controversial and is now undergoing a review, the ordinance requires developers to proactively engage with the community to identify community benefits and address potential negative impacts of some development projects that meet a certain scope. This is an important first step in that it has



led to new investments by developers in parks, job training, affordable housing units and other amenities and environmental concessions.

In 2019-2020, some foundations came together with some CDOs and others to co-create the “Detroit Residents First Fund,” intended to build grassroots leadership in Detroit’s neighborhoods, and the first cohort of grantees is now in receipt of those funds and receiving support to move forward.

In another example of a change in mind-set, Building the Engine of Community Development in Detroit, and the Detroit Housing Compact, in 2019 began developing a partnership with CDOs, the DLBA and the City of Detroit to launch the City-CDO Single Family Rehab Partnership (“Rebuilding Home Together”). The Partnership was developed directly with eight CDOs and the DLBA, is now finalizing a significant CDBG investment from city government, and seeks to reach Detroit neighborhoods that fall within, as well as outside of, the few SNF neighborhoods in Detroit.

**PUSH Buffalo  
BUFFALO, NEW YORK**

PUSH’S ORGANIZING TEAM ORGANIZES ON THE WEST SIDE OF BUFFALO FOR A MORE EQUITABLE, RESILIENT AND JUST BUFFALO FOR ALL. WE BELIEVE THAT WE NEED TO BOTH STOP THE BAD THAT HAS BEEN DONE TO OUR COMMUNITIES WHILE WE ALSO DREAM OF AND BUILD THE NEW THAT WE NEED TO SURVIVE AND THRIVE IN A NEW ECONOMY.

In 2020 the City of Detroit (HRD) launched a process to create the “Housing Resource Center” with a few CDOs and Social Service Agencies along with CHN Housing Partners, to create a collaborative system to support existing lower-income homebuyers and renters across the whole city. Still in the planning stages, this effort is being co-created among the partners, and expects to launch in mid-2021.

Furthermore, some Detroit CDFIs are stepping forward to respond to the critical importance of equity investing in community development capacity building. Examples include IFF’s “Strong Nonprofit” program, Capital Impact Partners EDI training program, Cinnaire’s engagement in the BECDD-Detroit Housing “Rebuilding Home Together” project, and Enterprise’s management of the CDO Fund; and a growing array of development partnerships between CDFIs and CDOs. These trends exemplify a trend toward awareness and action on the inequities in community development in Detroit.

For the first time in many years, there is the promise of replacing this history with a new era of collaboration replacing this history with a new era of collaboration and investments in building community voice and equitable community development. Several projects have been launched that seek to convene CDO leaders, to strengthen trust among community development stakeholders and build the capacity of CDOs to serve all Detroit neighborhoods.

The Building the Engine of Community Development in Detroit is completing the initial chapter of its work and has built a robust framework committed to equity, stronger relationships among stakeholder groups and a promising set of pilot projects that will strengthen and

expand the work of community development organizations and their partner organizations in Detroit. Stakeholders are working to embed the elements of the Building the Engine project in CDAD, a key Detroit community development intermediary.

It is estimated that the number of CDCs have grown to nearly 5,000, and they could be found in large cities and rural areas in each of the country's major regions.

A large financial and technical infrastructure buttressed community development efforts. At present, the community capital field boasts more than 1,000 CDFIs in cities, rural areas, and Native American reservations. In 2008, the authors of an industry study found that a sample of 495 CDFIs had \$20.4 billion in financing outstanding and originated \$5.53 billion in new community development financing.<sup>39</sup> The Low Income Investment Fund, to name just one example, to date has served more than one million people and through loans and grants has invested its billionth dollar, which leveraged an additional \$6 billion to help pay for tens of thousands of homes, school facilities, and child care spaces in low-income communities.

## RECOMMENDATIONS

There is a hunger and an urgency within the community development field nationally and in Detroit to reimagine how it works. Of 15 community development finance leaders interviewed by the Urban Institute, all felt this and were restless to carve the path forward. “We have begun with the things we can control best: our own organizations, our staff composition, our boards. But we are quickly moving to consider how to reshape our investments, sometimes using judgment, sometimes fashioning equity scorecards, sometimes calling upon the energy of our staff to shine a light on the way forward.”

As the plight of poor and working-class Americans grows increasingly dire, however, government social policy is in retreat. In response to plummeting tax revenues and gaping budget deficits at the federal, state, and local level, have cut back funds for a wide variety of social and economic programs. The new austerity directly imperils community development. Hence, today the community development field stands on the threshold of new synergies, but it also faces challenges as never before. The people in this dynamic industry must apply the knowledge gained through past experiences to new and difficult circumstances. If history is a guide, the community development field, particularly in Detroit, will rise to the occasion.

For the community development sector in Detroit to achieve its primary mission of accessing opportunities, fairness, and poverty alleviation, it must more deeply grapple with the inequities of structural racism and other innate community development inequities. Doing that will require an “all hands-on deck” conversation and will require a refreshed theory of change.

**Building the Engine of Community Development in Detroit should call for a fundamental paradigm shift:** a rethinking of the precepts of community development, and a reshaping of the basic theory of change to an embedded ideal of supporting and honoring community-driven planning and development as the fulcrum for equity-centered community development.

**Building the Engine stakeholders should encourage organizations and institutions across the community development sector to reshape their strategic priorities to embrace diversity as a core requirement for achieving outcomes.** They should be nudged to embrace “both-and” strategies that encourage place-based investments and push to include more equitable mixed-income strategies.

**The community-based development sector in Detroit should join forces with local CDFI’s** to uncover and develop innovative equitable community development “circuit breakers” that help mitigate the adverse impacts of inequitable community development policies and practices.

Our mainstay public policy programs do not currently get us where we need to go, because they often work against efforts to create mixed income/race communities. These programs need revamping, given the decimation of the past few decades. They also need a second step: **the reform of program design and policies that actively embed a racial, gender, and justice lens in the community development work.**

**The community development sector in Detroit should re-engage with its activist roots by embracing and supporting authentic” power building” strategies.** A central component of that approach should be the forging of a strategic alliance with Detroit Residents Firsts Fund to shore up the power and capacity of residents to reshape community development policies and practices and, to find new partnerships and alliances with the community organizing sector.

This will lead to a new way of thinking and working within the community development ecosystem. It means being much more intentional at **holding up a lens to every policy and every support with the question, “How can we make this work be segregation- busting?”** In years past, going back to the 1980s when community development got a strong footing in Detroit, the community development sector was keen on fighting injustice and set about to change the world.

From a robust national network of practitioners, investors, and activists, much has been learned over the past 50 years. However, **it is time for another shake-up.** It is time to “ask and answer” these questions:

- ✓ **What and where are the opportunities and challenges of shifting local power in the community development eco-system in Detroit?**
- ✓ **What investments and policies are necessary to create the conditions for people to stay in place in a post-developed neighborhood?**
- ✓ **What investments are necessary to protect Detroit’s fragile, disinvested neighborhoods from being quickly and unnecessarily transformed by gentrification?**
- ✓ **What policies and practices will support long-term, community-driven agendas and goals, rather than those that perpetuate the least common denominators framed by developers and others?**
- ✓ **How can philanthropy and government invest in a community development “ecosystem” so that neighborhoods can grow and be sustained for people of all incomes and races?**

# ATTACHMENT A

## EQUITABLE COMMUNITY DEVELOPMENT IN LOW-WEALTH COMMUNITIES

### INEQUITABLE COMMUNITY DEVELOPMENT

#### Interlocking systems that create the environment for inequitable community development.

- Private market-based financing practices
- Government policies that incentivize private sector /for-profit development
  - Market-driven community development practices
  - Disinvestment in some neighborhoods
- Vulnerable communities that lack power to influence projects and policies.

#### Drivers of Inequitable Community Development

Policies and practices rooted in "scarcity" and "small government" beliefs.  
Private sector investments incentivized away from traditional "common good" goals.  
Dominant narratives that reinforce prevailing assumptions about community development's purpose.  
Processes (public and private) that result in neighborhoods segregated by race and income.

### A NEW ERA: A NEW VISION FOR EQUITABLE COMMUNITY DEVELOPMENT

Policy Levers:  
Disrupting Inequitable Community Development:  
Community Stabilization Policies.  
Affordable Housing Preservation + Production Policies.  
Community Planning and Development Policies.

Funder and CDFI Investments:  
Vision(s) that embrace equity and justice.  
Prioritize the most distressed places.  
Policy agendas: "segregation-busting."  
Statewide + local infrastructure and collaborations, to build and equalize power, and influence policy.

A New Community Development Agenda:  
Highest Priority: Most distressed neighborhoods stabilized.  
Community-driven plans and community-owned development.  
Power and capacity in all neighborhoods

# APPENDIX

## ACKNOWLEDGEMENTS

This paper is dedicated to the thousands of remarkable grassroots leaders and community development organizations, and their allies across the City of Detroit who come together every day to call attention to the poverty, racism, and need for fundamental reforms in the community development landscape, which the sector needs so desperately. Their courage, commitment, creativity, and spirit have grounded as well as inspired us all over the years. They constantly remind us of the central importance of helping low-wealth community leaders, and their communities build their power and capacity to change the things they can for the better.

After so many years working with remarkable people and organizations across Detroit, including now the deeply committed Building the Engine stakeholders who give so graciously of their time to meet regularly to make key advances in the work; as well as, talented team of consultants and staff, it is not easy to single out a few people for special acknowledgement. However, I want to give special thanks to John Ziraldo for his remarkable editorial support and bold ideas, and all the folks across the country and locally, who graciously shared their thoughts and materials,

I have also been blessed on the personal side – inspired by the stories and values, married for over four decades to this work - and delighted and impressed every day by the CDO and grassroots leaders working so hard to reimagine Detroit's community development ecosystem. No wonder I remain so enthusiastic and optimistic as Building the Engine prepares to transition its presence to Community Development Advocates of Detroit (CDAD).

## ABOUT THE AUTHOR AND CONTRIBUTOR

For over 30 years, Garland Yates has been a significant figure in mobilizing communities for action and results in communities all across the United States. He is well known for his work in local communities to improve outcomes for families and communities by combating poverty, and racial, economic, and political inequality. He has worked in recent years with key players in several communities across the U. S. and Canada to help make them safe and caring places to live and for children to grow up in. Some notable past efforts include the work he did through the Annie E. Casey Foundation's Rebuilding Communities and Making Connections Community Change Initiatives to build the capacity of local communities to foster long-term positive change. Following the destruction caused by Hurricane Katrina in 2005, he designed a funding strategy for the Louisiana Disaster Recovery Foundation which facilitated direct action by residents in the reconstruction of New Orleans. Garland is currently working with the Winthrop Rockefeller Foundation in Little Rock, Arkansas, and the United Way of Greater Toronto to help strengthen their funding approaches to engage residents in comprehensive community revitalization strategies in communities.

I have had the great fortune of having an unusual career spanning more than four and half decades, working in many different ways to help low-income leaders build the power and capacity to make progress on tough issues their communities face. It has been fascinating and often challenging work, with real-life experience constantly providing invaluable opportunities to course correct and keep learning.

Much of my career has been devoted to working on the ground as a change agent, then providing technical assistance provider and coaching support, then in philanthropy providing financial support, helping build the power and capacity of grassroots groups across the U.S. The community-based organizations and leaders helped through this work were of every ethnicity, with widely varying strategies, constraints and opportunities which continually prove how essential it is to develop adaptable strategies which can fit each local context and set of priorities.

John Ziraldo has more than 40 years of experience in Detroit's nonprofit community as an agency executive and senior private foundation official. He has worked to address chronic poverty, inadequate public education, and economic opportunity for low-income families across the metro Detroit region. He has served on the staff of the Skillman, Thompson-McCully and William Davidson foundations. For ten years he served as the CEO of Lighthouse of Oakland County. The agency provides a comprehensive array of services designed to move low-income individuals and families from crisis to self-sufficiency.

Currently, Mr. Ziraldo is President of Commonwealth Consulting, LLC, a Detroit-based consulting firm with a focus on fostering greater impact for social impact organizations. Founded in 2003, the firm offers strategy development and capacity building services to nonprofits, intermediary organizations, and national and local foundations by assisting organizations to clarify their mission and build the knowledge, skills and resources needed to fulfill their goals. Clients have included national and local foundations and a broad range of nonprofits and intermediary organizations.

For the past two years, Mr. Ziraldo and Mr. Yates have worked as consultants supporting the System Capitalization Task Force of the Building the Engine of Community Development in Detroit initiative.

## LIST OF RESOURCES

### COMMUNITY MOBILIZATION AND ENGAGEMENT

<p><a href="#"><u>Nonprofit Service Organizations Civic Engagement: Addressing Challenges and Moving Forward</u></a> Building Movement Project</p>	<p>Building Movement Project describes a continuum of strategies for civic engagement that can be adopted by service providers and other nonprofit groups, especially in terms of how groups can significantly involve their clients/ constituents in their communities</p>
<p><a href="#"><u>Pursuing Racial Equity Through Civic Engagement and Mass Media</u></a> National Network of Grantmakers, Wilder Research, and the Northwest Area Foundation, The catalyst Project</p>	<p>This paper discusses social justice and ways to attain it. It provides background for the 2005 National Network of Grantmakers conference “The Power of Generations: Pursuing Social Justice through Sacred Relationships.”</p>
<p><a href="#"><u>The Principles for Equitable and Inclusive Civic Engagement: A Guide to Transformative Change</u></a> Kip Holley, Kirwan Institute</p>	<p>This guide asserts that for people to exercise their civic power and voice equitably, we must change the way we think about civic engagement, making transformative changes in our longstanding customs, assumptions, and institutions.</p>
<p><a href="#"><u>Facilitation guide for community engagement How to Foster Effective Conversations about Our Work and Our Communities</u></a> National Gender and Equity Campaign In Minnesota</p>	<p>This guide is intended as a resource for effective dialogue about work with communities, with the overarching goal of beginning to collectively explore the vision, assets, and commonalities that will help build a movement for positive and lasting social change towards a more just and equitable society.</p>
<p><a href="#"><u>All the People, All the Places: A Landscape of Opportunity for Rural and Small-Town Civic Engagement</u></a> Ben Goldfarb, Wallace Global Fund &amp; New Venture Fund</p>	<p>This document summarizes 14 key strategies that are based on best practices in community mobilization, collaborative partnerships, and coalition-building.</p>
<p><a href="#"><u>Lessons Learned: Stories from a Lifetime of Organizing</u></a> Arnie Graf</p>	<p>Arnie Graf’s story in wildly different settings, across more than four decades that he is truly one of the brightest stars of organizing—a world class listener , a keen spotter of leadership talent, a subtle and deep trainer, and someone who is fearless and relentless in the arena of public action. If you want to understand organizing is done at the highest level by a pro’s pro, this is the book.</p>



## COMMUNICATIONS AND AWARENESS

<p><a href="#"><u>Words Matter: Language and Social Justice in the US South</u></a> Grantmakers for Southern Progress</p>	<p>This short paper aims to provide grantmakers with a better understanding of how the language they use may be received by different funders based on research conducted by Grantmakers for Southern Progress highlighting the thinking and motivation behind social justice in the U.S. South.</p>
<p><a href="#"><u>Racial Equity Communications Strategy</u></a> W.K. Kellogg Foundation</p>	<p>This document outlines the long-term communications strategy toward racial equity as incorporated by the W.K. Kellogg Foundation</p>
<p><a href="#"><u>Racial Equity Value Statements</u></a> Partnership for a Healthy Durham</p>	<p>This document contains racial equity value statements from various organizations located in different places.</p>
<p><a href="#"><u>The Bias of 'Professionalism' Standards</u></a> Aysa Gray, Stanford Social Innovation Review</p>	<p>The authors of this piece describe how the standards of professionalism, are heavily defined by white supremacy culture—explicitly and implicitly discriminating against non-Western and non-white professionalism standards related to dress code, speech, work style, and timeliness.</p>
<p><a href="#"><u>Communicating on Racial Equity Tools</u></a> Racial Equity Tools</p>	<p>This resource offers information about using communication as one strategy to pursue racial equity goals. The resources cover four specific topics that surface often in racial equity work including communicating for racial justice, how to create frames and messages in ways that are heard as intended by the audiences for racial equity work, working with the media and the use of social media.</p>
<p><a href="#"><u>Paying Attention to White Culture and Privilege: A Missing Link to Advancing Racial Equity</u></a> Gita Gulati-Partee, Open-Source Leadership Strategies, &amp; Maggie Potapchuk, MP Associates, The Foundation Review</p>	<p>This article discusses tools for identifying how white supremacy shows up in the workplace and helps leadership create spaces to establish intentional group norms, explore accumulated racial advantages and disadvantages, reflect on white culture, and caucus by racial identity.</p>

## POLICY AND ADVOCACY

<p><a href="#"><u>An Integrated Anti-Oppression Framework for Reviewing and Developing Policy</u></a> Margaret Alexander, Springtide Resources</p>	<p>This toolkit aims to help organizations review and consider changes to policies to make sure that they are equitable for all employees and members, and their community. Funded by the United Way of Toronto.</p>
<p><a href="#"><u>Awake to Work to Woke</u></a> Equity in the Center</p>	<p>This publication describes the necessity of building a race equity culture within organizations. Attaining race equity requires examination of the levels to which racism operates (personal, interpersonal, institutional, and structural), recognize the role in enduring inequities, and</p>

	committing to change. And demanding it might be, to more inclusive future cities
<a href="#"><u>Leading at the Intersections: An Introduction To The Intersectional Approach Model For Policy &amp; Social Change</u></a> Women of Color Policy Network	This publication calls on small grassroots organizations, foundations, and legislators to shift the framing and the approach to social and policy change. It is a starting point and a tool to begin the conversation of how to make change without losing individuals, groups, and communities along the way.
<a href="#"><u>Racial Equity Policy Design and Advocacy: A Primer</u></a> Prosperity Now	This primer aims to identify the elements of advocacy, policy design, and implementation practices that improve outcomes for people of color.
<a href="#"><u>The Divided City: Poverty and Prosperity in Urban America</u></a> Alan Mallach	This book is about real places and real people. It describes what is going in cities but makes the case that segregation and inequality are not necessarily baked into their future. That there is a path, however difficult and demanding it may be, to more inclusive cities, where everyone has a shot at opportunity and a share in their community's prosperity. This book contains information that can help bring this future.
<a href="#"><u>Toward Sustainable Communities: Solutions for Citizens and their Governments</u></a> Mark Roseland	This book is loaded with concrete, innovative solutions to a host of municipal challenges. Required reading for policy makers, academics, social change entrepreneurs, and engaged citizens, this "living book" will appeal to anyone concerned about community sustainability and a livable future.

<b>RESOURCE ALLOCATION AND GRANTMAKING</b>	
<a href="#"><u>Leading by Example: Diversity, Inclusion and Equity in Community Foundations</u></a> Coalition of Community Foundations for Youth and California Tomorrow	This piece describes how foundations have identified the importance of inclusion and equity in strategy development as the communities that foundations serve are experiencing dramatic changes because of recent demographic shifts, enduring systemic inequities in the economic, political, and social arenas.
<a href="#"><u>Report: Grantmaking with a Racial Equity Lens</u></a> Annie E Casey Foundation	This guide explores how a racial equity lens can help develop new leaders, encourage innovative approaches, get people talking, and inspire change inside foundations.
<a href="#"><u>Liberate Philanthropy</u></a> Justice Funders	The Liberate Philanthropy blog series inspires us to reimagine and practice a new kind of philanthropy that redistributes wealth, democratizes power, and shifts economic control to communities.
<a href="#"><u>Resonance: A Framework For Philanthropic Transformation</u></a> Justice Funders	Resonance: A Framework for Philanthropic Transformation is a guide to support philanthropic organizations in accelerating a Just Transition by reducing extractive practices and increasing regenerative practices.
<a href="#"><u>Breaking Bad Philanthropic Habits</u></a> Justice Funders	In 2017, Justice Funders released a blog series on "Breaking Bad Philanthropic Habits" as a way to reflect and identify actions to take. This publication centers on setting new practices that will better serve the funders of the movement's support

<p><a href="#">Funding Movement Building: Bay Area Approaches</a> Bay Area Justice Funders Network</p>	<p>Funding Movement Building: Bay Area Approaches details the findings from the Bay Area Justice Funders Network's 2012 survey of Bay Area Social Justice philanthropies.</p>
<p><a href="#">Operationalizing Equity</a> Annie E Casey Foundation</p>	<p>This brief report serves as a resource and reference point for other organizations that share the Annie E. Casey Foundation's desire to embrace equity as a core value reflected in all elements of the institution's programs and operations.</p>

<p align="center"><b>LOCAL CAPACITY BUILDING</b></p>	
<p><a href="#">Advancing Racial Equity Through Capacity Building: The Kresge Foundation's Talent and Leadership Development Efforts</a> Grantcraft</p>	<p>The Kresge Foundation describes how it addresses capacity-building programs by focusing specifically on leadership development through a racial equity lens and investing in the talent and leadership capacity of its grantees. This investment better equips nonprofits to advance racial equity and achieve better outcomes in their organizations and communities.</p>
<p><a href="#">A Framework For Inclusive Governance: The Continuum From Exclusion To Inclusion</a> Foundation Consortium</p>	<p>A continuum that describes the varying levels of exclusion to inclusion on a five-point Likert scale.</p>
<p><a href="#">Preparing To Win: To Strengthen Our Democracy, Our communities and Social justice.</a> Andy Mott</p>	<p>This book denotes lessons learned developing 14 college degree and certificate programs to prepare people from low-income backgrounds and communities of color for careers and leadership roles of race, social justice, and strengthening communities and democracy throughout the U.S.</p>