

June 24, 2010

The Massachusetts Community Development Innovation Forum

The *Community Development Innovation Forum* is sector-wide effort to examine the state of the community development field in Massachusetts, to look deeply at the challenges facing the field, and to think about how we can be more effective in creating healthy communities. Launched by MACDC and LISC in June 2008, the Forum provides a structured process for challenging long-held assumptions, examining the strengths and limitations of our current models, and investigating innovative strategies for making the field more effective in the rapidly changing context that we face today and will face in the future. The Forum has been generously supported with grants from the Boston Foundation, the Hyams Foundation and the Massachusetts Housing Partnership Fund.

During Phase 1 from April 2008 to June 2009, the *Forum* sponsored working groups to explore different challenges and opportunities facing the field. The working groups identified opportunities and challenges in five areas: real estate finance as it relates to CDC fiscal health, collaboration, comprehensive community building, regional equity, and field definition. Each group conducted research and developed recommendations for next steps.

Since the beginning of Phase 2 in July 2009, the Innovation Forum has supported a number of projects and initiatives in each of these areas that seek to implement the ideas developed during Phase 1. These projects have been led by different organizations. Additionally, the Innovation Forum has continued to host larger public sessions to publicize new research, host interesting speakers, and foster dialogue and discussion. During Phase 2, the Innovation Forum has also increased its communications efforts and begun to engage in similar discussions nationally. This summary report highlights some of the key work over the past year.

CDC Fiscal Health - LISC, MACDC and the Boston Foundation collaborated with the Non Profit Finance Fund and New Sector Alliance to conduct a detailed research report on the fiscal health of CDCs in Massachusetts. The report examined five years of financial data for 26 CDCs across the state and found that the sector has experienced significant financial challenges during this period. These findings are qualified by the fact that it is very difficult to aggregate and compare CDC financial statements due to complex accounting issues and a lack of consistent reporting standards across the field. The report provides a baseline to measure ourselves in the coming years to see if our efforts to enhance CDC fiscal health are working.

The report's findings were released a public event at the Boston Foundation on February 26, 2010 where a panel of experts discussed the findings and what should be done next. One key immediate follow up will be a training program sponsored by MHP, Neighborworks America and the Mel King Institute to help CDCs implement the Strength Matters program – a new national effort to improve and standardize CDC accounting practices. As discussed below, there are numerous other efforts underway to enhance CDC fiscal health through both policy advocacy and operational change at the CDC level.

The Innovation Forum also convened key stakeholders in the field several times to discuss how we could work together to support specific CDCs who were struggling through this period.

Real Estate Finance – During Phase 1, the Innovation Forum reached two important conclusions. First, the historic view that real estate development, by itself, can support a broader community agenda for CDCs is no longer valid and that we need a new model of the role of real estate development in community development and new ways to get the real estate work done. Second, the real estate finance system needs to provide more opportunities for nonprofit housing developers to earn revenue from their existing housing portfolios in

order to reduce reliance on periodic lump sum developer fees that are unreliable and risky. This shift will incentivize strong stewardship of current properties and reduce the incentive to chase bad deals. MACDC, LISC and MHP have established a Working Group that will identify specific policy recommendations that will help move the system in this direction.

Collaboration – The Innovation Forum partnered with New Sector Alliance to publish a new, detailed case study report on high level collaborations among CDCs. The report was released at a public event on October 16, 2009 where practitioners discussed its findings and implications. The MHP Fund partnered with Viva Consulting and members of the Innovation Forum to develop a study examining the potential for creating a Unified Development Corporation that could provide real estate development and asset management services in partnerships with neighborhood based CDCs in the region. MHP hosted a number of discussion groups to review the report’s findings and this has prompted a number of groups to examine how portions of the report’s recommendations could be implemented – in particular in the area of asset management.

The Innovation Forum has also spurred creation by LISC in 2009 of a Strategic Challenge Fund which supported CDC innovation with \$150,000 in grants in 2009. In 2010 LISC joined with the Boston Foundation and the Hyams Foundation to support CDC innovation through the new Catalyst Fund which will support non-profit innovations in a number of sectors.

The Forum has also been providing a supportive environment, peer networks and direct technical assistance to support specific new collaborations that are emerging across the state:

- A new collaboration among four CDCs in the Metro West area have developed a shared real estate development capacity to reduce costs and enhance effectiveness;
- Lena Park CDC has contracted with Urban Edge to provide office space and organizational management services in order to reduce overhead and salary expenses, while maintaining programmatic initiatives and organizational independence.
- Beverly Affordable Housing Coalition and the Salem Harbor CDC are in the process of merging their organizations into a larger, regional CDC serving the North Shore.
- Six Western Mass CDCs have collaborated on a Commonwealth Corps program that is placing Corp Members at local CDCs throughout the region.
- MBHP has developed a formal partnership with local CDCs to strengthen their shared efforts to reduce homelessness.
- Within the Fairmount Line Coalition, larger CDCs are partnering with smaller ones to advance real estate projects throughout the Corridor.
- CBA and LCW joined together to form a new regional CDFI that will have the scale and capacity to serve both cities and the larger region.

Community Building – During Phase 1, the Community Building Working Group published a “thought-piece” that lays out the case for CDCs to engage in broader community building and provides a specific definition for what this work entails. During Phase 2, LISC has developed a major new program proposal for a Resilient Communities program that is built on successful LISC efforts in other cities. LISC hopes to issue an RFP in the summer of 2010 to invite two neighborhoods in Greater Boston to engage in a comprehensive development strategy for their community. The Mel King Institute has also picked up this issue and is offering training on organizing and planning.

Regional Equity – During Phase 1, the regional equity working group articulated the importance of CDCs contributing to a broader regional equity agenda and identified potential partners in such an effort. During Phase 2, MACDC has been working with its partners in the Smart Growth Alliance to develop the vision for a Great Neighborhoods Initiative that will help advance MAPC’s Metro Future plan by providing support to local smart growth efforts throughout the region. This program will be launched in the fall of 2010 and will help a number of CDCs in the region, in particular those involved in transit oriented development. MACDC and LISC have also been working with a collaboration of Boston area CDCs from the Fairmount Line, Jackson Square, Chelsea and Somerville, to explore how they can work together to access the financing to undertake substantial TOD development over the next 5 to 10 years.

Field Definition – There was and is a strong consensus within the Forum that we need to do a better job of explaining who we are (what is the “field”) and why others should support our work (the “so what” question.) During Phase 1, this working group helped MACDC and its partners develop draft legislation to modernize the 1975 CDC enabling statute in a way that better reflects best practices and our core values and vision for the field. The Legislation was filed in January 2009. It has now passed the Senate unanimously and has the active support of the Governor. We are hopeful that it will pass the House before July 31. At the same time, MACDC has been aggressively expanding its membership to reflect a new, broader vision for which groups constitute CDCs.

This working group also identified the need to improve and update the way that we talk about our field to make it more meaningful to the general public. Toward that end, the Innovation Forum hosted a training workshop with Action Media on September 17, 2009. Action Media has developed powerful new frames and tools to improve the effectiveness of our communications. The Innovation Forum is considering whether to build on this workshop by having Action Media provide more intensive support to the field.

Infrastructure – While the Innovation Forum did not have a specific working group looking at the field’s infrastructure, there has been an on-going discussion about whether the field needs updated and/or new infrastructure that can better meet the needs of the field. The UDC discussion referenced above is an example of this. We have also been talking about creating a new statewide small business development program that would provide support to community based small business programs in much the same way that MIDAS and the Homeownership Collaborative do in their areas. The Mel King Institute is another example of “new infrastructure” that we are building out to support the field. MHP and the Boston Foundation recently established the Housing RAP program to support CDC sponsored tax credit deals meet new guarantee requirements. The Forum will continue to explore opportunities for other new ideas both in the financing realm and operations with the goal of increasing the quality of our work while enabling relatively small community based organizations to remain financial viable and effective.

National Leadership – Over the past year, the Innovation Forum has obtained national recognition for its thought leadership on the challenges and opportunities facing the field. As a result, we have become leaders in the national discussion. Over the past year we have presented to a number of national gatherings, including a day long retreat for the members of Living Cities, a national funding collaborative; a series of three day long meetings among the major national community development organizations (LISC, Enterprise, Neighborworks America, Opportunity Finance Network, Housing Partnership Network and NACEDA); The Federal Reserve Bank of Philadelphia; the newly created Institute for Comprehensive Community Development.; and the Surdna Foundation. MACDC and LISC have also each started blogs that provide a forum for discussing new innovations and Joe Kriesberg published a major article in Shelterforce entitled “A 21st Century Vision for Community Development” that was based substantially on the work of the Forum.

The Next Phase

Starting on July 1, the Innovation Forum will become a program of the *Mel King Institute for Community Building*. This will provide the forum with the infrastructure it needs to continue its work and enable the King Institute to more fully achieve its mission of providing thought leadership for the field. The Mel King Institute's steering committee, already comprised of leaders from throughout the sector, will be able to provide support and oversight to the Innovation Forum and will ensure that the work continues to reflect the interests of the entire field. The *Institute* will also provide an infrastructure for hosting events and providing the training necessary to transform innovative ideas into common practice across the field. The *Mel King Institute* will also facilitate connections between the Innovation Forum and the Institute's soon-to-be established Academic Roundtable. The Roundtable will be a place where scholars from universities throughout the region come together to support research, training, learning, and professional development.

During 2010/2011, we expect the Forum to build on its work over the past two years in the following areas:

1. Innovation Projects – we will continue to advance the many innovation projects discussed above in such areas as collaboration, infrastructure, and communications. Some of the key efforts will include the Resilient Communities/Resilient Families program, the Great Neighborhoods program, the LISC-sponsored Energy Efficiency Collaborative, and the new effort to explore improvements to the field's asset management capacity.
2. Public Events – we will organize 3-4 public events per year to host interesting speakers, publicize and discuss new research, and highlight innovative practices taking root in the field.
3. Research – we will continue to conduct and commission research that (1) explores how the field is responding to its new environment, (2) examines new innovations, (3) tracks the field's progress at achieving its goals and maintaining financial stability (i.e. an update of the NFF Study to see if the field is regaining stability) and (4) otherwise advances the practice of community development.
4. Policy development – we will continue to identify and develop policy ideas that will provide more support to the field and help CDCs make the changes needed to achieve our goals. This will include passage and implementation of Chapter 40H as well as changes in the real estate finance system and other changes in how the field is supported. The Forum's role will be to develop policy ideas and facilitate consensus around them. The Forum will not engage in direct advocacy.
5. Communications – we will ramp up our efforts to promote the innovation that is rapidly expanding across the field. We think this will give momentum and support to those taking on the hard work of organizational change – not just at the CDC level but at all levels within the sector. We are also still interested in working with Action Media to help CDCs, MACDC, LISC and others do a better job of “telling our story” to the broader public.
6. National dialogue – We intend to play a leadership role in this conversation as it advances nationally both to drive change at the national level and to help leverage resources for innovative work here in the Commonwealth.

The Innovation Forum is open to all members of the community development field in Massachusetts – practitioners, funders, investors, public officials, scholars, consultants and others. If you are interested in getting involved in specific projects or the overall work of the Forum please contact Joe Kriesberg (joek@macdc.org) or Bob Van Meter (bvanmeter@lisc.org).