



## **CDC State Associations Gather To Pursue National Policy Agenda**

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A gathering of close to 100 representatives from state community development associations across the country attended the third annual NACEDA Policy Summit in Washington, DC. NACEDA, the National Alliance of Community Economic Development Associations, was founded in 2006 to provide a common voice for the nation's estimated 4,600 community development corporations. This year's Summit balanced discussion of how to respond to the economic crisis in low-income communities with how to achieve policy objectives that might provide better long-term infrastructure to enable neighborhood-based community development corporations (CDCs) to more effectively meet community needs and build wealth in low-income communities. As NACEDA Board President Diane Sterner put it, "We must protect our core federal resources as well as providing a vision of what our sector can be."

The conference began with a series of addresses by federal government officials. Xavier de Sousa Briggs, Associate Director of the Office of Management and Budget, outlined a number of issues that the Obama administration was seeking to tackle in the area of housing and community development. In particular, he identified four key issues: 1) "all things related to foreclosure protection, financial literacy, and protecting people from fraud"; 2) greening; 3) addressing the connection between housing and supportive social services, and 4) accommodating prisoner reentry in a manner that avoids disrupting communities (through such means as developing "promise neighborhoods" on the model provided by the Harlem Children's Zone).

Steve Johnson, from the Office of Community Planning and Development at the Department of Housing and Urban Development (HUD) examined the initial results from the Neighborhood Stabilization Program, a \$3.92 billion program implemented to assist cities acquire foreclosed properties and return them to affordable housing or other productive use. According to Johnson, most of the funding appears to be dedicated to housing acquisition and rehabilitation and homeownership assistance. However, some cities have used the funds for other purposes. About 35 percent of the 300 communities receiving funding in the initial funding round have dedicated some funds to land banking. Although the total used for land banking is small (\$165 million or 3 percent of the funds), some cities have launched sizeable efforts including Indianapolis (\$8.5 million), Chicago, (\$4.5 million) and Detroit (\$4.2 million). The Neighborhood Stabilization Program was the first federal program to provide direct support for community banking of land, so it will be interesting to see how these experiments in public land use planning develop.

At lunch, US Secretary of Agriculture Tom Vilsack (D-IA) spoke on issues of rural community development. Vilsack noted that the Agriculture department's efforts in housing, business development, wastewater, broadband, and micro-enterprise lending. "If it were a bank," Vilsack noted, the USDA "would be the seventh largest bank in America." Vilsack called on conference

attendees to work to strengthen communities. “Community removes the fear of sharing,” Vilsack remarked. “When we share, we end up being more than when we started.”

Two themes addressed by the conference were green building and neighborhood stabilization. Regarding green building, Dvora Lovinger of Enterprise Community Partners provided an overview of green spending programs that were incorporated into the final stimulus bill. Among the highlights: \$5 billion for weatherization, up from \$400 million; \$3.2 billion for a new Energy Efficiency Block Grants program; and \$500 million to support training programs for “green collar jobs.” Lovinger encouraged attendees to push for “green” dollars to support efforts to do energy rehabilitation of multi-family housing in the communities where CDCs work.

Bishop E.M. Johnson of Grace and Truth CDC in Jacksonville, Florida discussed how CDC undertook some of the work that Lovinger was calling for. Prodded by the lure of foundation funding, the CDC has gone “green” in its housing developments. In addition to the funding, though, the CDC saw the opportunity to learn green building techniques to be a way for it to position itself better within the building industry. Green features in its new homes now include more energy efficient insulation, windows, showerheads, carpets, sealant/duct work, and appliances, resulting in 30-50% less energy use and a 10-20% reduction in water use.

Craig Nickerson of the National Community Stabilization Trust talked about his organization’s efforts to support neighborhood stabilization and the productive re-use of foreclosed property. The Trust began in 2008 as a joint effort of Enterprise, NeighborWorks, LISC, and the Housing Partnership Network. The Trust aims to facilitate transfer of foreclosed properties from the “real estate owned” departments of banks and mortgage companies to local housing providers to facilitate reuse of the properties. In particular, the Trust aims to develop agreements with banks and mortgage companies to develop “first right to purchase” agreements which enable the companies to get rid of properties fast (thus reducing their holding costs) in exchange for selling the properties to the Trust at a reduced price. To date, the group is working in 30-40 cities and ultimately expects to work with over 100 cities.

Harold Simon of the National Housing Institute (publisher of *Shelterforce*) described an effort similar to the stabilization trust, working at the local level in New Jersey. Called the Community Asset Preservation Corporation, the nonprofit group recently closed on its first bulk purchase of 47 foreclosed properties. Over the next 5 years, the goal is to acquire and rehabilitate up to 1,500 properties, with properties being disposed of in a variety of ways — with the majority being used for affordable housing, some as market-rate housing (which can help subsidize the affordable units), and some units where rehabilitation is not cost effective being subject to demolition.

A panel on transit-oriented development started off the summit’s second day. Ilana Preuss from Transportation for America talked about the coalition’s campaign for transit legislation in the current Congress. Tom Dawes of the Development Corporation for Columbia Heights in Washington, DC, and Rose Gray of the Asociación de Puertorriqueños en Marcha (APM) in Philadelphia discussed how their CDCs had participated in transit-oriented development projects. In Washington, DC, Columbia Heights CDC helped develop a 500,000 square-foot shopping center, in which the CDC retains an ownership stake. In Philadelphia, APM has taken the lead in promoting transit-oriented development in partnership with Temple University.

Richard Brooks of Action Media then led a presentation that looked at ways CDCs could better communicate their values to the public. “What has happened in Columbia Heights,” goes beyond helping low-income people,” observed Brooks. “You are creating a new \$12-million tax base, a new destination that benefits people outside of Columbia Heights. [CDCs have] made Washington DC a much better place.”

William Apgar, Senior Advisor to HUD Secretary Shaun Donovan also addressed conference participants. Apgar said the Obama administration’s approach to addressing the housing crisis involved three key components: 1) pushing interest rates down, 2) support loan modification and refinancing programs and 3) re-shaping the regulatory structure. Apgar noted that there remained much on the Obama administration’s agenda that had not yet been realized: including bankruptcy reform (pending in the Senate), making the Hope for Homeowners loan modification program work, and enhancing the reuse of foreclosed properties by facilitating the conveyance of land to the Neighborhood Stabilization Trust. Apgar noted that HUD had received \$13 billion in stimulus funds – an increase in over 30 percent from its base \$38 billion budget. The key thing to do now, Apgar, emphasized, is “to get the money out.”

The conference also discussed broader issues in community development policy and funding. On policy, Arnold Cohen of New Jersey, Liz Hersch of the Housing Alliance of Pennsylvania, and Allison Staton of Massachusetts discussed advocacy efforts at the state level, including a coordinated visit of statewide offices of U.S. senators in Pennsylvania, and “doughnuts for delegates” events to build relationships with local legislators in Massachusetts. Barbara Burnham of LISC reviewed both the recently passed Recovery (stimulus) bill and the upcoming FY 2010 Obama administration budget.

Regarding the philanthropic community, discussion centered on ways foundations could maintain their commitments to community organizations, despite declining endowments. Roger Williams, who is Director for Neighborhood Development at the Annie E. Casey Foundation, acknowledged that, “Casey, like everyone else in the market, is hurt. Most foundations suffered 30% hits.” In response, Casey is trying to more “creatively maximize the impact” of the foundation’s balance sheet, including program-related investments (long-term, low-interest loans that support foundation grantees), loan guarantees, and recoverable grants. Williams also emphasized Casey’s desire “to change the conversation” on community development to focus on what Williams called “responsible redevelopment” — in other words, development grounded in strong resident participation and input into the decision-making process. Mary Jo Mullen of the F.B. Heron Foundation noted that the Heron Foundation now that nearly half of the foundation corpus was invested in some form of mission-related investment. Like Casey, Heron’s endowment has fallen. Mullen estimated that it had fallen by 25 percent to \$220 million. Heron has committed to hold the line and avoid funding cuts to current grantees, but has decided that in 2009 there will be “no dollars for new relationships or increases for current grantees.”

Lynda Perez of the Office of Community Services at the Administration for Children & Families in the Department of Health & Human Services noted that funding for the Community Economic Development program in the fiscal year 2009 budget was \$36 million, up from \$31 million in the previous year. The program provides community development corporations with grants up to

\$800,000 for community business, physical and commercial development that leads to jobs and business ownership for low-income urban and rural residents. Perez also invited the board of NACEDA to have “a conversation on activities you would like to be doing.”

Timothy Block of the Home Depot Foundation noted that in 2008, the Foundation’s grant program had supported the building of 15,000 homes built and the planting of over 100,000. All told, the foundation provided over \$50 million in cash and in-kind donations to 5,100 nonprofits across the country. However, funding to the foundation has been cut 18 percent this year and the number of funding rounds for 2009 has been reduced from three to two.

Three additional speakers addressed conference goers at an evening reception. Michael Rubinger, CEO of Local Initiatives Support Corporation (better known as “LISC”), noted that his organization had been founded to meet two key goals: 1) revitalize disinvested communities, 2) improve access to capital. “In spite of last 18 months,” Rubinger added, “it is fair to say that we have made great progress in meeting both of these objectives. LISC alone in last three years has invested almost \$3 billion, helped build 50,000 homes, and thousands of community facilities. And that’s just us.”

For the future, Rubinger said LISC had set five key goals to reach the “next stage”: 1) Continue to invest in real estate and housing; 2) expand family income and wealth through programs of financial literacy, job creation, and workforce development; 3) connect communities to larger regional economy, 4) improve access to quality education; and 5) support healthy environments and lifestyles (community schools, greening, recreation and parks). Rubinger acknowledged this strategy was a form of comprehensive community development, which has failed before. This time, however, “we’re building on something,” Rubinger said. “We have 20-25 years of investments, leadership development. There is an infrastructure we are now building from. That’s why I think it can succeed even in the face of the current economic woes.”

Ken Wade, CEO of NeighborWorks America, urged community development corporations to prepare for the hard times ahead. According to Wade, five key steps are to consider mergers before crisis occurs, better translate impact into economic terms, protect core operations, have contingency plans in place and enhance communication both internally and externally.

Representative Maxine Waters (D-CA) also attended and accepted the association’s first annual Stephanie Tubb Jones Legislative Leadership Award. In accepting the award, Waters stated that, “This business of community economic development is what is going to put us back on the right road. We can do real community economic development and we can help a lot of people.

The following day conference attendees visited congressional offices on Capitol Hill. Before the visits started, Sen. Jack Reed (D-RI) made some brief remarks. “I want to commend you for what you do in terms of housing, in terms of supportive services,” Reed said. “The work you do does not just build structures; it builds community.”

*For more information on the National Alliance of Community Economic Development Associations, see: <http://www.naceda.org>*