

## LEARNING IN TWO DIRECTIONS: THE COMMUNITY REVITALIZATION FUND

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Near the halfway point of the 5-year, \$25 million dollar Community Revitalization Fund, we are learning from the past two and a half years, meeting the needs of the present, and looking to the future. At this pivotal stage, we find ourselves learning in two directions:

- After two years, our commitment to the work on the ground has strengthened our determination to impact the system.
- Our commitment *to* affordable housing production is enhanced by our work *beyond* housing production.
- Through our leadership in Community Revitalization, we are honing GNOF's ability to lead as a community foundation.

After two years, our work to change the system of housing development in New Orleans continues to be guided by the conviction that a working system is one that:

- Produces high-quality, diverse, mixed-income and mixed-use development that is architecturally, culturally, and ecologically appropriate, as well as environmentally sustainable;
- Engages a diversity of citizens in the community revitalization process and formalizes or sustains citizen engagement in community development;
- Promotes accountability in government and the effectiveness of public systems;
- Results in the creation of a number of housing units that is commensurate with the scale of the crisis at hand and at a pace that dignifies all displaced New Orleanians;
- Increases the capacity of the locally-based housing production systems, including nonprofit and for-profit developers.

In October 2008, the Community Revitalization Fund (CRF) contracted with Michael Schubert of Community Development Strategies of Chicago to lead an evaluation of the first year of the Fund. This evaluation affirms that philanthropy can impact the housing development system in New Orleans. As the City's largest private, flexible, dedicated funding stream for community development, the Fund has established itself as more than a funder – in just two years, we have emerged as a key player in New Orleans community development. In evaluation interviews, grantees and other stakeholders described the Fund “as an important sign of progress for the Greater New Orleans Foundation.” Funders spoke of the CRF as “a remarkable example of ‘collaborative philanthropic action;’ ” through the Fund, we are bringing local and national funding AND expertise to a common table while building our role as convener, leader, and strategist.

By mid-year 2009, the CRF has awarded 35 grants totaling more than \$12 million that will result in the rehabilitation and creation of approximately 6,500 housing units in Orleans Parish, but our commitment to grantees extends beyond financial support. A thorough review and assessment of applications—combined with an understanding of the current context and an engagement in the community—informs our grantmaking, so that by the time we award a grant, we are committed to facilitating the success of a project through an investment of additional resources, such as time, social and professional networks, and intellectual capital. For example, when we learned that Nonprofit Knowledge Works (GNOCDC) had access to data regarding changes in metro area housing affordability but needed support to be able to analyze it, we proactively invited a proposal. Once the grant was awarded, we provided conference space, helped identify an advisory committee, and expanded the market for their study by connecting them with business leaders and bankers. We endorse the efforts of our grantees through attendance and participation at meetings they host and help them convene key players when necessary. Our extensive network from the private, public, and independent sectors allows us to bring disparate groups together to work towards solutions.

The evaluation confirms the assumption that grants for housing production are enhanced by grants to improve a working system. A grant to the City to establish a housing policy department, a grant to the New Orleans Redevelopment Authority to implement a property database and mapping system, a grant to GNOCDC to develop data briefs on changes in New Orleans metro area housing affordability, and a grant to the Urban Institute to craft a speaker series regarding housing strategies that work are all examples of grantmaking beyond production. Pivotal talks from the Urban Institute series can be streamed in video from the Foundation's new website, sharing the discussion taking place in New Orleans with communities throughout the country.

The evaluation also confirms that GNOF is uniquely positioned—between national resources and local organizations, between the public and private spheres, and between various sectors and organizations -- to advocate for grantees, connect them to each other, convene key players, and develop strategies for changing the housing system in New Orleans.

Four years after the levee failures, the City is still in crisis due to the scale of Katrina and the current national economic recession. CRF grants awarded in 2007 and 2008 favored projects each of which promised to produce more than 50 units of housing, but in year three, the Fund is adjusting its grantmaking priorities to reflect the changed national economic climate and the City's own progress towards recovery. We must meet immediate needs and broker relationships to protect our past and current investments.

While the Greater New Orleans Foundation has made significant investments in the City's housing market over the past two years, the national economic crisis has presented a new challenge for the housing system in New Orleans. Homeowners, investors, and developers all face limited financing options due to the tightened credit market. Despite special financing incentives currently offered by the Finance Authority of New Orleans, individuals are having difficulty qualifying for loans for home purchase and rehabilitation, and developers, already squeezed by a crash in the equity market, are finding that bigger balance sheets are required to obtain the capital financing needed to begin construction.

The rental market has been drastically impacted by the crash in the equity market, with progress delayed or stalled on the development of 60% of 10,000 units planned for the metro region through the use of Gulf Opportunity Zone (GOZone) Low Income Housing Tax Credits. Fewer than 4,000 units are either ready for occupancy or currently under construction, according to a 2009 report released by the Louisiana Housing Finance Agency.<sup>1</sup> Unfortunately, in some cases where financing is complete, development projects have been derailed or stalled by not-in-my-back-yard (NIMBY) opposition to affordable housing, so the Fund is collaborating with nonprofit and government partners to strategically address rising issues.

In order to build a working system to generate equitable housing and community development, we cannot just focus on creating new units; we must build new units while simultaneously bringing existing units in need of rehabilitation back online. Along these lines, we have supported the Housing Resource Center Network to increase the staff capacity of faith-based and volunteer rebuilding efforts that target low-income residents who depend on insurance proceeds and Road Home grants to rebuild their homes. The State of Louisiana recently announced a \$20M program that will leverage this human capital with additional rebuilding dollars for some of the same organizations.

In a city that has long tolerated political maneuvering in funding community development, we are raising the bar to reward strong performers and innovative risk-takers and to protect our past investments. We will consider renewal grants to organizations that exceed their goals. We are also reacting to the changing economic landscape by extending terms, negotiating amendments, and working to connect partners to additional resources. NIMBY opposition and the crash in the equity market conspired to delay the construction of "The Muses," a mixed-income, mixed use housing development containing 263 apartments,

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<sup>1</sup> GCR & Associates, Inc. for the Louisiana Housing Finance Agency; "New Orleans Housing Summary: Preliminary Discussion," January 12, 2009.

28 market-rate condos, and 4,000 square feet of ground floor commercial space. The CRF publicly endorsed the project and granted additional operational support to the non-profit developer, Gulf Coast Housing Partnership (GCHP) to ensure the project's viability. The CRF was proud to join GCHP in mid-July to break ground on The Muses development.

New Orleans is defined by its neighborhoods. We recognize that we must build opportunities for affordable housing in concert with ensuring neighborhood viability. Meeting the immediate needs of homeowners increases neighborhood confidence and complements the work of new development. Especially in New Orleans, where ties to neighborhoods are strong, the return of residents to their homes ensures the resilience of a block, a street, and a community. In addition to support of neighborhood-based rebuilding efforts, we recently awarded a grant to Operation Helping Hands (OHH), the Katrina rebuilding effort of Catholic Charities. Almost four years after Katrina, OHH continues to identify clients who cannot on their own overcome gaps to rebuilding their storm-damaged residencies. The grant to OHH has allowed the organization to utilize its unskilled volunteer base to paint and landscape re-occupied residences and bolster neighborhood vitality.

In addition, the Fund has learned that grant dollars cannot always be the answer, and that the community foundation can add value and invest confidence with other resources such as credit enhancements, networking opportunities, and encouragement of collaborative efforts to meet common challenges. In response to recent market volatility, we are exploring ways to provide credit guarantees and enhancements, as well as program related investments (PRIs), which provide access to cheaper, short-term credit. We continue to grow our own expertise so that we are better positioned to lend technical assistance to our grantees and community partners.

In order to better leverage resources, we are using our funding and professional relationships with board members, local and national funders, grantees, and members of the public sector in order to find the best uses of federal funding allocated for housing redevelopment, expand our audience within the local community, and explore initiatives being used in other cities. Whether we are asking a board member to speak with leaders in his or her district about the importance of an issue coming before the City Council or working with our national foundation partners to bring to New Orleans innovative models employed elsewhere, we are connecting resources to the needs of our city.

#### *Impacting the Foundation*

The Community Revitalization Fund is strengthening the Foundation's voice in the community, honing its grant process, expanding its leadership capacity, broadening its sense of stewardship, and setting in place stronger practices for program evaluation.

Key initiatives beyond grantmaking demonstrate the Foundation's commitment to serve as a gathering place for local and national leaders to share ideas, develop strategies, and evaluate tactics in order to more effectively serve our city:

- Foundation staff members organized several meetings with grantees and City of New Orleans Master Plan consultants to help provide greater community input to the Master Plan process.

- Foundation staff has been working in partnership with SEEDCO to help a cohort of economic development organizations access ARRA (federal stimulus) funds. This proposed model will inform our grantmaking strategies in workforce development.
- The Open Society Institute has been supporting Foundation-led efforts to convene organizations working in the areas of citizen participation, accountability, and transparency in government.
- Together with other foundation partners, GNOF is exploring opportunities to promote Economic Inclusion and grow the minority middle class by building the capacity of small and disadvantaged businesses to take advantage of contracting opportunities made available through the expenditure of federal recovery dollars in the Orleans region.

The re-invigorated Environmental Fund demonstrates another model of the strategic work of the Foundation. An advisory committee of scientists, environmental lawyers, and neighborhood leaders provide expertise and inform the direction of the Environmental Fund. Additionally, its most recent round of grants included an award to the New Orleans Institute for Resiliency and Innovation to regularly convene all the grantees in order to build the connective tissue between groups, foster collaboration, help specific initiatives get to scale, and build the capacity of organizations to help the city and region adopt policies that support vitality, resiliency, and sustainability.

The Foundation has also established and shepherded three affiliate foundations in surrounding parishes to cultivate leadership in the areas hardest hit by the storms of 2005 and to build a regional model of strategic philanthropy.

Just as the Fund seeks to address changes to the housing system in New Orleans, the Foundation's fall IMPACT competitive grantmaking cycle will seek to support organizations addressing the root causes of community challenges and those working effectively to make positive change. We will support program areas in health, social services, education and youth, arts and culture, and advocacy and citizen engagement – those program areas that create the “system” of a healthy community.

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### *Looking to the Future*

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The Fund makes decisions guided by the impact we set out to achieve two years ago; we are more convinced than ever that philanthropy can promote a working system. It is the context in which we work that is ever-changing. As the landscape shifts, our strategies must change, and we are alert to opportunities that will best meet the needs of the City. An ongoing dialogue with grantees, funders, government leaders, and other key players; a careful review of the evaluation; and a vigilant assessment of the current system have helped us identify specific strategies to address those opportunities to influence the housing system. Current priorities are to 1) fund innovative financing solutions, 2) enhance neighborhood confidence, 3) promote advocacy surrounding affordable housing and thereby increase civic support, and 4) build technical capacity by increasing operational support for nonprofits.

In response to the changed national economic climate, the Fund is working closely with both nonprofit and the public sector to devise innovative strategies to address emerging gaps that serve as barriers to rebuilding. The Fund is working to leverage the federal recovery dollars that continue to flow to the City with flexible, philanthropic dollars to spur projects forward. The Fund also invests in projects that bring new models of affordable housing development to the City and is exploring ways to encourage investment in Gulf Opportunity Zone (GOZone) Low-Income Housing Tax Credit projects and to support local lending and credit enhancement activities. We are convening public sector partners, other funders, and business leaders around specific strategies such as models of shared equity (specifically community land trusts) and employer-assisted housing. We are proactively involved in conversations that may result in future grants in order to best shape the development of the initiative, assess ideas early on, and to engender a consensus.

In an effort to link new development projects to broader neighborhood impacts, we are exploring ways to create neighborhood confidence and to identify “tipping points” to a neighborhood’s success. Grants to make façade improvements and exterior painting of existing homes are examples where beautifying a neighborhood can instill confidence in the market. We are also seeking ways to bring larger amounts of public resources to neighborhoods to provide the kinds of services not directly supported by the Fund. Through collaboration with many CRF partners, we devised the “White House strategy” to identify New Orleans as a model city for two new federal initiatives— Promise Neighborhoods and Choice Neighborhoods —that put dedicated resources into communities.<sup>2</sup> We delivered the paper to White House officials on August 17 and have had subsequent meetings with Xavier de Souza Briggs of the Office of Management and Budget and the Secretary of Housing and Urban Development (HUD), Shaun Donovan. Through these conversations, we are hoping to leverage resources we have already committed to make a stronger case in Washington. HUD is a natural fit and first step for this partnership because of the Fund’s focus on housing and community revitalization.

To create a civic infrastructure to support the system of housing development, we are advocating for affordable housing and collaborating with partners to devise strategies to combat NIMBY opposition. We have already worked to help several projects move forward in light of opposition, but a wide-ranging change of attitudes is needed so that it is not a project-by-project fight. In the near-term, the Fund will focus on building relationships with local financial institutions, other commercial investors, and private sector leaders and advocates to champion a commitment to quality affordable housing that enriches our city socially and economically. We also recognize the importance of combating NIMBYism long-term in order to facilitate the unhampered progress of future projects.

We will continue our work of building the technical capacity of nonprofits, in order to sustain performance and promote the work of leaders in community development. While we continue to invest in human capital by providing access to technical assistance and training and by helping nonprofits to hire new staff, we will also award grants for operational support to organizations that promote models of success and work in collaboration with others.

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<sup>2</sup> The former designation brings resources to education, while the latter commits resources to more traditional community development.

We are also taking a close look at how we make decisions, and we are streamlining and making changes to our grantmaking process to make it more efficient and strategic. Our quarterly updates to the Grants Committee are the first step in this direction to base our grantmaking decisions in the context of current work and an encompassing investment strategy. As a Fund, we recognize that our attention to the process will affect the Foundation's approach to grantmaking.

We are beginning to discuss how the Foundation will continue the work started by the Fund. The generosity and expertise of both local and national foundations has allowed us to establish a deliberate course of action, embrace a role of leadership in community development, and hone our work to best serve the City. Though our dollar investments might be lower in the future, these first five years will have established the networks, processes, relationships, and framework to maximize the impact of future investments. Our role as a key player also positions us to more strategically leverage new funds.

In 2009, the national economic crisis and the upcoming mayoral election make GNOF's leading role – that of convener of ideas, solutions, and capital – all the more critical. The 2010 mayoral election poses an opportunity for GNOF to bring together leaders from various sectors—such as housing, education, economic development, and the environment—to identify core principles and platforms that unite constituents. The results of the election will have direct consequences for the Fund.

Long-term, the Fund and the Foundation will build on the groundwork of the past two and a half years. The role of the Foundation has been elevated by the CRF's success, and we are determined to be good stewards of the resultant opportunities. From our work with the Economic Inclusion Initiative to our engagement with the Open Society Institute, from the CRF evaluation to our work as a convener, from our collaboration with national leaders to our engagement with local organizations, we are learning how to more proactively and strategically embrace and implement the Foundation's values of Accountability and Transparency, Collaboration and Transformation, Diversity and Empowerment, and Excellence and Integrity.

As HUD Secretary Shaun Donovan pledged to an overflow crowd on the occasion of the fourth anniversary of Katrina, "We don't just build homes, but neighborhoods." The Community Revitalization Fund is proud to stand with our board members, funders, grantees and partners to forward that same vision for New Orleans.