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Promising Practices for Advancing Equitable Development



National Association for Latino Community Asset Builders | NALCAB.ORG

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INTRODUCTION

Changing patterns of racial segregation, major public investments and appreciating real estate values are factors that drive neighborhood change in traditionally low-income communities of color. These changes can foreshadow the increased availability of opportunities that are critical to building wealth – more quality jobs, better schools, access to resources for healthy living. Ironically, just as new opportunity becomes apparent, the pressures of rising housing costs can lead to the involuntary displacement of LMI households to neighborhoods with lower costs and typically less access to opportunity. For many low income residents in gentrifying neighborhoods across the country, mobility may not be the best path to opportunity. Creating and preserving affordable housing and other equitable development opportunities in those areas may be the best way to build wealth and achieve economic mobility.

Since 2015, NALCAB has worked with local community development organizations in more than 25 urban markets to analyze trends and develop strategies related to housing and equitable neighborhood development. Based on these experiences, NALCAB has developed a methodology for analyzing neighborhood change that provides a framework for anticipating gentrification rather than simply analyzing how it happened in the past, and has incorporated framing essays, practical analytical tools and best practice descriptions into a **Guide for Equitable Neighborhood Development**. The guide identifies principles of equitable neighborhood development and provides tools for data-driven analysis and strategies for adapting data analysis into intentional policy and practice to ensure that low- and moderate-income people can share in the benefits of appreciating real estate markets and minimize involuntary displacement.

From 2018-2019, with generous support from JPMorgan Chase, NALCAB made grants to 12 local organizations in cities and rural communities across the country to engage in intensive equitable development planning efforts in specific neighborhoods where they work. These 12 organizations are part of a larger national cohort of over 20 organizations in 14 states with which NALCAB is engaged deeply to build capacity and advance local equitable development practice and policy. NALCAB worked to apply the principles of the guide in developing an Equitable Neighborhood Development action plan with each organization to recognize and address rapid neighborhood change.

NALCAB helped build the capacity of the nonprofits to use data analysis and mapping to analyze local real estate market dynamics and anticipate their impacts on low- and moderate-income communities, and to use that analysis to develop and implement equitable development strategies in communities facing gentrification pressures and in rural markets in need of revitalization. Those strategies focused on the following:

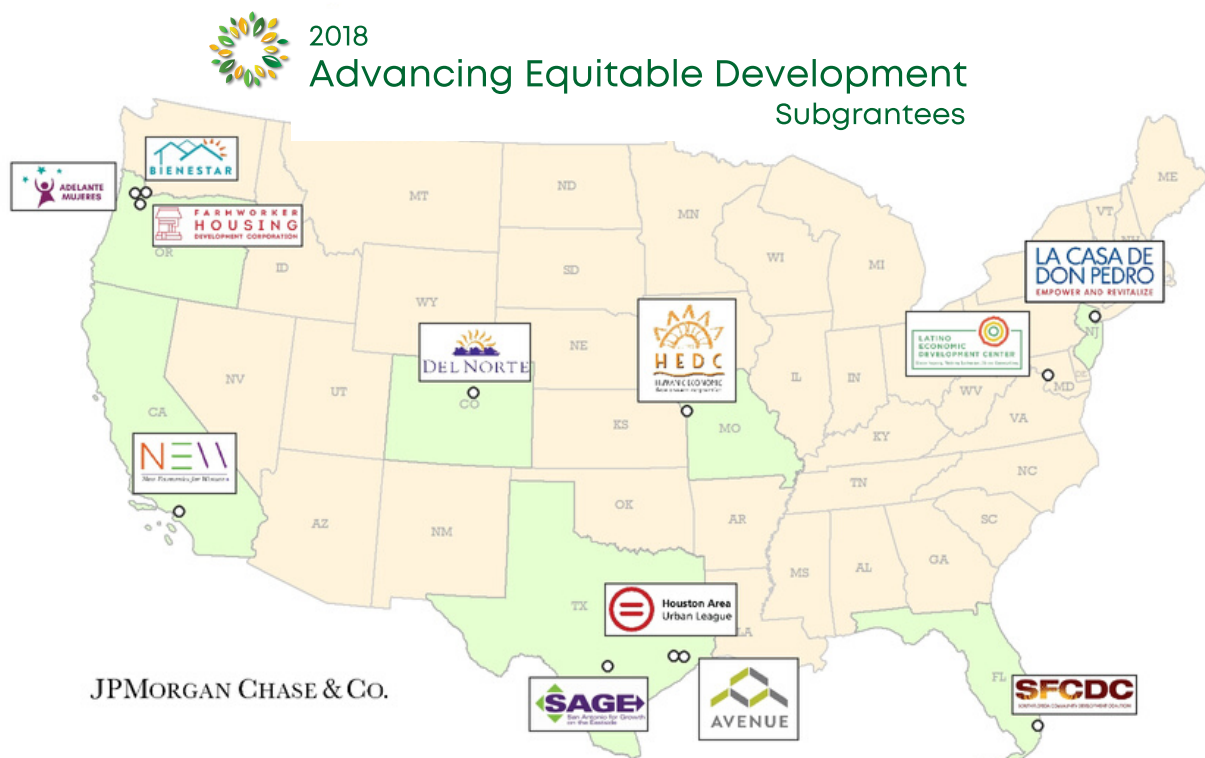
- 1 *Support of local equitable development practice*** - Nonprofit institutions that reflect the communities they serve and deliver culturally relevant services are disproportionately important for serving distinct ethnic/ racial communities and achieving equitable outcomes. In many cases, the very same organizations that have the capacity to most effectively target their services in minority communities do not have sufficient access to market data and capital sources that would allow them to scale their work. Achieving equitable development outcomes requires municipal agencies and community-based institutions to work together under a common set of principles and with a common understanding of demographic data and market trends. NALCAB works with local stakeholders to make local markets capital ready and to facilitate a greater flow of capital.
- 2 *Educate policy makers and practitioners on best practice policies to support equitable neighborhood development*** - NALCAB engages in policy and field-building efforts to advance understanding of equitable neighborhood development through webinars, peer policy capacity building, conference presentations and strategic communications. There is a pressing need to educate local elected officials and executive-level city management staff about approaches to equitable development and to provide tangible best practices to inform their work. There is also a need to educate federal policy makers, in collaboration with organizations in their districts, about the important role of federal investments in strengthening local economies and achieving more broadly shared prosperity. NALCAB recognizes that its efforts regarding federal policy must be in collaboration to have scale and depth of impact.
- 3 *Directly invest in affordable housing in gentrifying communities*** - NALCAB is a US Treasury-certified CDFI that lends to its member organizations in urban and rural communities, that are leverage points in broader equitable development strategies. NALCAB also manages the NALCAB Catalyst Fund I, LLC, an innovative social investment fund focused on producing and preserving affordable housing in locations with access to employment, quality education and health care resources while producing a financial return for investors. NALCAB launched the Fund with support from JPMorgan Chase under the PRO Neighborhoods program and has leveraged additional capital from private investors. Since 2016, NALCAB has deployed more than \$4 million in partnership with NALCAB member organizations.

These three strategies form the core of NALCAB's Equitable Neighborhood Development work, and remain critical even in the face of unexpected influences. In the course of this engagement, the COVID-19 pandemic emerged and impacted communities large and small, urban and rural, across the country. For many low-income Latino and immigrant communities, NALCAB Network organizations are the front-line institutions that identify and respond to families in financial crisis. Community-based organizations are positioned to meet the needs of people in their communities with flexibility and insight into the real dynamics of this rapidly changing situation. While the economic crisis caused by the pandemic is a significant added challenge, NALCAB will continue to support Network members in adapting these proven strategies to meet the needs of the times.

This document summarizes key insights from our grantees' strategies for advancing equitable neighborhood development based on the technical assistance and guidance from these methods, how the process of developing these action plans has shifted the approaches they take to their work, and broader impacts from this investment.

PROMISING STRATEGIES FOR ADVANCING EQUITABLE DEVELOPMENT

The cohort of 12 subgrantees was selected for geographic, organizational, and programmatic diversity.



2018 Advancing Equitable Development Subgrantees

ORGANIZATION	LOCATION	FOCUS OF ACTION PLAN
<u>Adelante Mujeres</u>	Forest Grove, OR	Enhance local support for Latino-owned and expand Latina-owned small businesses in rural Oregon
<u>Avenue CDC</u>	Houston, TX	Introduce cost-efficient and expandable single-family housing options
<u>Bienestar</u>	Hillsboro, OR	Fund and develop rural, culturally-relevant multifamily housing for the growing Latino population of rural Oregon
<u>Del Norte Neighborhood Development Corporation</u>	Denver, CO	Empower residents of gentrifying neighborhood to remain and thrive through affordable housing programs
<u>Farmworker Housing Development Corporation</u>	Woodburn, OR	Fund and develop culturally relevant, multi-family housing geared toward the farmworker population of rural Oregon
<u>Hispanic Economic Development Corporation</u>	Kansas City, MO	Develop neighborhood plan that focuses on community culture and builds economic vitality
<u>Houston Area Urban League</u>	Houston, TX	Promote economic, housing, and neighborhood resilience in natural disaster-prone, demographically changing community
<u>Latino Economic Development Center</u>	Washington, DC	Provide support to and preserve small businesses facing impact of public infrastructure investment
<u>La Casa De Don Pedro</u>	Newark, NJ	Develop resident-centered housing, family, and neighborhood resilience plan
<u>New Economics for Women</u>	Los Angeles, CA	Build capacity for the purchase and revitalization of affordable, multi-family housing
<u>San Antonio for Growth on the Eastside</u>	San Antonio, TX	Modify organizational focus to serve housing and neighborhood vitality
<u>South Florida Community Development Coalition</u>	Miami, FL	Ensure sustainability and growth of the Dominican small business community in gentrifying neighborhood in Miami

Across these different neighborhoods, organizations, and programmatic focuses, the following common strategies emerged.

Community empowerment through organizing and education

The ability of low-income communities to participate meaningfully in the policy and development decisions that shape their neighborhoods is a key factor in ensuring the process and outcomes of neighborhood development are equitable. Grantees in all neighborhoods recognize the importance of building the power of the communities they serve through organizing and educating to shape public policies and programs to be responsive to their needs and aspirations. For example, La Casa de Don Pedro, in their comprehensive community development plan for a neighborhood in Newark, emphasizes organizing and assisting tenant councils and block associations to advocate for policies that protect renters, including Right to Council and Community Benefits Agreements legislation.

In an area with sought-after assets like transportation, major employers, or access to trendy locations, vulnerable residents find themselves at risk of inflated prices and displacement as their neighborhood becomes attractive to new demographics, markets, and buyers. Under these market pressures, organizing and education allows current residents to align their methods and seek or construct support systems within the neighborhoods, whether through non-profit organizations or local governments, that can coalesce the power of the few to maintain place.

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While grantees have deep roots in the communities they serve, some of them experimented with new strategies for connecting to their communities as part of this grant or are building new community engagement strategies into their work. For example, HEDC recognized that the City of Kansas City's growing reliance on technology to facilitate public participation in planning and policymaking will not work for everyone in the Westside community due to a technology/infrastructure gap. To address this, HEDC will advocate for engagement strategies that do not rely on the Internet, in addition to increasing their own efforts to boost digital literacy in their community.



Secure ownership of land to ensure permanent affordability and prevent displacement

Ownership is critical for ensuring that long-standing members of a neighborhood, be they residents, businesses, or other entities, are able to remain in a neighborhood as it changes over time. Grantees, particularly in neighborhoods facing development pressures that threaten to cause displacement of low-income communities, emphasize ownership of real estate assets by community members and/or community-based organizations in neighborhoods as a mechanism for ensuring that existing low-income communities have access to permanently affordable housing and commercial spaces. Multiple groups have utilized this aggregation of land as a method of reclamation. For example, South Florida Community Development Coalition (SFCDC), which has developed an Action Plan to ensure the sustainability and growth of the Dominican small business community in a gentrifying neighborhood in Miami, included it as one of their priority strategies and is currently working toward the purchase of commercial property through a community land trust in order to provide greater ownership opportunities for small business owners and ensure permanency for long-standing stakeholders.

Increase incomes and reduce housing and commercial real estate costs



Photo courtesy of Latino Economic Development Center (LEDC)

The combination of rising costs of housing and commercial real estate and low and/or stagnating incomes in communities of color across the US is contributing to the real and perceived threats of displacement of residents and businesses. Grantees focus on both sides of the crisis of affordability and are working to both reduce the cost of real estate and increase incomes for the people they serve through programs and policy. For example, the Latino Economic Development Center (LEDC), which developed an Action Plan to preserve small businesses along a new light rail line in suburban Washington, DC, provides technical assistance to small businesses to help them become sustainable and grow and also advocates for commercial rent control in order to protect small businesses from potential rent increases once construction of the light rail corridor is complete.

Through this work, they have redoubled their efforts by involvement with the Purple Line Corridor Coalition, a recipient of the JPMorgan Chase PRO Neighborhoods Competition, that is supporting similar work in combating gentrification and expanding economic opportunity along the Purple Line. Through their efforts, they have been successful in minimizing the disruption of business access through construction and connecting with various levels of government official, primarily county, that now seek to provide resources to these businesses at threat of displacement. Similar work has taken place in Miami through SFCDC.

Grantees also focus on local tax policy as a key leverage point for helping reduce cost burden for low-income residents and create more equitable development outcomes in the neighborhoods they serve. For example, Avenue CDC, which is implementing a housing-focused Action Plan in the Northline neighborhood north of downtown Houston, is working on multiple cost-lowering practices, such modular construction, accessory dwelling units (ADUs), and expandable starter homes to provide affordable options for first-time homebuyers. Also, Avenue CDC has sought to help existing homeowners by reducing the tax burden for low-income residents by introducing new tax relief mechanisms, such as **Homestead Preservation Districts**, a

tool currently in Texas code but with certain defects and limitations that will likely have to be addressed legislatively, and by modeling a program similar to Philadelphia's **Long-Term Owner Occupants Program** (LOOP). Each could prove to be a means to reducing displacement of current Northline residents due to rapidly increasing property taxes.

Other methods currently in use include, specifically for long-term and/or low-income homeowners to access existing tax relief tools of which they may not be aware, Homestead, Senior, and/or Disability tax exemptions. Avenue CDC plans to continue expanding their single-family housing portfolio by piloting an ADU in another north Houston neighborhood.



Photo courtesy of Avenue CDC

Influence policy

In doing the work of aiding vulnerable communities, it is imperative to not attempt to do it alone, to expand the scope beyond specific neighborhoods and communities, and to grow partnerships. Over the course of the grant period, NALCAB has been providing avenues for grantees to engage both their local and Federal representatives in order to advocate for their communities in positive ways. One manifestation of this support has come in Kansas City, Missouri with HEDC.

Growing from concern about the appraisals of property in their local community having valuation increases up to 400%, HEDC was able to assess the rapid appreciation of properties and generate a coalition that could speak to the property assessment practices across the county. This has allowed them to engage the county and have them review their processes for applying rates of taxation. Gathering data from their local neighborhood and searching for if there were trends in other neighborhoods has put them in the position to protect homeowners in vulnerable communities.

Through this work, state legislation was introduced by a district representative. The bill, HB 1710, supports homeowners in regulating taxation increases of real property. At writing of this document, the bill has passed the State House and now resides in the State Senate.

Anticipate private market pressure

As more and more low-income, inner-city neighborhoods across the US become attractive to profit-motivated developers, nonprofit community-based organizations that have been working in these neighborhoods for decades increasingly find themselves in direct competition with private market actors for developable land. Grantees use a variety of strategies to address the imbalance in purchasing power between mission-driven and profit-motivated developers. For example, Avenue CDC in Houston is exploring the creation of an “Accelerator Fund” to provide short-term acquisition financing, which would help nonprofit developers quickly secure land in appreciating real estate markets, where nonprofits that rely on public financing usually cannot compete with faster moving private sector actors.

Additionally, in Miami, The Allapattah Collaborative was able to partner with approximately two dozen local organizations and developers to champion *Public Land for Pubic Good*, an organization that successfully challenged the City to alter its process of selling publicly-owned property, namely an 18.75 acre site within Allapattah, to private developers and seek input from residents and stakeholders to utilize the resource for affordable housing options. The group halted the development and secured a meeting with the Mayor in an effort to refocus the government’s perception of open land in an expensive housing market. Further, NALCAB was able to have impact by directly investing in affordable housing in gentrifying communities. NALCAB provided low-cost loans through its Catalyst Fund, Rural Loan Fund and CDFI to support housing in changing communities in support of single family and multifamily developments in urban and rural communities in the South and Southeastern United States.

BUILDING TOWARD EQUITY

With support from JPMorgan Chase, W.K. Kellogg Foundation, Citi Community Development and the US HUD Rural Capacity Building program, NALCAB has supported local equitable neighborhood development planning and project implementation in over 25 neighborhoods and rural communities, in which more than 500,000 people reside. NALCAB will take the lessons learned through this direct engagement and others to enhance support to member organizations and engage more groups through leveraged funding sources. Through the development of Equitable Neighborhood Development action plans, NALCAB has seen organizations significantly increase their capacity to engage in data analysis, develop and implement equitable development strategies and advocate for equity development policies and those continue to lead to tangible results in the communities they serve. NALCAB is expanding its efforts to advance equitable neighborhood development by supporting selected organizations of this cohort and supporting them in the implementation of their action plans.

NALCAB will also be supporting the development of additional place-based, neighborhood-level action plans for more nonprofits across the country. As the public health, financial, and social crises of the pandemic continue to unfurl across our communities, NALCAB will continue to support local organizations, businesses, and residents. It has required immediate and emergency response; however, NALCAB will continue to provide targeted technical assistance and capacity building through the coming year as “aftershocks” of the pandemic will be seen.

NALCAB’s work over the years has evolved from supporting place-based community development projects to helping organizations develop their own plans for equitable neighborhood development. We have observed tremendous growth and progress in the capacity of the organizations we have engaged to utilize data to understand and tell the demographic and economic story of their communities, identify needs and barriers facing their communities, identify solutions to those needs and barriers, and design wide-ranging actions to achieve those solutions. The strategies carried out through this grant will be integral to how NALCAB engages with our broader network in the coming years as we build a movement for equitable neighborhood development. It will also provide insight and opportunities to dramatically scale the flow of public and private sector capital to meet the asset building needs of the communities and families we serve.

Moving forward, NALCAB anticipates these promising strategies to continue to advance policy and promote equitable neighborhood development practices that are necessary to ensure that low- and moderate-income people can share in the benefits of appreciating real estate markets and minimize involuntary displacement. Ways in which NALCAB will continue to support these goals are through:

Targeted communication with federal policymakers - NALCAB continues to and consistently advocates to policymakers regarding the efforts needed to support its members and partners and provides guidance to members to better and more effectively engage local policy leaders.

Support of federal grants - NALCAB seeks to support members and partners garner sustained support of operations and services through Community Economic Development grants and helping other organizations achieve Community Development Financial Institution.

Coalition building - NALCAB will continue to partner with and lead in the arena of equitable neighborhood development by connecting parties, whether funders, nonprofits, or governmental, that wish to share in creating this impact in Latino communities across the country.

Capacity building - NALCAB, through technical assistance, grant making, and direct investments through its CDFI and Catalyst fund will continue to guide resources and investment dollars into underserved Latino communities.

Implementation of action plans - NALCAB will continue supporting groups to take the next step of plan development and assist in the implementation of their action plans.

Integration of action plan usage - NALCAB has grown the usage of action plans to impact its other programmatic areas, like Financial Capability and Small Business.

