ROUTINIZING THE EXTRAORDINARY[1]

David Erickson, Ian Galloway, and Naomi Cytron
Federal Reserve Bank of San Francisco

It is hard not to be inspired by the community-revitalizing work highlighted in this book. Geoffrey Canada, Angela Blanchard, Tom Cousins, and many others are lifted up as extraordinary leaders who are making their communities thrive despite difficult circumstances. But we cannot rely on saints to achieve systemic change in the thousands of low-income communities in America that need help; we need new policies, practices, and products to create a next-generation system that empowers everyday people to achieve extraordinary results.

The views expressed in this chapter belong to the authors and do not necessarily represent the views of the Federal Reserve Bank of San Francisco or the Federal Reserve System. We would like to thank the following people who gave such good advice on how to improve this chapter: Nancy O. Andrews, Ellen Seidman, and Scott Turner.

1 We are borrowing this title from a subtitle in Langley Keyes' book, Strategies and Saints: Fighting Drugs in Subsidized Housing (Washington, DC: Urban Institute Press, 1992), 226.

How do we create a system like this? What is necessary to build on the examples of strong leaders and to create intervention strategies using the best ideas possible? In this chapter we try to reverse-engineer some of the leadership examples highlighted in this book and draw on lessons from community development's achievements to outline a new approach to community development. It will play out differently in different communities, but at its core, this new approach must be:

1. entrepreneurial in nature and fundamentally cross-sectoral, engaging more partners than are currently involved in community development;

2. data-driven and capable of sense-and-respond adjustments; and

3. composed of both people- and place-based interventions.

At root, this approach to community development is focused on leadership that is able to promote a compelling vision of success for an entire community, marshal the necessary resources, and lead people in an integrated way. It must be accountable for outcomes, not just specific outputs (such as the number of apartments built). The outcome goals for the entire community should be bold: doubling the high school graduation rate, halving the number of people living below the poverty line, cutting emergency room visits by 75 percent, or making sure 100 percent of kindergarteners arrive at school ready to learn.

The type of coordination required to change a whole neighborhood—as we have seen in the examples in Harlem, or Atlanta, or Houston in this book—requires bringing together dozens of institutions and thousands of people inside and outside a community. Angela Blanchard once said that her organization, Neighborhood Centers, Inc. (which started as a Settlement House), relies on many pillars of support to be effective. The pillars are multiple; it's not just a three-legged stool or a four-legged table, she explained. It is a millipede with hundreds of legs.

It may seem impossible to take Angela Blanchard's spirit and leadership and inject it into an institution or a system, but that is exactly what community development was able to do in the 1980s. Alex von Hoffman's chapter in this book shows how community revitalization work in that era was driven by charismatic leaders with few resources. People like Don Terner, Dorothy Mae Richardson, Paul Grogan, and Sister Lillian Murphy dove into their work and others followed. Perhaps even more remarkable than any one of their stories, however, was that they contributed to building a network of actors that grew in professionalism and capacity over time. These entrepreneurs built institutions that began to link up in new ways with new partners in government and the private sector. This network had the vision and provided leadership that was modeled on the individuals who were its pioneers. Those pioneers started a "movement" and transformed it into an "industry."

THE HISTORIC ROLE OF THE COMMUNITY DEVELOPMENT INDUSTRY

The backbone of and the community development industry for the past 25 years has been affordable housing development. Affordable housing serves as more than just shelter. These projects are often anchors in their communities; they physically revitalize the neighborhood around them. Often a new apartment building will serve a target population that has special needs, such as tenants who were formerly homeless. Or the housing might be built in an ethnic enclave and have culturally sensitive services and language instruction. In these and many other examples, affordable housing becomes a platform for delivering other social services and promoting community in ways that go far beyond simply providing a roof over one's head.

The community-tailored approach to affordable housing production emerged in response to previous policy regimes in which much of urban renewal was orchestrated by large bureaucracies like the U.S. Department of Housing and Urban Development (HUD). These top-down regimes gave way to a more decentralized approach that used local groups—often nonprofit community development corporations (CDCs)—to identify local housing needs and then plug into larger systems of support. Those larger systems might include subsidy programs through the tax code (i.e., the Low Income Housing Tax Credit [LIHTC]) or other government subsidy programs, or they might include loans and investments from banks motivated by the Community Reinvestment Act (CRA). Foundations also played an important role in funding this new network of affordable housing developers.[2] This new funding approach made it common for an apartment building to have six (or more) different public and private funders.

The housing that has been built under this approach is high quality and often beautiful. And even though the buildings are tailored to the needs of a specific neighborhood, this is not a boutique activity. The community development industry has used the LIHTC program to build more than 2.5 million apartments.[3] That number is nearly as many apartments still standing today from all prior public housing and other government-subsidized building programs combined, dating back to 1937.[4]

As successful as this industry has been, it must evolve if it is to continue to make progress toward its ultimate goal of improving the life chances of low-income people. One important change that we will address in this chapter is a topic that Paul Grogan, president of the Boston Foundation, considers in this book. In looking to the future of community development, he writes:

> *What then is the future of community development? It lies in turning the architecture of community development to meet urgent challenges of human development. How to turn a*

2 For a more detailed discussion of this history, see David J. Erickson, Housing Policy Revolution: Networks and Neighborhoods (Washington, DC: Urban Institute Press, 2009).

3 National Council of State Housing Finance Agencies, HFA Factbook: 2010 Annual Survey Results (Washington, DC: The National Council of State Housing Finance Agencies, 2012), p 92 and 100. We recognize that these apartments were built by both nonprofit and for-profit developers. All the units, however, serve low-income tenants and their families.

4 Erickson, Housing Policy Revolution, p. 163.

> *successful community organizing and real estate development system toward the goal of increasing educational outcomes, employment success, family asset building, individual and community resilience to weather setbacks? As an industry, we need new strategies to face these challenges.*

The following is one attempt to grapple with these questions and to suggest new strategies. We believe it is possible to use key elements of the current community development industry to both build out an expanded approach to revitalizing low-income communities and integrate people- and place-based strategies. This new approach needs a lead organization at the local level—a millipede, or a quarterback—and the following is an exploration of how that entity might work.

THE NEED FOR A NEW APPROACH

It may seem obvious, but the most important reason why community development needs to evolve is that it is not solving the problem it was set up to fix-namely, reducing the number of people living in poverty. The percentage of Americans living in poverty when the War on Poverty was underway was about 15 percent, and it is about 15 percent today.[5] That is not entirely the fault of community development, as Peter Edelman explains in his essay in this book. Changes in the economy—in terms of technology and globalization—in addition to swings in political support for antipoverty programs and a significant influx of very low-income immigrants, has made fighting poverty an uphill battle.

Moreover, poverty itself has changed dramatically in the last 40 years, and as Alan Berube explains in his chapter, the needs of low-income communities—and where those communities are located—are very different now than they were when our current antipoverty and community development programs were put into place.

5 Carmen DeNavas et al., "Income, Poverty, and Health Insurance Coverage in the United States: 2010" (Washington, DC: U.S. Department of Commerce, 2011), 15. Available at: www.census.gov/prod/2011pubs/p60-239.pdf.

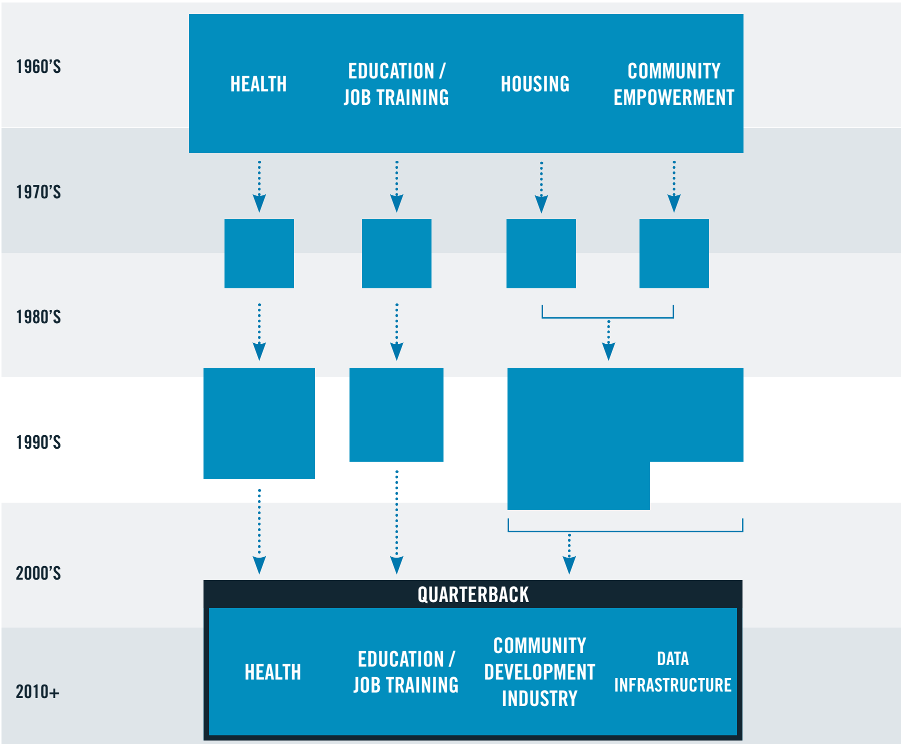
The suburbanization of poverty, for instance, compels us to rethink the work of community development. The older community development approach that focused on project-by-project interventions worked well when the goal was to revitalize a relatively small inner-city geography that had experienced an exodus of middle-class residents and capital. But it is now out of step with the new reality of where poor people live and the choices they have there.

All of this suggests that there may be better ways to organize our efforts in alignment with our understanding that poverty today is a complex system. It is the result of many interlocking and reinforcing negative inputs. The current practice of making a few interventions—in food security, affordable housing, or some income supplement—in a piecemeal way will not resolve the problem.

A POSSIBLE NEW PLAYER FOR COMMUNITY DEVELOPMENT: THE QUARTERBACK

We are proposing a new local entity to coordinate local interventions in low-income communities. For the sake of argument, we are calling this entity the quarterback, although we recognize this metaphor has limitations. The quarterback's role is similar in important ways to how a CDC operates at the level of developing an affordable housing project. Like the CDC, the quarterback must articulate the vision it is managing to (the outcome of reduced poverty, for example) and then marshal the funding sources and manage multiple partners to execute on that vision. The difference, of course, is that instead of managing banks, architects, and contractors, as a CDC might to construct a building, the quarterback is trying to enhance life chances for neighborhood residents by orchestrating the development and deployment of an array of high-quality human and physical capital interventions. The scope of work includes not only traditional community development activities, such as affordable housing and small business financing, but also educational improvements, workforce development, and health care, among

Figure 1. The Quarterback as Integrator[6]



The earlier efforts at comprehensive community revitalization during the War on Poverty in the 1960s splintered off into separate policy areas that lacked coordination. Over time, those siloed policy domains grew in capacity and capability; some merged. The promise of the quarterback is to knit the better-equipped separate silos back together into a more effective and integrated effort.

others. The quarterback will thus primarily serve in a coordinating role, managing a diverse coalition of players in order to achieve community betterment.

The quarterback can take many forms depending on the needs or the circumstances of the community. In some communities, there

6 David Erickson first presented this graphic and the idea of a quarterback organization at the "Exploring New Models for Affordable Housing" conference, Federal Reserve Bank of San Francisco, September 12, 2011. Available at: www.frbsf.org/cdinvestments/conferences/affordable-housing/.

may be a rich variety of strong institutions in the government, nonprofit, and for-profit sectors. In this case, what might be needed is to bring all those groups together in common cause. A fitting example of this type of coordination is Living Cities' Integration Initiative in Minnesota. There, the Twin Cities of Minneapolis and St. Paul have very strong institutions, but they need better coordination if they are to achieve the community-wide benefits they desire. In this case, Living Cities employs what they call "one table" to bring together all the parties to work together. They are able to facilitate this process by providing resources to organize the table's work—administrative support as well as grants and below-market-rate capital that are made available to the participants to create incentives to cooperate. In this case, the quarterback is a bridge builder and coordinator who uses a light touch.

On the other end of the spectrum are communities that lack high-functioning institutional partners. For these places, a quarterback may need to be far more aggressive in organizing what resources are present in addition to building up new capacity in places where it did not exist before. Here you might think about Harlem Children's Zone, an organization that created many of the institutions that ultimately were essential to its success.

Clearly there are communities in between the high and low ends of the community viability spectrum, and they will require unique combinations of integration and institution-building. There are many examples of quarterback-like entities across the country that fall along that spectrum, including: Strive Partnership in the Greater Cincinnati area;[7] Magnolia Place Community Initiative in South Central Los Angeles;[8] LISC's Building Sustainable Communities Initiative, which sponsored quarterback-like entities

---

7 Jeff Edmondson and Nancy L. Zimpher, "The New Civic Infrastructure: The 'How To' of Collective Impact and Getting a Better Return on Investment," Community Investments, 24 (1) (Spring 2012): 10-13.

8 More information available at: www.magnoliaplacela.org.

such as the Quad Communities Development Corporation in Chicago;[9] and Codman Square Health Center in Boston.[10]

Any Community Can Produce a Quarterback

For those communities that fall on the low-capacity end of the spectrum, the quarterback concept holds particular promise. Consider, for example, findings from the Federal Reserve's Community Affairs Offices and the Brookings Institution's Metropolitan Policy Program, which profiled 16 high-poverty communities in a study on concentrated poverty in 2008. The results showed that only a few of those communities had even minimal community development capability in the form of CDCs, community development financial institutions (CDFIs), strong local banks, or effective local government.[11] In most of the communities, however, there was leadership in unlikely places: schools, churches, charities, clinics, and elsewhere. It would be the job of the quarterback to identify and build on those areas of leadership and strength, as well as to build capacity in the gaps. In that sense, the quarterback is really a facilitator who brings out the strengths of service providers and leaders in the community. This is a delicate balance, of course. The quarterback must respond to, and have support from, the community to succeed. At the same time, it must also lead and provide vision and a structure for moving forward.

Another instructive example is the recent effort to better coordinate antipoverty work in Las Vegas. Stakeholders there hosted a Healthy Communities conference as part of the social determinants of health and community development series (a partnership of the Federal Reserve and the Robert Wood Johnson

---

9 LISC, "Building Sustainable Communities: A Progress Report on Meeting LISC's Next Generation of Challenges and Fulfilling the Promise of Community Development" (New York: LISC, 2009). Available at: www.lisc.org/files/17689_file_sep_bsc_progress_report.pdf.

10 More information available at: www.codman.org/.

11 Community Affairs Offices of the Federal Reserve System and Brookings Metropolitan Policy Program, "The Enduring Challenge of Concentrated Poverty in America" (Richmond, VA: Federal Reserve System, 2008). The full report is available at: www.frbsf.org/cpreport/index.html.

Foundation).[12] Local leaders came forward from HUD's regional office, local government, the Nevada Bankers' Collaborative, the United Way, the University of Nevada, and other nonprofits.[13] They identified collaboration and integration as fundamental to developing an initiative to address the needs of struggling Las Vegas communities. Subsequent to the meeting, these local leaders hired the Strive Network to help organize cross-sector antipoverty and community revitalization efforts. In essence, they hired their own quarterback.

THE QUARTERBACK EMPLOYS BOTH PEOPLE- AND PLACE-BASED STRATEGIES

The quarterback responds to community input and community need by choosing from an array of service providers. Although the choices can be overwhelming, they are also liberating. The quarterback is not wedded to any one approach, but instead is agnostic about which strategies to employ to get the best outcome. That feature makes the quarterback the ultimate silo-busting institution and one that is perfectly poised to solve the age-old question of whether we should focus on people or places in helping low-income communities. As Federal Reserve Governor Elizabeth Duke says in the foreword to this book, that debate is over and both sides won. The quarterback must choose strategies from both sides, including:

- **human capital/people:** early childhood interventions, schools, health, recreation, workforce development (including connecting people to good quality jobs); and

- **physical capital/place:** affordable housing improvements, community facilities, well-lit and safe community spaces, transportation, health clinics, parks, grocery stores and other essential businesses, and anchor institutions (e.g., hospitals,

---

12 More information on this initiative can be found at: http://www.frbsf.org/cdinvestments/conferences/healthy-communities/.

13 Culinary Training Academy, "Healthy Communities: Las Vegas,"(North Las Vegas, Culinary Training Academy, January 19, 2012). Available at: www.frbsf.org/cdinvestments/conferences/healthy-communities/2012-las-vegas-nv/.

universities) that may play a special role in creating good-paying local jobs.

Human Capital

Two recent developments underscore the promise of having community development quarterbacks address the people side of the equation. The first centers on a growing body of research on the importance of early childhood interventions, as outlined by Gabriella Conti, James Heckman, James Radner, Jack Shonkoff, and others in this volume. It is increasingly clear from this research that children who are exposed to the corrosive effects of poverty early in life begin to develop a thick shell that makes it very hard to influence them in later life. Therefore, any community intervention must start with a special focus on keeping children motivated and inspired to learn and helping them grow in the healthiest way possible.

Second is the increasing recognition of the intersection between concerns over the economic, political, and social conditions that influence individual and population health (the "social determinants of health") and the goals of community development. As Risa Lavizzo-Mourey, president of the Robert Wood Johnson Foundation, writes in her essay in this volume, "we are likely to look back at this time and wonder why community development and health were ever separate industries." Abundant research shows that people who feel a sense of community, who live in safe and vibrant neighborhoods, and who have some sense of control over their lives live longer and healthier.[14] From this perspective, community development plays an important role in improving health for low-income people.

The partnership between health and community development could be the single most important recent development for community revitalization. It brings new partners, new resources, and especially, new ideas. For example, the Robert Wood

---

14 For a good overview of these studies, see Robert Wood Johnson Foundation, "Beyond Health Care: New Directions to a Healthier America" (Princeton, NJ: Robert Wood Johnson Foundation Commission to Build a Healthier America, 2009). Available at: www.commissiononhealth.org/Report.aspx?Publication=64498.

Johnson Foundation's Commission to Build a Healthier America characterizes the social and environmental circumstances that influence health as follows:

> *Where we live, work, learn and play dramatically affects the health of all Americans for better or for worse. The sometimes toxic relationship between how we live our lives and the economic, social and physical environments that surround us has resulted in some of America's most persistent health problems. At the same time, improving conditions in our homes, schools, workplaces and communities can help create greater opportunities for healthy lives.*[15]

Improving peoples' lives as a way to improve their health is a powerful concept, which points to a clear role for community development as the action arm for the analysis and research from those who study population health.[16] Working hand in glove, these two fields can be far more successful in their mutual goal of reducing the negative effects of poverty.

There are other ideas and developments around human capital strategies that are pushing in the direction of the quarterback concept. The community schools movement, for example, is an approach that positions a school as a neighborhood hub, where partnerships between the school and other community resources allow for much needed alignment across academics, health, and social services, youth and community development, and community engagement.[17] As a neighborhood hub, the community school can play the role of quarterback by strategically aligning a variety of services in a location that is familiar and convenient for community members. For example, throughout Multnomah County, Oregon, a network of SUN (Schools Uniting Neighborhoods) community schools provides educational,

---

15 Robert Wood Johnson Foundation, "What Drives Health" (RWJ web page). Available at: www.commissiononhealth.org/WhatDrivesHealth.aspx.

16 This characterization comes from Dr. Douglas Jutte, director of the Center for Community Development and Health.

17 Coalition for Community Schools. "What is a Community School?" (web page). Available at www.communityschools.org/aboutschools/what_is_a_community_school.aspx.

recreational, social, and health services across six school districts, representing a collaboration of County Department of Human Services, the City of Portland Parks and Recreation, nonprofits, and local school districts. The schools offer extended-day academic and enrichment programs, as well as direct services supported by partnerships with other community institutions, such as libraries, parks, and community centers, neighborhood health clinics, and area churches and businesses.[18] In essence, the community school acts as a quarterback in aligning these entities for community advancement.

Physical Capital

The roots of community development are still firmly in real estate—developing affordable housing, charter schools, community clinics, and more—that improves the places where low-income people live. This should remain an important focus of the quarterback, but we must be honest about when to make tradeoffs if other investments—such as people-based strategies—have a greater likelihood of increasing the life chances of community residents.

It is also true that community development needs to use the skills and professionalism it developed in building affordable housing to finance a much broader array of physical investments. Of course, there has been some progress in this area with more CDFI financing for charter schools and for grocery stores located in food deserts, for example, but the need for community development to finance more and different types of facilities is pressing. Health clinics are a prime example. The Affordable Care Act will necessitate building thousands of new Federally Qualified Health Centers in low-income communities, and the Act provides $11 billion in additional funding for this work (although it will not be enough for all the building that is needed).[19] This building

18 Coalition for Community Schools, "Community Schools Across the Nation: A Sampling of Local Initiatives and National Models" (Washington, DC: Coalition for Community Schools, n.d.).

19 Ronda Kotelchuck, Daniel Lowenstein, and Jonathan N. Tobin, "Community Health Centers and Community Development Financial Institutions: Joining Forces to Address Determinants of Health," Health Affairs 30 (2011): 2090-2093.

boom of clinics is a significant opportunity for community revitalization.

These next-generation health clinics are additionally compelling in light of their ability to play a quarterback role. Consider the inspiring example of Codman Square Health Center in Boston, a community clinic that serves the city's poorest and most vulnerable populations. It is driven by a recognition that individual physical and mental health is dependent on the social well-being of the entire community, and accordingly offers an array of community services including adult education, financial counseling, and youth programs either in-house, or through partners. In mirroring this approach, the next-generation community clinics would hew more closely to the War on Poverty vision of "community-oriented primary care" that stipulates that the whole neighborhood is the clinic's patient. This approach, promoted by public health leaders such as John Cassel, tries to reduce the negative effects of poverty-induced stress by building up community ties and overall resilience.[20] Attacking the "upstream" sources of poor health is essential to improving the health of low-income communities, as both Risa Lavizzo-Mourey and Nancy Adler argue in this book.

The community development finance industry will need to learn to fund many other additional community enhancements in addition to clinics, including parks, community centers, and better connections to transit. The Bay Area Transit-Oriented Affordable Housing Fund, which provides flexible capital to develop affordable housing and vital services near transit lines, offers a prime example of blending many different sources of capital from foundations, banks motivated by the CRA, CDFIs, and perhaps most surprisingly, a regional transportation agency.[21] This fund allows the transportation sector to join with the community

---

20 For an overview of Cassel's groundbreaking work, see his lecture on the subject at: J.C. Cassel, "The contribution of the social environment to host resistance: The Fourth Wade Hampton Frost Lecture." American Journal of Epidemiology 104 (1976): 107-123.

21 Center for Transit-Oriented Development, "CDFIs and Transit Oriented Development" (San Francisco: Federal Reserve Bank of San Francisco, 2009), Appendix B. Available at: www.frbsf.org/publications/community/wpapers/2010/cdfi_transit_oriented_design.pdf.

development industry and philanthropic organizations to work together for a mutual goal: more vibrant and connected low-income communities.

Core Set of Interventions Needed in Every Community

As wide-ranging as the above people- and place-based strategies are, the quarterback must focus on a set of core needs that are a high priority in every community. These include: (1) safety and security in the home, (2) highly engaging early learning for children, (3) continuing access to high-quality education, (4) at least one living wage job in every household, and (5) community design and services that allow residents to make healthier choices in their daily lives.[22] These core principles allow for the home to be a base for an experience-rich and stable environment for children. This base better ensures that children arrive ready to learn at school. As the landmark early education studies that Gabriella Conti and James Heckman discuss in their chapter demonstrate, investments like those in the Perry Preschool and the Abecedarian projects have enormous payoffs in the long run in terms of more capable workers and better prepared parents and community leaders. Furthermore, ensuring that every household is connected to the labor market is a source of stability and pride, which is also critical, as Clara Miller describes in her essay in this book. Finally, building communities and providing services in such a way that make the healthy choice the easy choice is essential to overcoming crippling health disparities. The quarterback will need to focus on these core strategies and build out other interventions tailored to local needs, but in concentric circles beyond the core described above.

THE QUARTERBACK NEEDS ACTIONABLE DATA

Assembling a set of interventions that is sharply tailored to local needs is no easy task. Akin to Tolstoy's assertion that happy families are all alike, but every unhappy family is unhappy in its own

22 Although a job is key to the viability of an individual or family, there are limited ways in which community development can create them. To a large degree, job creation has more to do with the macro economy. Although community development can play a significant role in overcoming a skills mismatch between what jobs are available and the skills of potential workers.

way, functional neighborhoods share common characteristics, but each struggling neighborhood has its own particular constellation of challenges and assets. The multi-dimensional nature of neighborhood distress, taken together with the variability in assets that influence the prospects for neighborhood recovery, means that a "best practice" for one neighborhood is not necessarily the best practice for another. This is a particular challenge for the quarterback. To be effective, the quarterback must identify and respond to the conditions, context, and changes over time in each of the areas in which it works.

In essence, the quarterback needs a sense-and-respond system that has at its core reliable, frequently updated data that are consistently assembled and aligned from myriad sources. Ideally, these data could be flexibly organized into a number of analytical frameworks, each useful for different reasons. Using the data in a neighborhood indicators framework, for instance, would allow the quarterback to "diagnose" community conditions and monitor multiple dimensions of change over time. Further assembling these data into a community dashboard would allow the quarterback to evaluate a community at a specific moment in time to determine its standing along a specific dimension of change, and to compare progress across similarly situated communities and build community support for change.[23] These data could also be employed by academic researchers investigating the still-vexing questions of which community development interventions work best and why.

Several tools and approaches that fit within each of these frameworks have emerged in recent years to help gauge both the "investment environment" and the results of particular

23 There are many interesting examples of community dashboards, including the work of Neal Halfon from the UCLA Center for Healthier Children using a dashboard of key data to monitor the progress of wellbeing in children in the Magnolia Place Community Initiative. More details are available in the report "Getting to Scale: The Elusive Goal," Annie E. Casey Foundation, Family Programs, available at http://www.casey.org/Resources/Publications/magnoliaplace.htm.

community development interventions.[24] However, what we still lack is a mechanism that is capable of more systematically aligning these tools to help us understand community conditions and context, and to assess the changes that flow from our work. This kind of mechanism could help a quarterback make better decisions about the type and scale of investment needed in a given place.

Linking Data Across Silos

The foundation of such a mechanism would be a sophisticated data infrastructure that enables input and output of varying types of small area data. We can look to the National Neighborhood Indicators Partnership (NNIP) for guidance on developing this data infrastructure. For more than 15 years, NNIP has helped develop data systems with 36 partner organizations in cities around the nation, each of which collects local area data and facilitates their direct use by local entities. If adapted to capture both qualitative and financial data, these platforms could help monitor conditions that have been historically difficult to capture, such as community capacity as well as costs and savings across sectors. If built out in more places, they could serve as the local data infrastructure needed to help gain clarity about baseline conditions in an area and changes over time, and to ultimately help identify not only effective strategies, but cost-efficient ones as well.[25]

These data could be augmented by the information gathered via platforms and systems already in use by nonprofits and foundations across the nation for gauging the reach and effectiveness

24 Some examples: The Reinvestment Fund's Market Value Analysis and PolicyMap tool, RW Ventures' Dynamic Neighborhood Taxonomy, Social Compact's DrillDown profiles, NeighborWorks' Success Measures Data System, and Social Solutions' Efforts to Outcomes software, as well as various neighborhood indicator projects supported by the National Neighborhood Indicators Partnership.

25 Ideas from the public health research field to link administrative data records at an individual level could also be of use here. For more information, see Douglas Jutte et al. "Administrative Record Linkage as a Tool for Public Health Research," Annual Review of Public Health 32 (2011): 91-108.

of their programs and service delivery.[26] If the proprietary data collected through these systems were shared in some format and integrated with baseline data available through local data intermediaries, the network of organizations that serve a given neighborhood could use this information to better assess their capacity and activities.

Although local area data is a core requirement for a sense-and-respond system, forces outside a neighborhood, such as housing market dynamics, regional economic trends, and the spatial allocation of public and private resources, play a significant role in shaping results of local interventions. Small area data do not provide enough information to fully understand these conditions, but increasingly, relevant administrative data on both regional and national scales are becoming accessible through online tools such as PolicyMap, a subscription-based mapping application from The Reinvestment Fund, or HUD's Consolidated Planning mapping tool. Each of these platforms assembles longitudinal data from diverse sources, including HUD, the IRS, Home Mortgage Disclosure Act (HMDA), and the U.S. Census. Systematically integrating small area data with these regional and national data would represent a big step forward in enabling community developers to gauge the context of their investments and make adjustments for what is working and what is not.

Turning Data Into Usable Information

Already though, we are talking about a considerable quantity of information, unwieldy at best and crushing at worst. And a quarterback's job of managing to a specific outcome would be enormously complicated if there were hundreds of data points to consider in making any given decision. One way to make sense of the plethora of data available would be to organize them

26 Increasingly, nonprofits and foundations are maintaining private data collection and analysis systems to track their programs and investments, or use Success Measures or Efforts to Outcomes tools. The exclusive nature of these efforts minimizes their potential to broadly inform community-wide revitalization strategies.

into a set of indices and dashboards.[27] Here we can look to the Fair Housing and Equity Analysis (FHEA) tools issued recently by HUD for guidance. The FHEA assembles carefully selected indicators on related topic areas into a number of indices on various dimensions of community stability, including poverty, health, housing conditions, job access, employment, and education. The "scores" help quantify and standardize the social and economic conditions in a given neighborhood relative to those in other areas.[28]

This basic structure could be adapted to develop indices of a broader range of neighborhood factors that we know influence social and economic outcomes, and they could include both quantitative and qualitative data collected through our integrated data systems. For example, indices of educational opportunity and job access could be constructed as follows:

EDUCATIONAL OPPORTUNITY INDEX

- Reading proficiency
- Math proficiency
- Percentage of students on Free and Reduced Price Meals
- Survey data on enrichment services/resources, etc.

JOB ACCESS INDEX

- Ratio of jobs counts to worker counts
- Car ownership rates and/or level and frequency of transit access
- Commute time
- Survey data on child-care availability during workshifts, etc.

27 Indices and dashboards are increasingly being used to gauge social, economic, and/or health conditions at varying geographic scales. Some examples: The Social Science Research Council's Measure of America maps and tools, as well as local projects like Austin's Community Action Network Community Dashboard, San Francisco's Healthy Development Measurement Tool, and the Community Dashboard established by the Magnolia Place Community Initiative in Los Angeles.

28 Another good example here is the County Health Rankings, available at: www.countyhealthrankings.org/.

A dashboard of scores along each dimension for both a neighborhood in question and its surrounding areas offers a quick means to grasp a community's main concerns, needs, and opportunities. A hypothetical example is provided in the sample below. The scores indicate that the neighborhood is considerably behind the surrounding city in terms of educational opportunity, economic integration, and organizational capacity. This kind of scoring can be powerful in helping a quarterback identify priorities and target community development interventions to specific communities and populations in need. If scores are tallied over time, such a system can also help monitor progress, or lack thereof, along each dimension.

	Any City, USA	Low-Income Neighborhood	Black-White Disparity	Hispanic-White Disparity	Asian-White Disparity
Educational Opportunity Index	5.3	2.6	1.4	1.1	0.5
Integration Index	4.9	2.7	1.8	1.2	0.4
Job Access Index	6.2	4.4	2.1	1.3	1.1
Housing Stability Index	5.4	3.6	1.1	1.4	0.7
Health Index	5.5	4.5	1.6	1.3	0.8
Organizational Capacity Index	5.8	2.2			

To be sure, though, the task of identifying the most appropriate interventions for a given place cannot be reduced to a simple math problem.[29] More sophisticated analysis is needed if we are

29 For a more detailed discussion of the various challenges of employing data to understand social and community change, see Naomi Cytron, "Doing the Math: The Challenges and Opportunities of Measuring Results in Community Development," Community Investments 24 (1) (Federal Reserve Bank of San Francisco: 2012).

to identify the highest and best uses of community development resources. This points to an additional benefit of integrated data made available through improved data infrastructure. Enhanced qualitative and quantitative data would be of significant use to researchers studying the process, reach, outcomes, and impact of complex community development interventions. This research would help build the industry's knowledge base and guide resources toward what works.

BUILDING AN ENABLING ECOSYSTEM TO PRODUCE MORE QUARTERBACKS

How do we create an environment that makes it easier to develop many more quarterbacks? To do this, we must think seriously both about incentives and ways to pay for the quarterback's interventions.

Getting The Incentives Right

The quarterback will be held responsible for improving the life chances of an entire community. To do that, the quarterback needs to traverse the sinews of the community development network. The quarterback must operate *in between* silos. This is easier said than done. We know, for example, that stable housing improves educational achievement. And yet housing developers rarely interact with educators. Likewise, we know that violence stunts early brain development. Yet pediatricians rarely consult public safety officials. The quarterback can alter this dynamic with the proper incentive structure. The structure may not be a market per se, but market-like forces, similar to the ones that guide community development's project-by-project work (e.g., affordable housing), should reward community-transforming quarterbacks over less successful ones. The quarterback should also have the resources to either build its own capability to deliver a certain service or product (start a charter school, for example) or contract out for that work (hire the Knowledge is Power Program, for example, to do it). This is the business world's classic "make or buy" decision.

Successful quarterbacks will also need to facilitate cross-sector partnerships. If the quarterback is tasked with improving fifth grade reading scores, for example, it may look to educators, doctors, and affordable housing organizations for support. Absent an incentive, however, it is unlikely these partners will fully engage. Alternatively, if the quarterback could reward them for collaborating, more housing projects may have libraries and more schools may have health clinics. By creating a reward structure to pay for broad outcomes, collaboration becomes more natural.

Consider, for example, how the LIHTC rewards collaboration. The LIHTC is the primary federal financing vehicle used to build and rehabilitate multifamily affordable rental housing. The federal government allocates LIHTCs to affordable housing developers, who sell them to investors, usually at a discount.[30] This discount reflects various risks. Will the project be completed on time? Will the financing be adequate? Most important, will the project serve low-income people (the major aspect of program compliance)? These risks have material consequences. If the project lags, the developer can be replaced. If the financing is inadequate, the project can be scrapped. And if the rents are too high, or the project does not serve low-income people, the credits can be recaptured by the IRS. This aligns the incentives of the project participants. In a LIHTC transaction, the developer, investor, and government all share the same goal: financially viable, high-quality housing that serves low-income people.

A similar structure could be used to align the quarterback with its community partners—a "Neighborhood Improvement Tax Credit," perhaps.[31] Or, if not a tax credit, another outcome-based financing structure such as the Social Impact Bond, Minnesota Human Capital Performance Bond, or the newly created Robin

30 Michael D. Eriksen, "The Market Price of Low-Income Housing Tax Credits," Journal of Urban Economics, 66:2 (2009), p. 141-149.

31 A school-based variation of this idea is explored by Ian Galloway in "Charter School Tax Credit: Investing in Human Capital," Working Paper Series (Federal Reserve Bank of San Francisco: December, 2011) available at http://www.frbsf.org/publications/community/wpapers/2010/working_paper_2010_08_galloway.html.

Hood X Prize.[32] More important than the financial tool, though, is the mechanism: it must reward outcomes over outputs. Only outcomes-based funding will afford the quarterback the financial flexibility to align the incentives of a broad range of community collaborators.

HOW TO PAY FOR THE QUARTERBACK

There is a strong rationale for using community development funds to support a quarterback. A quarterback can blend existing sources of subsidy and market-rate capital similarly to how a CDFI or CDC might build an affordable housing project. Perhaps even more important in the long run, using a quarterback provides a stable and trusted partner that reduces the risk for new sources of capital participating in a community-improving effort, which may be a key in attracting socially motivated or impact investors, along with other nontraditional community development investors.

Existing Funding Sources

Although government funding at all levels—federal, state, and local—has declined and may continue to fall, community development finance still has significant resources at its disposal. The exact numbers are hard to establish, but our estimate of the core funding programs (block grants and investment tax credits) in 2006 put the number at $11 billion for affordable housing and another $4.1 billion for small business and real estate development through the New Markets Tax Credit.[33] These subsidies are almost always combined with capital from other sources. Most notable is the money that banks loan and invest in community development projects as part of their obligation under the Community Reinvestment Act of 1977. Community development

32 For a more in-depth discussion of pay-for-success financing see Volume 8, Issue 1 of the Community Development Investment Review (forthcoming) published by the Center for Community Development Investments at the Federal Reserve Bank of San Francisco.

33 Erickson, "Housing Policy Revolution," p. xvi; and Department of the Treasury, "NMTC Qualified Equity Investment Report." (Washington, DC: DOT, Community Development Financial Institutions Fund: New Markets Tax Credits Program, October 4, 2010). Available at: www.cdfifund.gov/docs/nmtc/2010/NMTCQEIReport-October-2010.pdf. The New Markets Tax Credit figure is what was allocated in that year.

lending activity since 1996, reported as required by the CRA, is about $516 billion, or about $37 billion per year on average.[34] Larger banks are also required to make investments into low-income communities, so the yearly average is certainly higher than this number would suggest. On top of those annual numbers are other sources that amount to billions of dollars a year from foundations, state and local government, and other institutional investors such as pension funds and insurance companies. These resources are considerable, but not sufficient to fund the needs of all struggling low-income communities.

The community development finance system could be the foundation, though, for a larger and more complex web of other funding sources and income streams, which would make the community-wide improvement activities possible. In this larger structure, one might imagine combining funding streams for schools, health promotion programs, community policing programs, transit, and others that are currently not yet coordinated for an individual, group, or neighborhood.[35] It will be a central challenge for the quarterback to weave these different funding streams together for the maximum impact.

Additional Funding Sources

Funding this new system cannot simply come from existing sources of capital, even if they were all spent in the best way possible. A comprehensive, place-based, multisector intervention is expensive, but it is also a good long-term investment to reduce the negative social costs of poverty. By incorporating a broader and more comprehensive framework for community interventions, it opens the possibility that funding streams that were previously not seen as relevant now might not only fit, but be made more effective as they are blended for stronger outcomes.

---

34 This estimate is from Phil Daher, manager, Information Management, Division of Consumer and Community Affairs, Federal Reserve Board of Governors. Email exchange Sept. 16, 2011.

35 There are some promising examples of this type of coordination, such as the United Way Bay Area SparkPoint centers that bring together, credit and money management services, income tax help, and help enrolling in social services along with getting housing and medical assistance. They also provide violence prevention services and counseling and job training and placement. The innovation here is focusing on the individual.

Aligning funding streams may fix the pervasive "wrong pocket problem," where investments from one part of the government are not reimbursed by the benefits that accrue to another part of government, discouraging cross-agency investment. Consider, for example, an investment by HUD or the Department of Transportation that ultimately keeps a community healthier in the long run. These investments create savings for the Medicaid and Medicare programs, but the Department of Health and Human Services is not able to take that savings and redirect it back to the agencies that made the cost-saving investment in the first place. We need new mechanisms to allow for smarter investing of public resources that get away from siloed budgets. As Xavier de Sousa Briggs said at a Federal Reserve community development conference, we need to "change the DNA of government" so funds flow to experiments and then get redirected to successes.[36]

Socially motivated investors are also a promising new source of capital; they are interested in making a financial return on their money, but are also interested in promoting a social goal. It is hard to estimate the market for this source of capital, which is often targeted to overseas investments in poor countries, but one study by J.P. Morgan puts the potential investment amount at $400 billion to $1 trillion.[37] Another study by Hope Consulting that focuses on individual retail investors gauges a demand of about $120 billion.[38] As Antony Bugg-Levine explains in his essay in this volume, these investors might be attracted to community development, particularly if it were able to explain its value and

36 Federal Reserve Board of Governors, "Healthy Communities Conference," (Washington, DC: Federal Reserve Board of Governors, July 10, 2010). Transcripts available at: www.frbsf.org/cdinvestments/conferences/healthy-communities/2010-washington-dc/nextsteps.html.

37 Estimate is over ten years. J.P. Morgan, "Impact Investments: An Emerging Asset Class," Global Research Report (New York: J.P. Morgan, November 29, 2012), p. 6, available at https://www.jpmorgan.com/cm/BlobServer/impact_investments_nov2010.pdf?blobkey=id&blobwhere=1158611333228&blobheader=application%2Fpdf&blobcol=urldata&blobtable=MungoBlobs.

38 Not an annual number. Hope Consulting, "Money for Good," (San Francisco, CA: Hope Consulting, May 2010), p. 62. Available at http://www.hopeconsulting.us/pdf/Money%20for%20Good_Final.pdf.

impact—in terms of better health, education, and life-chances for low-income people—in more compelling ways by developing new approaches to data and measurement along with more effective communication strategies. "Telling the story" effectively to would-be investors is crucial.

The health care world also has two exciting new sources of capital, in addition to funding for clinics, that could be blended with community development resources to promote the mutually reinforcing goals of improving low-income communities and improving health outcomes for high-need populations. They are: (1) community benefit dollars from nonprofit hospitals, and (2) the money for health promotion from sources such as Accountable Care Organizations (ACOs).

Currently, nonprofit hospitals are required to spend a certain amount of their revenue on the community to maintain their nonprofit status. The dollar figure for total investments nationwide varies, but most estimates put this community benefit at more than $12 billion annually.[39] Today, most is spent on covering the medical care costs of people who are uninsured. In the future, if most people have health insurance, the hospitals will need to find new investments that promote health in their communities. Increasingly, hospitals are looking to invest in improving the social determinants of health, which naturally leads them to the universe of community development investments. This could be a significant new source of funding for the quarterback, particularly if the data infrastructure were in place to show that improving housing, schools, and access to jobs yielded the expected health improvements within a certain targeted community.

ACOs were created as part of the Affordable Care Act and work like a health maintenance organization (HMO), with the similar

39 This figure is somewhat dated as it was calculated by the Congressional Budget Office for 2002. U.S. Congressional Budget Office, "Non-profit Hospitals and the Provision of Community Benefits" (Washington, DC: CBO, December 2006). Available at www.cbo.gov/sites/default/files/cbofiles/ftpdocs/76xx/doc7695/12-06-nonprofit.pdf. For a more up-to-date and nuanced analysis of this issue, see Erik Bakken and David Kindig, "Is Hospital Community Benefit Charity Care?" Wisconsin Medical Journal (forthcoming).

incentives of keeping their fee-paying members healthy. "ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve," according to the Center for Medicare and Medicaid Innovation. "When an ACO succeeds in both delivering high-quality care and spending health care dollars more wisely, it will share in the savings it achieves for the Medicare program."[40] Some forward-thinking ACOs are now considering how they can make investments to improve their patients' communities as a strategy to save medical care costs in the long term.[41]

In addition, there are many other emerging financial tools and vehicles, like the Social Impact Bond mentioned earlier, that can be used to support community improvement. Foundations, for example, are increasingly using the corpus of their endowments to make investments that promote the goals of community development. These "mission-related investments," or MRIs, are designed to deliver a financial return and achieve a social return at the same time. Clara Miller, president of the F.B. Heron Foundation, in her essay in this book, offers a clarion call to all her sister foundations to tap this $590 billion source of capital to finance antipoverty work.[42]

Finally, there are some potential and in-the-works changes to the rules for bank and other institutional investors that could unlock additional capital for community development. Changes to the CRA that make it easier to invest in community-wide outcomes would be a significant step in the right direction. Additionally,

---

40 Center for Medicare and Medicaid Innovation, "Accountable Care Organizations" (website). Available at: http://innovations.cms.gov/initiatives/ACO/index.html.

41 This idea was explained by Jim Hester, acting director, Population Health Models Group, Center for Medicare and Medicaid Innovation. Congress created the Innovation Center under the Affordable Care Act, giving the center the authority and direction to "test innovative payment and service delivery models to reduce program expenditures, while preserving or enhancing the quality of care" for those who receive Medicare, Medicaid, or Children's Health Insurance Program (CHIP) benefits. More information is available at: www.innovations.cms.gov/About/index.html.

42 Foundation Center. "Aggregate Fiscal Data by Foundation Type, 2009." (San Francisco, CA: Foundation Center, 2011). Available at: http://foundationcenter.org/findfunders/statistics/pdf/01_found_fin_data/2009/02_09.pdf.

some changes already reflected in the JOBS Act of 2012 allow for smaller investors to participate in crowdfunding efforts, which could be an important new source for community development finance as well.[43]

CONCLUSION

In many ways, it was the 1960s War on Poverty, which Alex von Hoffman describes in his chapter, that created the vision of a coordinated approach to revitalize struggling communities. On the ground, however, efforts did not yield the desired results in part because the institutions that were created to execute the programs were underfunded and underdeveloped, and they struggled to meet the ambitious goals of programs such as Model Cities. In the years following those experiments, the War on Poverty's "war chest" splintered into multiple silos (see Figure 1). Over time, however, those siloed entities, through trial and error, emerged as stronger institutions that are capable of remarkable feats of organizational and financial complexity. Community development finance, for example, is much more capable and adept at blending all types of public and private capital sources to serve certain needs of low-income communities. There have been similar advances in capability in other important industries and sectors, including health, education, public safety, and others. The time has come to bring all those fields back into better integration and not simply half-hearted cooperation.

One theme this book hopes to drive home is that there are no silver bullets, as Ben Hecht writes in his essay. In addition to the core set of interventions (many of which are focused on children) outlined above, there will be unique solutions for each low-income neighborhood. And the initial intervention will create new realities within a community that will require the quarterback to adapt. The interventions will need to be changing constantly to be relevant to the changing nature of the problem. In other words, neighborhoods are complex adaptive systems,

43 For a discussion about how crowdfunding could support community building, see Ian Galloway, "Peer-to-Peer Lending and Community Development Finance." Working Paper 2009 - 06 (San Francisco: Federal Reserve Bank of San Francisco, August 2009).

and the interventions in one area will cause changes and adjustments throughout the web of connections (of opportunities and challenges) in the neighborhood and in the connections that neighborhood has to the region and other linked systems. In this aspect, community development could look to and learn from the emerging field of complexity science, which examines how relationships between parts of a system produce aggregate outcomes. It is past time that we recognize that poverty is a complex and emergent system that requires a dynamic and adaptive response.[44]

The work of the quarterback is a process and not a single idea or program. It is based on the latticework that the community development industry developed during the past 40 years, but it expands the scope dramatically to bring in new players, new sources of capital, and new ideas. The greatest challenge will be integration, which is why we have placed such a premium on the role of the quarterback in this chapter. A flexible and dynamic quarterback with sufficient resources, backed with data and the ability to constantly refine strategy, would be a significant benefit for low-income communities. It would, in short, be an institutional and policy breakthrough that would empower thousands of communities across the country to do what a few saints have accomplished: routinize the extraordinary.

DAVID ERICKSON *is director of the Center for Community Development Investments at the Federal Reserve Bank of San Francisco. He has a PhD in history from the University of California, Berkeley and his book on the history of community development,* The Housing Policy Revolution: Networks and Neighborhoods*, was published by the Urban Institute Press in 2009.*

IAN GALLOWAY *is a senior research associate at the Federal Reserve Bank of San Francisco. He is the author of "Peer-to-Peer Lending and Community Development Finance" and "Charter School Tax Credit: Investing in Human*

---

44 For more information on complex systems, particularly how some of the theories in science have been applied to human issues, see Geoffrey West, "The Hidden Laws That Pervade Complex Biological and Social Phenomena" (Santa Fe, NM: Santa Fe Institute, 2012). Available at http://www.santafe.edu/templeton/hidden-laws/detail/. An interesting treatment of complexity theory applied to public administration is Jocelyne Bourgon, A New Synthesis of Public Administration: Serving in the 21st Century (Montreal: McGill-Queen's University Press, 2011).

Capital" and was recognized as a "future industry leader" by the Opportunity Finance Network in 2010. Ian holds a master's degree in public policy from the University of Chicago and a bachelor's degree in political science and philosophy from Colgate University.

NAOMI CYTRON *is a senior research associate at the Federal Reserve Bank of San Francisco. Her primary research interests are neighborhood revitalization and regional equity, and she has authored numerous articles and reports on topics ranging from concentrated poverty to transit-oriented development. She has a master's degree in city and regional planning from the University of North Carolina at Chapel Hill, and a bachelor's degree in biology from Macalester College.*