THE INTEGRATION INITIATIVE
MIDTERM OUTCOME REPORT

OCTOBER 2012
Acknowledgements

This report is the product of many individuals who have been involved in the evaluation, management and work of the Integration Initiative. The Mt. Auburn team on this project is led by Beth Siegel and Devon Winey, who also play the role of site liaisons for the Twin Cities and Cleveland. In addition, Karl Seidman plays a key role managing the evaluation of the financing work and as the site liaison for Detroit. Marcia Kingslow is part of the national evaluation team and plays the role of site liaison for both Baltimore and Newark. Mathematica Policy Research has been an important partner both in the design of the evaluation plan and in the design and implementation of the Network Survey.

Beyond the national evaluation team, the work in this report builds from the data and analysis completed by the local evaluators working for each of the sites. This includes: Newark: Metis Associates; Baltimore: Community Science; Twin Cities: Wilder Research; Cleveland: Cleveland State University; and Detroit: Urban Ventures Group.

The authors also wish to thank the many individuals at each of the sites, most notably the project directors and philanthropic leads, who have contributed significant time in providing input throughout the evaluation process.

Finally, the entire Living Cities team - Ben Hecht, Marian Urquilla, Cassandra Benjamin, Robin Hacke, Alison Gold, Tracey Ross, Tracey Jarmon, and others - have been critical advisors, learning partners, and sources of inspiration.
# Table of Contents

Executive Summary........................................................................................................................................ ivv

The Context.................................................................................................................................................. 1

Evaluation Framework and Methodology .................................................................................................. 9

Overview of the Work in the Five Sites: Status at Midterm ................................................................. 20

Place-based and Project-related Outputs and Outcomes ........................................................................ 41

Evidence of System Change ...................................................................................................................... 48

Progress Towards Enduring System Outcomes ....................................................................................... 63

Success from the Living Cities’ Perspective ............................................................................................... 78

Success Factors ......................................................................................................................................... 87

Conclusions .................................................................................................................................................. 99
Executive Summary

THE CONTEXT

In January 2010, Living Cities launched The Integration Initiative (TII) to support “bold, promising approaches that have the potential to transform the lives of low-income people and the communities in which they live.” To achieve and accelerate large-scale systemic change, the Initiative was developed to support new ways of thinking and acting across three dimensions: issue areas (including housing, jobs, skills, transportation, education, and healthcare), stakeholder groups (creating greater alignment among philanthropy, the public sector, private sector, and nonprofit and community-based organizations); and geographic boundaries (linking neighborhoods to cities and regions).

TII focused on achieving the following four broad goals:

1. building a resilient civic infrastructure, one table where decision-makers from across sectors can formally convene and work together to define and address complex social problems;
2. moving beyond delivering programs to instead focusing on transforming systems, such as transportation, health, housing, and workforce development;
3. bringing disruptive innovations into the mainstream and redirecting funds away from obsolete approaches toward what works; and
4. supplementing traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.

The effort to select sites to participate in TII began with an invitation to 19 sites to submit a Letter of Interest. Following a seven-month process, Living Cities selected five sites to be part of TII: Baltimore (Baltimore Integration Partnership), Cleveland (Greater University Circle Community Wealth Building Initiative), Detroit (Woodward Corridor Initiative), the Twin Cities (Corridors of Opportunity), and Newark (Newark Strong Healthy Communities Initiative).

This report provides a broad overview of the work of TII in the five sites over the first 18 months of the Initiative. Its focus is on what has been happening at each of the sites during this period and looks across the work in the five sites to assess the progress that has been achieved in terms of the goals set out by Living Cities. The national evaluation team has also completed two other formative reports for Living Cities, the first on the planning period, and the second on the first year of implementation. These reports provided detailed feedback to Living Cities about the strengths and challenges related to how Living Cities worked with sites.

As part of this outcome evaluation, the national evaluation team sought to answer two basic questions: 1) Has TII led to system change and improved outcomes related to these system changes that could have broader impacts on low-income individuals; and 2) What can we learn about the factors related to the design and implementation of TII as well as exogenous factors that influence the type and level of system change and outcomes for low-income individuals?
SYSTEM FRAMEWORK

The evaluation framework started with the development of a vocabulary for this “system approach.” System change refers to “an intentional process designed to alter the status quo by shifting and realigning the form and function of a targeted system” (Foster-Fishman, Nowell, Yang, 2007). In terms of its system approach, the evaluation framework developed for TII had the following four components:

1. Place-based and Project-related Outputs and Outcomes: Direct, on-the-ground results related to the specific financing, programs, and projects funded by the Initiative.

2. System Change: Transformation of stakeholder boundaries/relationships/perspectives that may serve as an entry point into shifting the process of how things are done.

3. Enduring System Outcomes: A specific policy, practice, or funding flows outcome resulting from the system change.

4. “Population level” Outcomes for Low-income Individuals: Direct longer-term outcomes on large numbers of low-income individuals related to the enduring system outcomes.

The framework has assumed a 10-year timeframe, with the fourth area, population level outcomes, unlikely to be achieved until well into the process.

The evaluation team addressed the basic research questions through the following methods:

- a baseline analysis of the community development finance and political systems;
- a Network Survey, administered by Mathematica Policy Research, in the first stages of project implementation;
- stakeholder interviews and two-day site visits in Cleveland, Baltimore, Detroit, and the Twin Cities, both in June 2011 and April/May 2012;
- completion of a set of common questions by local evaluators;
- site reports to Living Cities; and
- review of local evaluator deliverables.

PLACE-BASED AND PROJECT-RELATED OUTPUTS AND OUTCOMES

Given the system focus of this Initiative and the early stage of implementation at most sites, the direct on-the-ground outcomes have been very limited and are mostly related to the financing activities and programmatic work in Detroit and Baltimore. These are as follows:
Programs

Baltimore: A total of 500 individuals had accessed the community-based pipelines; 192 residents were placed in jobs; and projects under construction were projected to support more than 260 construction positions.

Cleveland: Over 230,000 square feet of new lab, office, and flex space has been completed in the past year and 163,000 square feet of new space has been leased along the Health Tech Corridor (HTC). In addition, a number of new employers have located in the HTC.

Detroit: 150 households, of which 89 relocated from outside Detroit, moved to Midtown; 141 new households moved downtown, of which 108 relocated from outside Detroit; local procurement by anchor institutions expanded by $10.3 million.

Project Financing

- Six projects have closed with total development cost of $51 million and Living Cities leverage of 8.7:1.
- Loan commitments of $3.6 million have been made for another nine projects with over $20 million in total investment.
- The anticipated outcomes of the closed and committed projects include:
  - 24 for-sale housing units;
  - 132 rental apartments;
  - 48,600 square feet in new or restored commercial space;
  - 75 permanent jobs; and
  - 428 construction jobs.

EVIDENCE OF SYSTEM CHANGE

Changes in the systems in each of the sites were analyzed in terms of basic system attributes that have been defined as “boundaries, relationships, and perspectives” as well as the specific dimensions of relevance to TII: issue areas, stakeholder groups, and geographic boundaries.

Integration across Issue Areas

- While the networks and relationships amongst key stakeholders involved in TII sites were relatively strong at the onset of the Initiative, the Network Survey also found that the networks strengthened over the first six months of implementation.
- There has been increased integration across issue areas in each of the sites with growing relationships and involvement, most notably with workforce development, community development finance, and economic development.
• A large number of stakeholders in all of the sites have changed their perspectives on the relative importance of various issues to improving the lives of low-income residents in their communities.

• In each site, staff and leaders involved in TII are building bridges amongst the multiple tables operating across the many issue areas of relevance to low-income residents.

• The equity frame is becoming a more integrated part of TII work in all of the sites.

**System Change across Stakeholder Groups**

• The Integration Initiative, particularly through the governance groups, is leading to a deepening of relationships across stakeholder groups.

• New relationships have been forged between CDFIs and other community stakeholders in each of the communities.

• The work of TII has led to system change between anchor institutions and other stakeholders as well as between anchor institutions in the same city.

• There has been some strengthening of relationships between the nonprofit and philanthropic communities and public sector actors, particularly at the state level.

**System Change across Geography**

• Twin Cities is the only site that is truly regional in its boundaries, though some steps are taking place in Baltimore that are providing a more regional orientation.

• There is some evidence that those involved in the work are changing their perspectives on the importance of working with stakeholders in the larger region.

• While not regional, some sites have expanded the geographic focus beyond one neighborhood and are looking at some issues across neighborhoods or on a citywide basis.

**PROGRESS TOWARDS ENDURING SYSTEM OUTCOMES**

Four types of system-related outputs and outcomes were identified: 1) *Policy*: formal regulatory, administrative, or legislative policies and procedures implemented; 2) *Practice*: improvements in functional effectiveness, including new processes such as new data tools or service delivery capacity enhancements; 3) *Institutional*: cultural changes or procedural changes at an individual institution, including individual employers, CDFIs, foundations, etc.; and 4) *Funding Flows*: changes in how private and public resources are deployed.

**Policy**

• There has been some progress in creating new administrative policies as well as new funding programs within the public sector. In Baltimore, the BIP was influential in advocating for stronger policy approaches to local hiring. In the Twin Cities, the work of
Corridors of Opportunity was related to the development of two new funds that reflect the equity frame and promote the integration of transportation and land use within public sector actors.

- Only in Baltimore have there been direct enduring legislative-related outcomes that have been influenced and supported through the active engagement of TII-supported stakeholders.

**Practice**

- In Baltimore, Detroit, and Cleveland there is evidence of changing practices amongst anchor institutions.
  - BIP developed a database of minority business enterprises and locally-owned business enterprises that are certified by EBDI, the city, and/or the state for shared access by the anchor institutions, and the anchor institutions have developed a pilot Roving Career Coach program to connect workers from BIP’s neighborhoods to job and career advancement opportunities.
  - In Cleveland, the two largest healthcare anchors (Cleveland Clinic and University Hospitals) and Case Western Reserve University have agreed to develop jointly a database of local suppliers using common software for vendor qualification.
  - In Detroit, key changes in anchor procurement policies and practices include holding annual vendor fairs, outreach visits to potential vendors, and collaboration with Detroit Economic Growth Corporation under its Source Detroit program to create a list of city businesses and a central website to post anchor RFPs, RFQs, and RFIs.

- There is some evidence of changing practices within the public sector in some sites.
  - BIP is supporting several positions linked to community-based workforce pipelines, including two employees of the Mayor’s Office of Employment Development.
  - Some change has come in the city of Detroit’s business permitting system through the introduction of TII-funded business advocate position.
  - In Cleveland, the city’s economic development director sees the opportunity to use TII-funded position to demonstrate the value of staff dedicated to special projects.

- Involvement in TII has enhanced the capacity of the CDFIs and the larger community development finance systems in the sites.
  - In Baltimore, TRF has established a full-time staff person to expand new relationships and provide on-the-ground capacity to develop a project pipeline, structure deals, and design new initiatives.
• In Cleveland, NDC has assumed management of the Evergreen Cooperative Development Fund and the Cleveland Enterprise Group’s business loan fund, after CEG’s restructuring.

• In Detroit, NCB is playing a larger role in financing charter schools and community health centers beyond its work on the Woodward Corridor.

• In the Twin Cities, TCCLB has become a certified CDFI, secured CDFI Fund capital, and expanded its housing lending programs. The Family Housing Fund has committed financing to several non-housing projects and recently issued a loan guarantee to LISC for a suburban mixed-use development. NDC has augmented its technical assistance and expanded its services in suburban communities.

• CDFIs have secured $31.1 million in new capital with NCB Capital Impact accounting for over half of these funds.

• There is evidence of some increased capacity amongst nonprofit organizations and public sector agencies, but it is too early to assess whether changes in capacity will lead to improved “functional effectiveness” in the systems in which they operate.

• In Detroit, there has been a significant expansion of staff, programmatic, and planning capacity at Midtown Detroit, Inc. and Vanguard CDC.

• In the Twin Cities, the Met Council has created a new work unit in its Community Development Division, has repurposed two positions, and has allocated resources for two additional positions to staff this activity that will focus on the Council’s work related to Corridors of Opportunity.

Institutional

• There have been some changes within individual anchor institutions related to their hiring and procurements policies.

• In Baltimore, Johns Hopkins University is developing revised economic inclusion policies to reflect local hiring policies, and Maryland Institute College of Art has instituted new practices designed to increase local hiring in its operations and capital projects as well as by its food vendors.

• In Detroit, Henry Ford Health Systems shifted its nutrition and food services procurement from an external contractor to in-house management and is working with WCI on expanding local food procurement.

• In Cleveland, Case Western Reserve University has adopted hiring standards for a new major campus construction project that was influenced by similar standards set by University Hospitals during its construction initiative. University Hospitals recently adopted new standards related to local procurement.
Funding Flows

- TII work is having some impact on both the level and deployment of community development finance resources in each site.
  - BIP partners were instrumental in bringing Maryland Capital Enterprise to Baltimore to augment the limited small business lending capacity in the city.
  - In Detroit, Midtown Detroit, Inc., the Kresge Foundation, and NCB Capital Impact are developing a proposal for an investment pool of $25-30 million to spark further development in the Woodward Corridor.
- TII is having an influence on the flow of funds from the public and philanthropic sectors.
  - Local and national foundations in the Twin Cities have aligned an additional $1.2 million with the Corridors of Opportunity. In addition, in the public sector there has been the repurposing and creation of the new $32 million TOD Fund at the Met Council and an $800,000 TOD fund in Hennepin County.
  - In addition to the $5.5 million in investment in TRF by the Annie E. Casey Foundation and the Osprey Foundation, Baltimore reports about $2 million in additional foundation funds that have been aligned with the BIP work.
  - In Detroit, Midtown Detroit, Inc. and Vanguard CDC received support through the Kresge Foundation ($1 million), the Ford Foundation ($500,000), Skillman Foundation ($205,000), Chase Foundation ($175,000), LISC ($125,000), as well as $200,000 each from Hudson-Webber, Kresge, and MSHDA for the renewal of Live Midtown.

SUCCESS FROM THE LIVING CITIES’ PERSPECTIVE

Living Cities staff and members had a number of assumptions that were embedded in the design of TII. The following looks at the degree to which these assumptions have been part of the realities of the implementation process:

- **Grant money will “spark” new forms of collaboration amongst key stakeholders:** The grant money is funding the basic infrastructure and staffing for the new governance tables that have been established, clearly helping to spark new collaboration.

- **Primary role of philanthropy:** As designed, local and national foundations have played a very strong role in each of the sites.

- **Accelerating existing efforts:** The design of TII was premised on building upon innovative and ongoing activities in the sites. This was clearly the case in Twin Cities. However, in the other sites, much of the work being supported through TII is relatively new.
• **Project will demonstrate the potential of blended financing:** The capital provided by Living Cities is a major component of TII, but its impact on realizing the Initiative’s transformational goals remains uncertain.

• **Looks beyond neighborhood and city to the region:** While initially TII was conceived to promote new linkages between neighborhoods, cities, and the larger region, this is only really occurring in the Twin Cities, though there is progress in forging regional relationships in Baltimore.

The evaluation found that Living Cities has made progress in terms of the goals it set out for TII:

• **Building a Resilient Civic Infrastructure:** The governance group in each site has evolved at different speeds, with each site having a different baseline of existing relationships across sectors. Overall, the governance groups have been fairly successful in bringing key stakeholders together to shape the direction of the Initiative and related policy.

• **Focusing on Transforming Systems:** Many of the sites started out with a very strong orientation toward project-related and place-based work. Moving towards looking at systems has been a difficult transition. However, considerable progress has been made in the last six months in moving sites beyond projects and programs.

• **Bringing Disruptive Innovations into the Mainstream:** Only 18 months into implementation, it is much too early to assess whether TII has been successful in meeting this goal. However, there are some examples of innovations that may become more “mainstream.”

  • In Baltimore, the requirement that recipients of BIP capital develop Workforce Resource and Inclusion Plans with local hiring goals is innovative and could spread beyond TII-related financing activity.

  • In the Twin Cities, the requirement that Corridor Plans include an affordable housing plan may create a more regional approach to meeting affordable housing needs.

  • The efforts in Baltimore, Cleveland, and Detroit around the anchor procurement process could lead to more widely accepted standards around how anchors interact with the local community.

**Driving the Private Market to Work on Behalf of Low-Income People:** CDFIs that are part of TII have already contributed to increasing the flow of private resources for projects benefiting low-income residents. Following only one-and-a-half years of implementation, there are already significant investments being made in businesses and development projects that are designed to benefit low-income residents.
SUCCESS FACTORS

Internal

• The work of Living Cities staff with the sites has helped to both better align the site work with the initial design of TII as well as to accelerate progress in some areas.

• The intervention in multiple systems and nested subsystems has added complexity to the effort and made progress challenging.

• The struggle to clearly define the problem they were seeking to address at the start of the Initiative has constrained progress in most sites.

• The degree to which co-chairs take ownership of the governance group impacts the progress of the work and may affect the likelihood of sustainability.

• Continuous reflection on what voice is missing from the table and expanding the governance group accordingly is working to bring the right stakeholders to the table.

• Nested tables are playing an important role in the progress of the Initiative, acting as connectors to support “the table,” taking on hard issues, and developing strategic approaches to addressing challenges.

• The role of the project directors as “connectors,” or weavers, between multiple tables and systems has taken on increasing importance.

• The local evaluators have played an increasingly important role in shaping and refining the work.

• Involvement of multiple philanthropic partners provides both positive alignment as well as provides sites with increased access to potential resources to support aligned activity.

• Philanthropy needs to balance playing a leadership role in the site work without overly dominating the table.

• The experience to date in terms of the use of data to drive results has been mixed.

Exogenous Factors

• Each of the cities involved in The Integration Initiative has had to work within a context that included many long-held grievances, many related to how low-income neighborhoods have been impacted by outside forces and the racial environment.

• Previous interorganizational and interpersonal differences amongst critical stakeholders have been an ongoing challenge.

• It is very difficult for sites to overcome barriers related to political leadership at the city and state levels.
• A change in political leadership could also have a huge positive impact on initiative progress.

• Weak market conditions affect the ability to deploy TII capital and implement important strategy components and are requiring adaptive approaches to addressing the resulting subsidy needs.
1. The Context

THE DESIGN OF THE INTEGRATION INITIATIVE

In January 2010, Living Cities launched The Integration Initiative (TII) to support “bold, promising approaches that have the potential to transform the lives of low-income people and the communities in which they live.” This Initiative was designed as a critical component of the next phase of Living Cities’ work. For many years, Living Cities’ investments were concentrated in the Local Initiatives Support Corporation (LISC) and Enterprise Community Partners (Enterprise), leading national community development support organizations. With new leadership and a new round of funding, Living Cities made a strategic decision to diversify its investments in a broader set of community development financial institutions (CDFIs) as well as a broader set of activities (beyond low-income housing and more traditional community development areas). A key question arose about how to expand beyond LISC and Enterprise and develop a portfolio that could not only diversify Living Cities’ investments, but that could also break down silos and “blend capital to address challenges in a more systemic and holistic fashion.” TII emerged from this new focus.

In developing its new focus, Living Cities believed that transforming long-broken systems was imperative and, to improve the lives of low-income residents, it was critical to both change these systems and to promote integration across multiple systems. To achieve and accelerate large-scale systemic change, the Initiative was developed to support new ways of thinking and acting across three dimensions: issue areas (including housing, jobs, skills, transportation, education, and healthcare), stakeholder groups (creating greater alignment among philanthropy, the public sector, and nonprofit and community-based organizations), and geographic boundaries (linking neighborhoods to cities and regions). In short, TII focuses on developing approaches that recognize the linkages between the issues affecting low-income individuals across these dimensions.

While Living Cities was originally agnostic about in which systems to intervene, it has been consistent in requiring that each site participating in The Integration Initiative incorporate high-impact strategies focused on achieving the following four broad goals for TII:

1. building a resilient civic infrastructure, one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;
2. moving beyond delivering programs to instead focusing on transforming systems, such as transportation, health, housing, and workforce development;
3. bringing disruptive innovations into the mainstream and redirecting funds away from obsolete approaches toward what works; and
4. supplementing traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.
There are a number of assumptions that guided Living Cities as it worked to develop The Integration Initiative:

- **The use of grant funds to “spark” new forms of collaboration:** To achieve greater integration, Living Cities assumed that key stakeholders needed to interact in new ways. New collaborative relationships would be required in order to ensure real joint problem solving and action. The assumption in The Integration Initiative was that by convening a new table, key stakeholders can address systemic problems and work towards solutions that create impact at scale, rather than continuing project-level interventions owned by one sector. The grant dollars through TII would provide an incentive for convening a new table by providing flexible funding for staff, information sharing, and evaluation to support collaborative work.

- **The use of blended funding:** TII was designed to provide communities with grant funding as well as new capital sources through Living Cities’ philanthropic debt and commercial debt investments. The philanthropic and commercial debt were to be invested in CDFIs, which would, in turn, use this new capital to provide financing for projects and activities related to the programmatic activity being developed through the grant funds. The combination of grant funding, philanthropic debt, and commercial debt would allow for new and innovative approaches to system change, would align grant and debt dollars around similar geographies and programmatic areas, and could help to instill a more market-oriented perspective to the work of the public and nonprofit sectors.

- **Acceleration of existing efforts:** TII was not designed to support the development of entirely new approaches or to pilot or seed new activities. As initially conceived, the assumption was that the blended funding would be utilized to ratchet up activities that were already taking place in the communities. While Living Cities was looking to greater integration of existing efforts, it was hoping that the “glue” money could be used to better link and leverage existing relationships, initiatives, and activities already being implemented in the communities.

- **Looks beyond the neighborhoods and city to the larger region:** TII was not designed to be a comprehensive community initiative that sought to bring multiple stakeholders together to improve a specific neighborhood or set of neighborhoods. One of the assumptions guiding TII was that working at the neighborhood level might be important for testing out or piloting new approaches, but TII was designed to have an impact beyond the neighborhoods in which it was working. Moreover, the premise was that in order to connect low-income people to economic opportunity, one had to work regionally.

- **The primary role played by philanthropy:** From its start, with the initial Letter of Interest (LOI), Living Cities saw the foundation community as playing a very important role in the design and leadership of TII in each site. In some cases, the key philanthropic entity that was leading the site’s application process was a very strong regional foundation with a long history of investment in efforts to revitalize the site and improve the lives of low-income residents. A number of these foundations were also Living Cities members. In other sites, a
national funder that was a Living Cities member with particularly strong ties to the applicant site has played a strong leadership role in the work. The assumption of Living Cities was that philanthropy would strengthen the work in multiple ways. First, foundations brought their local knowledge, relationships, influence, and convening powers to The Integration Initiative work. Second, foundations had significant resources that could be aligned with the work of the sites and thereby create greater and more sustainable funding streams to support the systems work.

Beyond these core assumptions, there are very distinct elements of how Living Cities approached the design and implementation of a nationally funded, multi-site initiative. First was emergent design. Relative to other public and foundation initiatives focused on specific places, Living Cities did not spend a very long time on the design phase of TII, nor did it develop an overly detailed Initiative design. In many ways, the assumption was that the most effective process would involve “learning by doing.” In other words, given the innovative nature of the Initiative, there was a realization that it would be important to be somewhat flexible in its design elements as well as in setting the requirements of the communities that were submitting proposals. The result was that the entire process has been iterative, with many changing elements as learning occurred and as the realities of each of the sites were recognized.

Second was the deep engagement by Living Cities in the work of the sites. Throughout the selection and implementation process, the Living Cities staff and its consultants have played a very hands-on role. Living Cities staff were intensively engaged with the sites during the selection process and between the time that the sites were selected and grants were awarded. During this period, staff provided considerable technical assistance to the sites and went on at least three site visits prior to the beginning of implementation. This deep engagement continued in the first 18 months of the Initiative, with Living Cities staff spending considerable time engaging with the five TII sites. This work involved closing the grants and financing, undertaking three official site visits, organizing three learning community meetings for the entire team and one leadership development session for the site leaders, providing additional strategic support, and keeping in close contact with site leadership. The goals of the staff work with sites during the first year of implementation fell within the following four categories:

- **Alignment:** Bringing TII local efforts into alignment with the overall approach and principles that Living Cities had developed for The Integration Initiative.

- **Accelerating Progress:** Speeding up the formation of the governance groups and the actual programmatic work of the sites.

- **Team Building:** Helping to support new relationships amongst stakeholders within each site, across the sites, and between Living Cities and site leadership.

- **Accountability:** Ensuring that the sites are focused on results and that meaningful reporting mechanisms and evaluation structures are in place.
THE SITE SELECTION PROCESS AND SITE STATUS

The effort to select sites to participate in TII began in January 2010 with an invitation to submit a LOI. This invitation was sent out to 19 lead applicants—national and regional philanthropic organizations with a strong focus on place-based funding—who were expected to coordinate a community submission that involved the philanthropic, private, public, and nonprofit sectors. Twenty-three LOIs were submitted. Following a selection process, a final list of 10 sites was invited to submit full proposals in March 2010.

Between the selection of the final 10 sites and the submission of full proposals in May 2010, the Living Cities staff, funders, and consultants spent considerable time providing assistance to the sites on the development of a final proposal and financing plan. Once actual proposals were submitted, Living Cities continued its deep engagement with the sites. During this period, the staff and consultants developed and sent a set of clarifying questions to the sites, worked with many of the sites on identifying appropriate CDFI partners, and provided extensive feedback and technical assistance through telephone calls and site visits. In July 2010, Living Cities selected five sites to be part of The Integration Initiative:

<table>
<thead>
<tr>
<th>Site</th>
<th>Name of Initiative</th>
<th>Leads</th>
<th>CDFIs</th>
<th>Focus Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore</td>
<td>Baltimore Integration Partnership (BIP)</td>
<td>Association of Baltimore Area Grantmakers (Deep engagement by Annie E. Casey Foundation - Member)</td>
<td>The Reinvestment Fund</td>
<td>Workforce and Anchors</td>
</tr>
<tr>
<td>Cleveland</td>
<td>Greater University Circle Community Wealth Building Initiative</td>
<td>Cleveland Foundation (Associate Member)</td>
<td>National Development Council</td>
<td>Multifaceted Anchor-based Development</td>
</tr>
<tr>
<td>Detroit</td>
<td>Woodward Corridor Initiative (WCI)</td>
<td>Midtown Detroit, Inc. (Deep engagement by Kresge Foundation, Member, and Skillman Foundation, Associate Member)</td>
<td>NCB Capital Impact</td>
<td>Urban Core Revitalization</td>
</tr>
<tr>
<td>Newark</td>
<td>Newark Strong Healthy Communities Initiative (SHCI)</td>
<td>Prudential Foundation (Member) and the City of Newark (Community Foundation of New Jersey is fiscal agent)</td>
<td>Newark Investment Fund, New Jersey Community Capital</td>
<td>Housing and Physical Environment, Health and Food Access</td>
</tr>
<tr>
<td>Twin Cities</td>
<td>Corridors of Opportunity (CoO)</td>
<td>McKnight Foundation (Member) and St. Paul Foundation</td>
<td>LISC, Twin Cities Community Land Bank, Family Housing Fund, Neighborhood Development Center</td>
<td>Transit and Land Use</td>
</tr>
</tbody>
</table>

The final site selection resulted in a portfolio of sites that did not fully reflect some of the assumptions that Living Cities had developed around TII. While initially Living Cities thought that geographic and market conditions balance would be an important criteria, as the process

---

1 The initial 10 sites were Albuquerque, Baltimore, Chicago, Cleveland, Detroit, Newark, New Orleans, San Antonio, San Francisco, and the Twin Cities. San Antonio later dropped out of the process, leaving nine sites completing final applications.
evolved, the benefits of investing in sites that were involved in similar types of activities took on increasing importance. In addition, few of the sites selected had a regional perspective; most were focused on multiple neighborhoods within one city.

Over the next five months, there was considerable work with the five selected sites to provide details of their financing and programmatic plans, their governance approach, as well as a very complex underwriting process. The expectation of the staff was that this work would culminate in grant and financing agreements with the sites by January 2011. However, the work took considerably longer than anticipated, particularly the financing component.

The finalization of the grant agreements evolved differently in each of the sites. While the initial intention of TII was to accelerate existing activities, in reality, a lot of planning activities took place in the first year. In many sites, the approach of the Initiative was not fully “cooked,” and many of the proposed activities were either new or evolving. In particular, there were a number of transitions in Newark in terms of the governance, staffing, and local evaluation capacity that had bearing on the site’s ability to implement the Initiative. In mid-2011, Living Cities and Newark agreed that the site would be best served by working under a planning agreement. As of June 2012, Newark was close to finalizing its strategies and milestones and moving toward implementation. As a result, the midterm findings related to the work in Newark are more limited than they are for the other sites.

There were also considerable challenges related to closing the financing for the five Integration Initiative sites. In Baltimore and Detroit, the two sites with general recourse loans to a single well-established CDFI, the process was straightforward and relatively smooth. Under a recourse loan, the full assets and revenue of the CDFI are pledged to repay the loan. Consequently, the commercial lenders and the Catalyst Fund could underwrite and structure the loan based on the overall financial condition of the CDFI without having to address new entities created or the details of the particular loans to be made with the TII debt. TRF, the CDFI working with Baltimore, closed on both the Catalyst Fund and commercial loans in May 2011. NCB Capital Impact, the CDFI working with Detroit, completed the commercial debt financing in March 2011 with the Catalyst Fund loan closing in July. Interestingly, both of these CDFIs are large national organizations that were brought into the sites due to the lack of a locally-based CDFI that could play the role needed for The Integration Initiative.

The process at the remaining three sites was more complicated as TII lenders (commercial and Catalyst Fund) had to underwrite multiple entities in the Twin Cities (some of which had limited experience with debt), work through acceptable credit issues for the new Special Purpose Entity (SPE) borrowers in Cleveland and Newark, and negotiate the details of some lending activities to be undertaken in each city. Consequently, it has taken longer to close the financing at these sites. The last of the three Twin Cities’ loans was closed in November 2011, Cleveland’s transaction closed in January 2012, and Newark has not closed yet.

THEORY OF CHANGE
The national evaluation team worked with Living Cities staff and many key members to identify the central assumptions underlying TII and to develop a theory of change (TOC) that reflects its conceptual framework and goals.

Some of the most critical elements of the Initiative reflected in the TOC are:

- The Initiative is focused on systemic change, assuming that to achieve any scale of change greater integration is needed among policies and programs to support improvements in the lives of low-income residents of cities.

- For the Initiative to be successful over the long-term, the lessons from the activities in the five sites would have to be disseminated more broadly and have some impacts on policies and programs that affect the lives of low-income city residents beyond the five funded sites.

- The expected timeframe for achieving the anticipated outcomes of the Initiative overall is 10 years. The national and local evaluations will examine the first three years of the Initiative and, therefore, focus exclusively on the early activities and short- and intermediate-term outcomes. The longer-term outcomes—the degree to which system change is improving the lives of low-income residents in the five sites broadly as well as beyond the five sites—are not anticipated to be achieved in the timeframe of the evaluation.

The theory of change developed for the Initiative has two sides:

The left side of the TOC provides a “skeleton” of the likely activities, outputs, and anticipated outcomes of the site work. The TOC differentiates between the outcomes on individuals and the community that are associated directly with the grants and financing activity supported through the Initiative, and the system change outcomes associated with the activities and strategic approach of the new collaborative formed through TII process.

The right side of the TOC looks at the longer-term outcomes at the national level that Living Cities hopes to achieve through TII. It addresses the learning and dissemination activities that seek to have an impact on private and public funders and policymakers involved in urban issues. While the initial TOC only provided a “skeleton” of the theory related to national outcomes, during the first year of implementation Living Cities hired a new staff person to take responsibility for fleshing out the pathways in which the learning from the sites will be used to influence both the Living Cities members as well as the broader field. A detailed work plan that focuses on learning and dissemination related to TII has been developed. Figure 1 provides the initial TOC that was developed by the national evaluators early in TII process.
Figure 1.

TII Theory of Change

INITIATIVE OVERVIEW

GOAL: Successful models are developed that can inspire a new generation of effective urban investment and transformation to the benefit of urban, low-income residents.

Individual Sites
Low-income individuals and families in 5 CITIES have improved outcomes in terms of income, assets, and skills/education.

OUTCOMES OF SYSTEM CHANGE:
Changes in policies, funding capacities, and management

Specific operational and financing changes indicating new patterns of system behavior

Locally embedded CDFI with increased capacity to raise and deliver capital

Policy barriers identified and addressed

Varied practices reflect LC values

Neighborhoods more connected to city and region

More connections across disciplines & across stakeholder groups

CDFI integrated in program structure

Joint planning undertaken

Multi sector leadership engaged.

Contextual dynamics surfaced

Partnerships established or expanded

Local evaluation utilized

Living Cities
Low-income individuals and families in US urban neighborhoods have improved outcomes in terms of income, assets, and skills/education.

CDFIs engage more broadly in new geographies

Philanthropists support & influenced by knowledge

Federal, state, and local policy changes implemented

Lenders invest differently

Models and practice applied to other cities

Absorption of knowledge codified and disseminated

Field knowledge built based on site informed inquiry/research

Challenges in cross sector collaboration identified

Learning activities coordinated with Living Cities Working Groups and knowledge capture activities

New learning related to content and processes for achieving collective impact

LEARNING

PLANNING

Living Cities Assistance and Support

<table>
<thead>
<tr>
<th>Community Inputs</th>
<th>Local Funds</th>
<th>Policy</th>
<th>Local Learning</th>
<th>Local Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living Cities Inputs</td>
<td>Grants</td>
<td>Capital</td>
<td>Framing</td>
<td>TA &amp; Evaluation</td>
</tr>
<tr>
<td>Living Cities Members</td>
<td>Communications</td>
<td>Investments</td>
<td>Leadership</td>
<td></td>
</tr>
</tbody>
</table>
THE MIDTERM OUTCOMES REPORT

The report that follows looks at the initial outputs and outcomes associated with the work at the five sites during the first half (18 months) of the Initiative (the “left side” of the theory of change). As initially designed, the Living Cities investments in the sites would begin in January 2011 and run through December 2013, a three-year period. Thus, June 30, 2012 marked the midway point in terms of the initial timeframe for TII.

This report builds upon the reports provided to Living Cities by the national evaluation team over the past two years. These reports include:

- Evaluation Plan for the Living Cities Integration Initiative;
- Formative Report on Year “0”—the Planning Period;
- Formative Feedback on Year 1 of the Initiative; and
- individual site reports and cross-site reports on the results of the first Network Survey.

The purpose of this report is to provide a broad overview of the work of The Integration Initiative in the five sites over the first half of the Initiative as well as to identify what has been achieved and some of the factors associated with that achievement. While some of the formative findings on the role of Living Cities staff in the process are included in this report, most of the analysis and feedback are provided in the formative reports to Living Cities.

This report focuses on what has been happening at each of the sites and looks across the work in the five sites to assess the progress that has been achieved in terms of the goals set out by Living Cities. While this national evaluation is looking at outputs and outcomes across the sites, this report also provides considerable detail about the work at the site level for a number of reasons. First, there was a great deal of diversity in the local evaluations in terms of their timing, the focus of the analysis, and the form of their reporting. We are hoping that this cross-site report will provide a more consistent snapshot of the sites’ work within a common timeframe. Second, understanding the cross-site implications and learnings requires delving deeply into what has been achieved at each of the sites. This is particularly challenging in the case of TII given how different the sites are in terms of how they are structured as well as the focus of their work.

It is also important to note that TII Theory of Change provides considerable focus on the “right side” of the initiative—the work of Living Cities to learn from TII and to disseminate this learning in order to achieve broader national scale system change. Living Cities staff is working on a wide range of activities to accomplish the outcomes that would take TII beyond the five sites. How they are approaching this work was discussed in the Year 1 Formative Report. In addition, the national evaluation team will be focusing more rigorously on evaluating outcomes related to this work and how TII learning is influencing members and the field in the next year’s evaluation submitted to Living Cities.
EVALUATION FRAMEWORK

The Role of the National and Local Evaluators

Living Cities designed the evaluation of The Integration Initiative to include a national evaluation team led by Mt. Auburn Associates, with the input and involvement of Mathematica Policy Research and local evaluators chosen by each site. The national team is accountable to Living Cities, and local evaluators are primarily accountable to the sites. In addition to the evaluators, Living Cities staff and consultants work very closely with the sites, assessing progress through quarterly (now biannual) and annual reporting as well as through biannual site visits and frequent communications. Thus, evaluating this Initiative in each of the sites and at the national level, as well as ensuring that there are appropriate qualitative and quantitative data to assess its progress, depends on synergies across three different levels: Living Cities staff and consultants, the national evaluation team, and the local evaluators and site leaders.

The national evaluation team established an initial framework for dividing the responsibilities between the national and local evaluations. In terms of this division, the national evaluation team focused primarily on:

- providing formative feedback to Living Cities on the Initiative design and implementation;
- completing data collection and analysis of TII financing approaches, outputs, and outcomes within each site and across the sites;
- assessing the changes in the system dimensions in each site (boundaries, relationships, and perspectives);
- identifying and analyzing the outcomes of system change and the factors that affected these outcomes; and
- assessing the potential changes within the funding, policy, and programmatic “systems” most central to TII—focusing on its own members, other foundations, and the federal and state policymakers (the right side of its theory of change).

Within the national team, a site liaison is assigned to each TII site. The site liaisons are responsible for developing a deep understanding of the work in that site, working closely with and coordinating their efforts with local evaluators.
The local evaluators have primary responsibility for:

- developing a theory of change and evaluation plan for the sites that ensures that appropriate direct and system-related outcomes are identified and that the strategies that would lead to these outcomes are clearly articulated;

- providing formative feedback to their sites;

- collecting and analyzing data on the specific programmatic outputs and outcomes central to their sites' TOC and goals; and

- defining and tracking the outcomes of system change in their sites.

The local evaluators\(^2\) have developed their own methodologies for tracking outputs and outcomes, providing formative feedback, and reporting results to the site.

As designed and resourced, the quality of data and information for the national evaluation was highly dependent on the information and data collected by Living Cities and the local evaluators. As the work on the evaluation proceeded, a number of challenges came to the fore. This included significant burdens on the sites related to multiple actors (Living Cities, local evaluators, and the national evaluation team) requesting time from key stakeholders. Other challenges included the lack of common frameworks, lack of clarity about who had responsibility for quality control for the work of the local evaluators, and differences in methods and timing of deliverables. In keeping with the emergent nature of the Initiative overall, the evaluation design evolved over the first 18 months. The national evaluation team took a number of steps to respond to challenges and to ensure consistency and synergies amongst the separate data collection efforts and developed processes aimed at minimizing the burden on each site and its key stakeholders.

- The national evaluation team took steps to construct a strong team approach through consistent communication, team building at learning community meetings, and the development of a systematic feedback process.

- The national evaluation team, as the leader of the overall TII evaluation, reviewed and commented upon all deliverables related to the local evaluation.

- The national team developed a common “lexicon” around system change.

- The national team provided local evaluators with some common questions related to system change outcomes and the factors affecting system change that could be tracked

---

\(^2\) The local evaluators are as follows: Newark: Metis Associates; Baltimore: Community Science; Twin Cities: Wilder Research; Cleveland: Cleveland State University; Detroit: Urban Ventures Group.
through the more extensive observation and interviewing likely to be undertaken by local evaluators.

**Key Questions**

The Integration Initiative was designed to support cities that are harnessing existing momentum and leadership for change, overhauling long obsolete systems, and fundamentally reshaping their communities and policies to meet the needs of low-income residents. The complexity of this design is increased by the diversity of approaches being undertaken at the sites. TII is basically somewhat “content” neutral and more focused on the mechanisms and processes that it believes can move a community toward overcoming long entrenched problems. However, it is not “impact” neutral—the focus of these changes should lead to improvements in the lives of low-income residents.

The national evaluation team has developed research questions that seek to assess whether progress has been made in achieving the ambitious system change goals of TII and any evidence of the outcomes that this system change has and could likely have on low-income individuals in the cities. Most importantly, the national evaluation seeks to expand learning through understanding, across the five sites, the differences in how these strategies are being implemented, the implication of these differences on outcomes, and how the design and implementation of TII by Living Cities affected how strategies are implemented and the outcomes.

Looking across the five sites, the national evaluation team in this first outcomes report is thus seeking to answer two basic overriding questions: 1) Has TII led to system change and improved outcomes related to these system changes that could have broader impacts on low-income individuals; and 2) What can we learn about the factors related to the design and implementation of TII as well as exogenous factors that influence the type and level of system change and outcomes for low-income individuals?

**System Framework**

**Changes in System Boundaries, Relationships, and Perspectives**

The most critical underlying tenet of The Integration Initiative is that efforts to address the enormous challenges facing the low-income residents of our nation’s cities have had limited success. The assumption underlying TII is that part of this failure is due to the tendency to focus on programs and projects and the siloed nature of most of these efforts.

There are multiple silos operating. The philanthropic community has tended to take its own path, often in parallel or at times in opposition to the work of the public sector. Neighborhood organizations operate within their own silos, often not looking broadly at their place in the larger city or region. And, many of the policy areas work in isolation with those focusing on place-based community improvements rarely considering the relevance of education, workforce, and public transit.
To respond to these often fragmented and limited approaches, Living Cities believes that it is critical to take a “system” approach to addressing the challenges of improving the economic lives of low-income residents. Each of the five sites of The Integration Initiative was required to “move beyond delivering programs to instead focus on transforming systems.”

Thus, a key element of the evaluation focuses on system change.

The evaluation framework started with the development of a vocabulary for this “system approach.” It defined systems-thinking as a perspective that focuses on the patterns and relationships between and among the parts and the whole of a given situation, rather than focusing only on the parts in isolation (Trochim et al., 2006; Patton, 2010), and defined a system as, “A configuration of interacting, interdependent parts that are connected through a web of relationships” (Holland, 1998). The frame recognizes that systems can contain numerous subsystems. (For example, community colleges are part of regional workforce development systems; an individual anchor institution, such as a university or hospital, is in itself a “system.”) System change refers to “an intentional process designed to alter the status quo by shifting and realigning the form and function of a targeted system” (Foster-Fishman, Nowell, Yang, 2007).

A major part of the evaluation framework builds from some of the literature on the “attributes” of a “system” (Midgley, 2007; Williams and Imam, 2007; Cabrera et al., 2008; Hargreaves and Paulsell, 2009). Specifically, all systems share certain basic attributes or conditions that have been defined as “boundaries, relationships, and perspectives”:

- **Boundaries**: Boundaries delineate everyone that is influencing and influenced by a system, in effect, those actors within the ecosystem as defined by the sites. They include individuals, groups, and/or organizations with whom the local initiative interacts directly and with whom the local initiative anticipates opportunities for influence.

- **Relationships**: Relationships are defined as the connections or exchanges that occur among local actors within and across system levels, and they can include flows of information, client referrals, staffing arrangements, funding streams, and sharing of other resources (Olson and Eoyang, 2001).

- **Perspectives**: Perspectives are how different actors within the local system think about and approach the challenges, goals, and strategies within and across the system domains.

More specific to The Integration Initiative, the evaluation frame defined the “system dimensions” that had the most relevance to the goals of Living Cities. In keeping with TII’s primary focus, the evaluation examined changing patterns of boundaries, relationships, and perspectives across the following dimensions:

- **Issue areas**: Developing integrative approaches that involve multiple issues such as housing, workforce development, health, education, transportation, and economic development.
• **Stakeholder groups:** Creating more common goals and strategies amongst philanthropy, anchor institutions, community-based organizations, financial institutions, businesses, and state and local policymakers.

• **Geographic boundaries:** Moving from an individual neighborhood towards thinking about the larger city and region.

### Beyond System Change to Enduring System Outcomes

The evaluation framework developed for TII assumes that while changes in system dynamics are important outcomes to track, if these changes do not result in additional concrete and enduring changes in system-related policies and practices it would be unlikely that the work would have the desired level of scale and impact on low-income residents in the five sites. The evaluation model thus looks to the potential pathways towards enduring system outcomes and assumes that there are two tracks. The first pathway is policy and practice changes associated with changing system dynamics. These outcomes could be *deliberate*, part of the specific strategy developed by the sites, or *emergent*, resulting from changing system attributes that led actors in the system to change how they do their work. The second pathway to enduring system outcomes is a result of the learning associated with the on-the-ground project and program work, including the financing. The assumption here is that the specific activities in which the sites are engaged, such as workforce training programs, small business financing, community engagement, etc., will lead them to new insights that they will then utilize to change system policies and practices. The diagram on the following page (Figure 2) provides a graphic illustration of this model.

The definitions utilized within this model are:

1. **System Change:** Transformation of stakeholder boundaries/relationships/perspectives that may serve as an entry point into shifting the process of how things are done.

2. **Place- and Project-Based Outputs and Outcomes:** Direct, on-the-ground results related to the specific financing, programs, and projects funded by the Initiative.

3A. **Outputs and Interim Outcomes toward System Change:** The movement due to system change—what that activity is (outputs) and follow-up results (interim outcomes) that are evidence of progress along a thoughtful pathway to enduring system change.

3B. **Interim Outcomes:** Strategic follow-up to financing-, program-, or project-related outputs creates movement along a pathway that leads to enduring system change.

4. **Enduring System Outcomes:** A specific change is institutionalized through changes in policy, embedding within institutional practice, or regulatory reform.

5. **Improves Outcomes for Low-income Individuals:** Direct outcomes on low-income individuals related to the enduring system change.
Addressing Complexity

Living Cities staff have characterized TII as “wickedly complex.” There is widespread recognition that the sites are facing serious adaptive challenges where success depends on the coordination and alignment of a broad set of actors and institutions. The evaluation literature acknowledges the significant challenges associated with evaluating complex social systems. As one theorist noted, “When faced with the task of understanding how policy interventions in complex social systems work, we may need to adopt rather modest expectations in relation to the standards of causal inference that can be achieved.”

---

In response to this complexity, the evaluation has the following frame:

- **Timeframe**: A three-year timeframe is very short in terms of understanding changes in complex systems. While the overall timeframe for TII is 10 years, the evaluation is structured to assess only the first three years. The national evaluation plan recognizes that most of the system-related outcomes, as well as some of the on-the-ground outcomes for low-income residents, are unlikely to be achieved over this timeframe. Thus, the evaluation will be looking at progress along a continuum of change, recognizing the iterative nature of change in complex systems. While the evaluation may be able to track changes in boundaries, relationships, and perspectives within these systems, findings related to the outcomes of these changes will be considered preliminary.

- **Contribution not attribution**: The issue of attribution is particularly complex in TII. Most notably, TII was designed to build upon existing efforts. Second, operating within such complex systems means that there is an ever changing set of actors, a large number of overlapping efforts, and other collaborative activities occurring in each site. The national evaluation team worked with local evaluators to develop a common approach around the issue of contribution. The assumption guiding the evaluations is that given the complexity, the focus of the evaluation will be on the degree to which the investments of TII contributed to outcomes. The level of contribution was related to the issue of the boundaries of the activities. (See Figure 3 below.)

**Figure 3: Boundaries and Contribution**

- **Core Activities**
  - Directly Funded by LC
  - Included in Milestones
  - Acted upon by Governance Group

- **Area of Influence**
  - Key stakeholder activity influenced by participation
  - Related to TOC, but does not meet criteria of core

- **Adjacent Activities**
  - Projects, programs & initiatives with related outcomes, where TII has limited involvement or influence

High Contribution → Little to No Contribution
• **Boundaries:** Given the complexity of the Initiative, another significant evaluation challenge involved identifying what activities and outcomes would be tracked through the evaluation. The framework developed defines the core activities of the Initiative, which are identified as those that are being funded through the Living Cities Integration Initiative, and the activities that the staff of the local initiatives are involved in and reporting on through their development of annual milestones. In addition, given the importance of the governance groups that are overseeing the initiatives at each site, system-related activities and outcomes that the governance groups are deliberating about and making decisions about are considered as part of the core. The framework also recognizes that part of system change is affecting the attitudes and perspectives of a wide range of stakeholders. The evaluation will be tracking these changes in attitudes and perspectives and will be identifying how the Initiative is influencing other stakeholders. However, the outcomes associated with this “influence” will not be as systematically tracked. Finally, there are many other initiatives and activities occurring in each of the sites that could be having an impact on some of the systems that are being targeted. However, if these initiatives and activities are not being overseen by the governance group, nor directly affected by staff, they are being considered “adjacent” activities and are not being tracked as part of the evaluation. (Figure 3 provides an overview of the framework for thinking about boundaries and contribution.)

**METHODS**

The Initiative’s national evaluation team used mixed research methods to collect and analyze information that addresses the evaluation’s research questions and working hypotheses. The cross-site analysis and learning that is the focus of the national evaluation requires developing comparable data and information across the five sites. It should be noted that in 2011-2012, Newark undertook a more formal planning process to refine its strategies and restructure its initiative, which put it on a different timetable than the other TII sites. The 18-month planning process was to be completed as of June 30, 2012, coinciding with the end date of this Midterm Report. As a result, national evaluation data collection components relative to Newark have been conducted on a different timeframe. These differences are noted in the following sections, as applicable.

The national team addressed the basic research questions across sites through the following methods:
Baseline and Contextual Analysis

Data were collected during the first six months of the project on each of the sites to provide the national evaluation team with a baseline on outputs and outcomes being tracked. More specifically:

- A baseline analysis of the community development finance system in each site was completed based upon data submitted by the CDFIs, secondary data collection, interviews with CDFIs, and interviews with other key CDFI stakeholders in each site.

- Baseline information was also developed across sites on the size and composition of the initial governance groups.

- Political overviews of each site were completed through web-based research, including the structure of local government, major political leadership, and major political issues.

- Key informant interviews were conducted in each site to provide local input on the context. These informants were not directly involved in TII, but have longstanding involvement in the city. A particular area of focus in these interviews was the racial dynamics in the city and how these dynamics influence the system in which TII is intervening.

Network Survey

A Network Survey was administered by Mathematica Policy Research in the first stages of project implementation and will be repeated three years after. Its purpose is to provide critical information needed to assess the changing boundaries, relationships, and perspectives in the systems being targeted by TII in each site. In addition, the survey provides data on the degree to which the work in the system is helping to span the dimensions of the system across geography, across stakeholder groups, and across the traditional issue areas. Finally, the survey provides consistent cross-site data on the actual governance and staffing of the Initiative in each site. A detailed methodology associated with the Network Survey is provided as Appendix A.

The Network Survey was administered in Baltimore, Cleveland, Detroit, and the Twin Cities in June 2011. Given its slower start-up, Newark's Network Survey was not completed until June 2012. The survey asked respondents about their boundaries, relationships, and perspectives at the time of start-up and as of June 2011. In Newark's case, respondents were asked to report on conditions in August 2010 and April 2012. Each of the sites had at least an 85 percent response rate. The Network Survey will be administered again in June 2013.

Stakeholder Interviews: Site Visits and Telephone Interviews

The national evaluation team is conducting a series of three two-day site visits, one each year, in each of the funded sites. The site visits allow the national evaluation team to gather additional data to test the cross-site patterns that emerge from the data supplied by the local
sites and other data sources. These site visits provide site liaisons the opportunity to interview key stakeholders within the local system, individually and in small groups where appropriate, and to possibly observe local initiative activities. In addition to the in-person site visits, there are follow-up phone calls with other key stakeholders.

In preparation for this Midterm Report, the national team completed two-day site visits in Cleveland, Baltimore, Detroit, and the Twin Cities, both in June 2011 and April/May 2012. Follow-up phone conversations were held in June and July 2012 to capture any activities in the time following the site visits. A baseline site visit was completed in Newark in December of 2011. A limited number of telephone interviews were conducted for this Midterm Report in June and July 2012. A second site visit to Newark will be completed in the fall of 2012.

**Input from Site Leadership**

In addition to the survey and site visit, the methodology includes multiple “touch points” with the leadership of the site. These touch points include:

- meetings as part of the annual site visits;
- biannual interviews with site directors and other key leaders;
- biannual interviews with CDFIs in each site (this has not included Newark since the financing is still in progress);
- observation and discussions with site leadership at learning community convenings; and
- observation of select Living Cities site visits, either on-site or over the telephone.

Input into the Midterm Report involved three sets of interviews with all of the CDFIs working at the sites, attendance at three learning community meetings, attendance/listening at some of the site visit meetings with Living Cities staff, and at least four sets of interviews with site leadership.

**Document Review**

As noted, the national evaluation depends upon the data collected and the analysis that is being undertaken by both the Living Cities team and the local evaluators. Thus, an important part of the methodology involved reviewing the data and analysis related to these sources.

**Common questions:** The national evaluation team provided local evaluators with a set of common questions that each evaluator needed to complete. For the Midterm Report, these questions focused on the dynamics of system change. Appendix C provides a copy of the questions that each local evaluator was asked to complete. These reports were submitted to the national evaluation team in the spring of 2012 and were an important source of data in understanding changing system dynamics and interim outcomes. It should be noted that given
the transition in the local evaluator team in Newark and the earlier stage of its implementation, the common questions have not yet been completed for Newark.

*Site reports to Living Cities:* These reports provide additional data and input for the national evaluation team’s assessment of cross-site findings.

*Review of local evaluator deliverables:* The national evaluation team provided considerable feedback to local evaluators and site leaders on the site specific theories of change as well as the evaluation plans. The annual reports of the local evaluators were a critical input into the cross-site analysis of the national evaluation. Reporting on the first year of the Initiative varied considerably across the sites due both to different evaluation methodologies and to changes in the local evaluation team at two of the sites. And, as noted, since Newark has not completed its first year of work, the only local evaluation report completed at the time of this Midterm Report was a formative and baseline report. The variance in the timing and content of these reports is an issue that is being addressed in future years through a collaborative effort of the national evaluation team and local evaluators.

**Tracking Common Measures**

Local TII-funded activities are expected to result in near-term outputs and outcomes related to the projects being financed as well as the programmatic activity related to the grants. As noted, the local evaluation team will have primary responsibility for tracking the direct, on-the-ground outputs and outcomes associated with Living Cities’ investments in each of the sites.

Given the diverse and often highly specific projects across TII sites, it will not be possible to develop a full set of detailed measures that will be relevant across all of them. However, attention was given to trying to identify where there are commonalities across sites. Currently, effort is being made to create a more consistent data set across the sites around two areas:

- **anchors—hiring/workforce development** (e.g., number of hires from target population) and purchasing/procurement (e.g., dollar value of procurement from target area, from city, from region); and

- **leverage/funding alignment** (e.g., dollar value of new related public and philanthropic funding for specific intervention strategies and projects).

These common measures, while not captured in the current report, will be refined in consultation with local evaluators and will be included in future outcome evaluation reports to Living Cities.
3 Overview of the Work in the Five Sites: Status at Midterm

The following section provides an overview of the work in each of the five Integration Initiative sites. The purpose is to provide a consistent description of how each of the sites is organized, the specific strategies and activities that have been pursued to date, and how the financing component of each site has been structured. Understanding the range of system change and outcomes that has been achieved across the sites requires a foundation of understanding on each site. The detailed findings on the outcomes associated with the site work are discussed in the remaining chapters of this report.

Baltimore Integration Partnership (BIP)

The Baltimore Integration Partnership’s primary goals are “to reconnect low-income, predominantly African-American, Baltimore city residents to the regional economy, to maximize the linkage between physical and human capital development, and to reinvest in targeted inner-core neighborhoods so that they become regionally competitive, economically diverse, sustainable communities of choice.” The key substantive focus areas of BIP’s work to date have been engaging anchor institutions, improving the workforce development system, leveraging capital, addressing racial inequities, and making economic inclusion business-as-usual in a collective effort to link investments in physical and human capital. The project has targeted its work in three neighborhoods in Baltimore: East Baltimore, Central Baltimore, and West Baltimore.

The work in East and Central Baltimore builds upon existing community development efforts—East Baltimore Revitalization Initiative (referred to as “EBDI” for its implementing organization, East Baltimore Development, Inc.), and Central Baltimore Partnership (CBP), respectively. BIP’s West Baltimore strategy is based on potential opportunities associated with a regional rail station and a planned cross-town light rail line. The East and West Baltimore neighborhoods are both over 95 percent African-American and historically disinvested. The Central Baltimore target area, with its concentration of education and cultural institutions, businesses, and neighborhoods that are close to downtown, is economically more stable and more diverse.

Management of the Initiative

BIP is overseen by a 17-member Governance Board. The organizational infrastructure includes 49 additional participants who are engaged at the workgroup level. The lead organization for BIP is the Association of Baltimore Area Grantmakers (ABAG), a regional association of grantmakers (RAG). ABAG’s president, Betsy Nelson, has chaired BIP since its inception. In early-2012, the Annie E. Casey Foundation’s vice president for community and economic opportunity, Bob Giloth, joined Nelson as BIP’s co-chair. Several additional Casey Foundation staff participate in BIP. The foundation is a Living Cities member, and it spearheaded EBDI.
Other key philanthropic partners include the Goldseker Foundation, Abell Foundation, and Associated Black Charities (ABC), whose leader, Diane Bell-McKoy, has been instrumental in helping BIP place its work within a structural racism framework.

BIP’s project director, Kurt Sommer, manages all aspects of the initiative overseen by Betsy Nelson, President of ABAG. The initiative is also supported by two consultants as well as two ABAG employees who all collectively staff key supporting funding collaboratives and help manage key areas of BIP’s work. BIP’s work is organized under four workgroups: Anchor Engagement, Capital Projects, Data and Evaluation, and Workforce Integration. It also has a Communications Advisory Group. These bodies are comprised of Governance Board members, BIP staff, and representatives of other partner organizations. BIP also has an Implementation Team, which functions as an executive committee of the Governance Board. Two of ABAG collaborative funds, Baltimore Workforce Funders Collaborative (BWFC) and Baltimore Neighborhood Collaborative (BNC), are actively involved in BIP and staff the Workforce Integration and Anchor Engagement workgroups, respectively.

EBDI and CBP are the community-based organizations responsible for helping implement BIP’s strategies in the East and Central Baltimore target neighborhoods. Other community-based partners are Jobs Opportunity Task Force (JOTF) and Central Maryland Transportation Alliance (CMTA), both of which serve as BIP’s policy advocacy partners and bring content expertise in workforce development and regional transportation, respectively. Additionally, ABC works closely with BIP’s policy advocacy partners on these and other racial equity issues. BIP’s CDFI partner is The Reinvestment Fund (TRF), which also serves as its data partner. It is co-located with BIP’s staff.

There are five anchor partners. Johns Hopkins Medical Institutions is part of EBDI in East Baltimore, and Johns Hopkins University’s main campus is a member of CBP. Maryland Institute College of Art (MICA) and the University of Baltimore are also CBP members. The University of Maryland at Baltimore (UMB) includes West Baltimore in its target area. Baltimore City Community College (BCCC) is involved through the Workforce Integration work, but is not connected to the anchor strategy.

The lead public sector partners represented on the Governance Board include the City of Baltimore’s Commissioner of Housing, Director of the Mayor’s Office of Employment and Development (MOED), and Deputy Mayor for Economic and Neighborhood Development, as well as the state of Maryland through direct representation from the governor’s office.

**Strategies and Activities**

In mid-2012, BIP refined its core strategies. While the change does not represent any major shift in strategy, the key elements are presented more coherently, grounded in recognized conditions for system change, and connect future activities to realistic, manageable targets. The key strategies guiding BIP’s work are as follows:

- *making economic inclusion business-as-usual* in order to make local hiring and procurement goals standard practice for local government and major anchor institutions;
• attracting and deploying capital for building communities and expanding opportunity in inner-core neighborhoods that have the potential to become regionally competitive communities of choice, including support for local businesses;

• connecting low-income neighborhood residents to family-supporting employment by ensuring that neighborhood residents have the skills and connections necessary to access career track employment in physical redevelopment projects of their neighborhoods, in anchor institutions, and in other growth sectors; and

• aligning and accelerating efforts to achieve durable change by promoting the broad adoption of and action on BIP’s vision of a more just, inclusive, and sustainable community and region.

In addition to building a cohesive multi-stakeholder governance group, since TII began 18 months ago BIP has been engaged in the following activities that are tied to Living Cities’ investments:

• BIP developed criteria for funding catalytic projects and closed on three residential projects and one commercial project that met these criteria.

• The Capital Projects and Workforce Integration workgroups collaborated to produce a template for the Workforce Resource and Inclusion Plan (WRIP) that developers use to develop local hiring and subcontracting goals for neighborhood development projects.

• EBDI’s neighborhood workforce pipeline model was replicated in Central Baltimore to provide outreach, assessment, job readiness training, and case management services, and to refer participants to jobs in targeted sectors and/or other education and training programs.

• A $600,000 Workforce Training Fund (WTF) was created and grants awarded to six training providers to develop bridge programs and sector workforce training for jobs resulting from BIP’s capital investments, anchor strategies, and other opportunities. A seventh training provider is also targeting pipeline participants through aligned funding awarded by the Baltimore Workforce Funders Collaborative.

• A WTF award was made to JOTF’s JumpStart to pilot a math bridge program designed to increase the likelihood that its pre-construction training participants complete the training and requisite tests.

• JOTF prepared a policy brief on workforce funding and capacity-building needs.

• The Anchor Engagement Workgroup adopted an explicit focus on economic inclusion designed to open up hiring, procurement, and contracting to low-income residents and minority-owned businesses.

• BIP conducted retreats, workshops, and site visits that helped build capacity, strengthen the collective vision, and shape the strategies of the workgroups.
• BIP conducted a career pathways mapping of entry-level jobs and career advancement opportunities in anchor institutions and a survey of anchor institutions’ procurement policies and practices.

• BIP analyzed EBDI’s vendor list and the directories of city and state certified minority- and women-owned businesses, piloted a minority business enterprises (MBE) database, and used the analysis to help inform key city and state stakeholders of system challenges.

• BIP jointly commissioned a study with Associated Black Charities to assess the small business ecosystem in Baltimore.

• BIP is exploring ways to build CDFI capacity.

• BIP developed a baseline database of neighborhood conditions.

• BIP launched a website.

**Finance Component**

Baltimore has partnered with TRF, a CDFI with considerable national work that is headquartered in Philadelphia. TRF has worked with community organizers in East Baltimore since 2003 and is a significant developer in the East Baltimore Oliver and Greenmount neighborhoods. TRF had also managed a private equity fund that made two investments in Baltimore and provided financing to an affordable housing development and several charter schools. However, it was not a major player in the city’s community finance system. With its introduction through TII, TRF is now an active member of the governance team and hired a staff person to be based on the ground in Baltimore who shares an office with BIP staff.

In terms of the use of the financing, Baltimore shifted its plan from creating a fund for which transit-oriented development (TOD) projects linked to long-term development of the Red Line in West Baltimore was the defining frame, to focus on employment and workforce development linked to a mix of projects in Central and East Baltimore. This shift reflected TRF’s recognition that the longer timeframe associated with building the Red Line was not compatible with creating a realistic project pipeline to deploy TII capital.

**Closing: TRF closed on both the Catalyst Fund and commercial loans in May 2011**

**CLEVELAND—THE GREATER UNIVERSITY CIRCLE COMMUNITY WEALTH BUILDING INITIATIVE**

Cleveland’s TII initiative is known as the Greater University Circle Community Wealth Building Initiative. The goal of this multifaceted effort is to fully harness the power of key anchor institutions to create a new model of regional economic development that connects residents and businesses to a revitalized community, increases the number of jobs and opportunities available, and improves the quality of life for low-income individuals.
TII’s support is part of a larger initiative known as the Greater University Circle Initiative (GUCI), which started in 2005 when the president of the Cleveland Foundation (TCF) first convened the heads of the anchor institutions located in the University Circle area, including University Hospitals, Case Western Reserve University, and the Cleveland Clinic, to begin a collaborative effort to break down the barriers between the anchor institutions and the surrounding communities. Over the next six years, GUCI made significant progress on an ambitious set of goals aimed at enhancing and revitalizing the University Circle area.

Much of GUCI’s focus in the initial years was around transit-oriented development projects; however, there were additional components focused on neighborhood revitalization and economic inclusion. The most prominent of those revitalization efforts involved the launch of the Evergreen Cooperatives, a job creation and wealth-building effort tied to anchor procurement that aims to start new employee-owned cooperatives with jobs filled by University Circle residents and to meet business needs of area institutions. At the time that TII invested in Cleveland, there were two functioning cooperatives, a laundry and a solar installation (now comprehensive energy solutions) company. Substantial resources had been raised from philanthropy and the anchors to support the development of new cooperatives, one of which was well along in the pipeline at the time that TII became involved in Cleveland (and which also received financial support from TII in that year).

TII also leveraged work underway on the Health-Tech Corridor (HTC), an initiative supported by the anchors but led by BioEnterprise Corporation and MidTown Cleveland, Inc., to create a biomedical hub of innovation connecting University Circle to downtown Cleveland. In its application to TII for funding, the Cleveland initiative expanded the geographic footprint of the GUC to include the Health Tech Corridor (HTC), a three-mile, 1,600-acre transit corridor. The HTC includes acres of vacant land and properties ready for rehabilitation stretching from Downtown Cleveland to University Circle. The HTC’s primary activities are real estate development and business attraction for two high-tech bioscience companies and supply chain companies in both cases attracted by proximity to the anchor institutions.

The initiative has focused on multiple components to the anchor strategy that are generally captured under the banner of Buy Local, Hire Local, Live Local, and Connect. The use of the “Buy, Hire, Live” frame emerged from cross-site learning and sharing; it was borrowed from Detroit and originated in U3 Venture’s anchor work. In addition to numerous strategies in direct pursuit of Buy Local, Hire Local, Live Local and Connect, the initiative has a set of additional strategies that focus on building an enabling environment that both accelerates progress with anchors and has the potential to change systems affecting a broader set of stakeholders and geography.

Management of the Initiative

The lead organization of Greater University Circle Community Wealth Building Initiative as well as GUCI is the Cleveland Foundation. A new staff person, Walter Wright, was hired to direct the wealth building component for GUCI, and he is housed at the Cleveland Foundation.
The Greater University Circle Community Wealth Building Initiative is governed by the Greater University Circle (GUC) Leadership Committee, which was created six years ago, and it is connected with the Economic Inclusion Management Committee (EIMC), which was created in 2011 as a result of TII funding. While the 46-member GUC Leadership Committee includes the CEOs of the anchor institutions and the foundation, along with numerous community stakeholders, the 23-member EIMC is composed of senior managers who are involved in regular execution of the community wealth building agenda. Tracey Nichols, the City of Cleveland’s Director of Economic Development, co-chairs the EIMC with Jennifer Ruggles, Executive Director of Government Relations from Case Western Reserve University. Initially, Walter Wright, Project Director from Living Cities’ Integration Initiative, chaired this committee independently, until he solicited other volunteers and nominees to chair. Other EIMC members include administrators from the city, state, county, CDFIs, anchor institutions, and other nonprofits such as a workforce development agency.

The EIMC is also composed of advisory members, including representatives from some of the organizations funded through TII, additional stakeholders from the city and anchors, along with the evaluators of the Community Wealth Building Initiative. To manage the initiative, the EIMC works both at meetings and in between meetings. The group operates by consensus and is expandable in size. There is overlap between the Leadership Committee and EIMC—seven key anchor and city administrators sit on both committees. The Leadership Committee meets three times a year while the EIMC meets once every four to six weeks.

Over the first year of the initiative, both committees became well-aligned in terms of vision, goals, and priorities. In October 2011, alignment between the two groups was formalized when the GUC Leadership Committee voted on its goals for the next three years and these goals and principles were aligned with the Community Wealth Building agenda.

In order to implement the EIMC’s broad goals, it is prepared to create ad hoc subcommittee groups. As of June 2012, the EIMC had created one subcommittee, formed to create a buy local strategy. It is not anticipated to be a longstanding group. Staff have considered the formation of other ad hoc groups, but prefer to tap existing structures where possible. (Note: The EIMC has subsequently proposed the formation of three active subcommittees, and the goals and structure of these are currently under review.)

Initially a stand-alone project started in 2010, the Health-Tech Corridor, an effort to build on the research and technology expertise within the anchors to develop a concentration of biotechnical and technology companies, is now part of TII-funded work. A few HTC advisory board members also sit on the GUC Leadership Committee and vice versa. HTC also has two representatives on EIMC.

**Strategies and Activities**

Cleveland has taken on a number of strategies and activities, many in support of at least one tenet of the *Buy Local, Hire Local, Live Local, and Connect* approach. The strategies Cleveland is using to accomplish these goals include system change related to anchor institution procurement and supply chain practices, and rehabilitation and marketing of the Health-Tech
Corridor. In Year 1, a major focus of this initiative included the Evergreen Cooperatives model, an economic inclusion strategy that creates for-profit, environmentally sustainable, worker-owned cooperatives that hire from within the GUC neighborhoods. Though Living Cities’ support for this strategy ceased in Year 2 to focus more on system-wide change strategies rather than project-focused activities, GUCI is still pursuing Evergreen Cooperatives’ activity.

In addition to strategies that directly focus on anchor-based development, the initiative in Cleveland is also implementing strategies aimed at building an enabling environment for the anchor-based development to flourish. They have taken greater prominence in Year 2, when TII grant funds were redirected away from Evergreen. These strategies have broader goals of increasing the effectiveness of the city’s economic development activities, of the regional workforce system, and of the community development finance system. Finally, Cleveland is also focused on community engagement as a tool to strengthen connections between anchors and University Circle-area residents, strengthen connections among fragmented neighborhoods within the Greater University Circle, and increase access for area residents to new employment opportunities.

To advance these strategies, the Community Wealth Building Initiative has pursued the following activities over the past 18 months:

**Anchor-related Activities:**

- Accelerated progress on Buy Local goals through a number of activities, including engaging anchor procurement staff in focus groups and then developing common lists of local vendors. The Community Wealth Building Initiative has taken a few avenues to build that information. First, the Initiative collaborated with the Center for Health Affairs (CHA), a group purchasing organization (GPO) active in healthcare procurement in northeast Ohio, on its effort to produce a master list of local vendors that can sell their goods and services to the healthcare anchors. As that effort progressed, it became clear that the goals would better be served by developing the database internally at the anchors. In 2012, both University Hospitals and Cleveland Clinic are jointly developing a shared vendor database, known as Supplier Gateway, as a first step toward increasing local procurement. The database, currently in development, builds on the earlier effort by CHA and is being directly supported by TII. Case Western Reserve University has also agreed in principle to the use of the supplier database. The database will be housed at BioEnterprise, which will also provide staffing. The Initiative and Cleveland Foundation staff have held numerous meetings in an effort to move the anchors toward common goals for local procurement and reports progress, but the key anchors have not yet resolved differences on some key definitions.

- To support HTC, the Greater University Circle Community Wealth Building Initiative has allocated a portion of TII grant funds for HTC to expand its marketing strategy and presence by increasing the number of conferences and site visits it undertakes, upgrading its marketing materials and resources to better showcase the region and the services it
provides, purchasing additional street banners to reinforce its identity through increased physical branding, and hiring a consultant to identify 15 out-of-region marketing targets. To focus the marketing efforts, BioEnterprise has hired an HTC marketing manager who is also responsible for coordination and collaboration with MidTown Cleveland, the organization responsible for the real estate and development responsibilities in the HTC.

- The *Live Local* anchor activities focused on the recent re-launch of the Joint Employer Assisted Housing Program, known as Greater Circle Living. The program was reintroduced with improved program guidelines, marketing, management, and avenues of access for low-income individuals. The improvements will double the benefit for homeowners (provided by foundation and anchors) and eliminate barriers to participation for new hires and part-time employees. The improvements are, in part, a result of findings of the initial baseline evaluation. While not directly supported by TII-funds, the Initiative has been involved in the design of a program connecting qualified Evergreen employees to the Cleveland Housing Network’s inventory of vacant lease-purchase homes to put employees on a pathway to homeownership.

- The *Hire Local* anchor activities have historically focused primarily on Evergreen Cooperatives’ hiring but, under the banner of the GUC Community Wealth Building Initiative, anchors are starting to look at increasing local hiring within their institutions. With TII funding in Year 2, University Hospitals is working with a local training provider to review opportunities created through its Incumbent Worker Program that could create a more robust pipeline for entry-level workers.

**Activities Aimed at Building an Enabling Environment for the Anchor Strategies to Flourish:**

- *Enhancing the Effectiveness of the Workforce System:* This area was a limited focus in 2011, but has taken on considerably more importance to EIMC in 2012. As a result, most activities in this area are quite new or emerging at this time (August 2012). Current developments include the following: the TII-funded director of the Community Wealth Building Initiative has been invited to sit on a workforce investment board (WIB) subcommittee on workforce alignment comprised primarily of WIB board members. (Note: The director is also now serving on the Talent Attraction Committee of the Regional Economic Competitiveness effort, which is a broader regional approach that is coordinated with the WIB efforts on workforce alignment.) EIMC is considering offering direct support to the WIB to complete a merger of WIBs between the city and county facilitating a more regional approach; and the project director will lead a delegation to Cincinnati in August 2012 as key Cleveland stakeholders consider the potential of building a workforce collaborative in Cleveland similar to the nationally recognized work in Cincinnati.

- *Community Engagement:* The initiative expanded staffing in the community engagement organization, Neighborhood Connections (NC), in order to implement a neighbor-to-neighbor engagement strategy focused specifically on Greater University Circle. TII-supported NC expansion includes a new program coordinator, an organizer, and a new
publisher for the hyper-local GUC-focused newspaper, *Neighborhood Voice*. A new small office was also opened in University Circle.

- **Building Cleveland’s Community Development Finance Capacity**: The Initiative started discussions with bankers and developers related to the potential connection between banks’ small business clients and anchor institutions and conducted a planning effort that could lead to the establishment of a Tenant Improvement Fund through the National Development Council (NDC).

- **Activities to Increase the Effectiveness and Efficiency of the City’s Economic Development Functions**: The Initiative has funded the hiring of a new staff person in the Department of Economic Development who focuses on special projects and geographically specializes in the GUC area. In addition, the Initiative supported the city’s Building and Housing Department effort to streamline the permitting process by funding temporary staff positions that expedite the research, planning, and preparation required to introduce an online plan review system. A recent activity that was added to improve the city’s effectiveness in grant funding is supporting the development of a web-based business portal for the city, loosely based on a similar effort in New York City, which will help create a more user-friendly interface for site developers with the goal of expediting real estate development in the city.

**Finance Component**

Cleveland established a special purpose entity, the Greater University Circle Capital Corporation (GUCCC) to receive and deploy capital under the initiative. GUCCC is a 501(c)(3) nonprofit corporation governed by NDC and the Cleveland Foundation and is capitalized with $12.5 million that includes $500,000 from the CDFI partner, $9 million in TII commercial debt, and $3 million in Catalyst Fund debt. The Initiative intends to deploy GUCCC funds to finance small business and real estate development throughout its target area, including efforts to generate community wealth through the retention, expansion, attraction, and creation of supply chain businesses and enterprises that serve the target neighborhoods surrounding the anchors. GUCCC financing is divided into two components. The bulk of the funds ($9 million) will be used for senior real estate loans and New Markets Tax Credit (NMTC) leveraged loans to developers for multitenant real estate projects and to supplier firms to the anchor institutions. Some of these projects are intended to support the development of the Health-Tech Corridor. The remainder will be devoted to SBA-guaranteed loans to a range of small businesses in the target area that may include anchor institution suppliers, tenants in multitenant properties, and other area enterprises. Within this focus, GUCCC may finance some enterprises related to GUCI efforts to create and scale-up employee-owned cooperatives that serve the anchors with goods and services and ensure employment opportunities for the target community. To address lenders’ concern about the risk profile of GUCCC loans, the Cleveland Foundation is providing a $3 million loan guarantee.

The Initiative’s CDFI partner in this effort is National Development Council. NDC’s business model dictated the creation of GUCCC as a separate entity to administer TII loan funds, which
was a major activity in 2011. While the loan funds did not close until early 2012, NDC was an active partner with the Initiative even before there were specific TII funds to deploy. NDC has four staff active in Cleveland for TII and other activities and regularly participates in EIMC meetings.

In 2012, the GUCI/Community Wealth Building Initiative incorporated microfinance into its overall strategy in collaboration with the Economic and Community Development Institute (ECDI). While ECDI’s efforts are citywide, a carve out is being developed with a grant from Living Cities to support microlending specifically targeted within the GUC and HTC footprint. This work is integrated with National Development Council and area banks as potential cross-referral options.

Closing: January 2012

DETROIT—THE WOODWARD CORRIDOR INITIATIVE (WCI)

Detroit’s TII initiative, also known as the Woodward Corridor Initiative, focuses on using the Midtown Detroit area and its multiple anchor institutions to drive reinvestment in Detroit, generate greater benefits for area residents, and create system change in regional land use and city regulatory policies. TII strategy has a multifaceted placed-based component that includes (1) housing and mixed-use development to create a denser and more vibrant area of Detroit to attract businesses, residents, and talent; (2) use of procurement, employment, and residency programs to capture anchor institutions’ economic benefits for surrounding neighborhoods and Detroit; (3) generate spillover investment and development in the adjacent North End neighborhood; and (4) strengthen and capitalize on education and workforce assets to repopulate neighborhoods and increase resident employment and income.

Key system change strategies include (1) alter city land use policies to concentrate investment in WCI and other target areas, address and repurpose extensive blighted and vacant properties, and promote urban agriculture; (2) streamline city regulations and permitting processes to make Detroit a more desirable and competitive place to start and expand businesses; (3) create a more effective system to leverage and deploy capital and utilize federal programs to finance development projects; and (4) improve local leadership, organizational capacity, and data systems to support sustained place-based and system change agendas.

Management of the Initiative

WCI’s lead entity is Midtown Detroit, Inc. (MDI), a community-based planning and development organization recently formed from the merger of two organizations, University Cultural Center Association (UCCA) and the New Center Council. It is the only TII site that is being led by a community-based organization. Susan Mosey, MDI’s president, oversees the initiative with several core staff in project management, community outreach and communications, anchor strategy coordination, and fundraising. Key initiative partners include:
- Kresge, Skillman, and Hudson-Webber foundations. Kresge has been a key advocate for a new city land use strategy, the WCI new rail line, and aligning city and philanthropic community development investments. Skillman has a strong emphasis on improving education and investing in low-income neighborhoods, with the North End one of its target neighborhoods. Laura Trudeau (Kresge) and Tonya Allen (Skillman) co-chair the Detroit TII Governance Council. These two foundations are also Living Cities members. Hudson-Webber serves on the Governance Council and has been a long-term investor in UCCA/Midtown Detroit, Inc. and the Midtown area.

- Wayne State University, Henry Ford Health System, and Detroit Medical Center—three large anchor institutions located in the target area.

- The City of Detroit Planning and Development and Buildings, Safety Engineering and Environmental Departments (BSEED).

- NCB Capital Impact (NCBCI), the TII CDFI partner that is managing the commercial debt and Catalyst Fund debt.

- Data Driven Detroit (D3), a nonprofit data intermediary that is the initiative’s data partner.

- Vanguard Community Development Corporation (CDC), which leads community planning, housing, and economic development efforts in the adjacent, but poorer and more disinvested, North End neighborhood.

The WCI Governance Council associated with the initiative is made up of 16 representatives and eight associate members. The structure of this group is evolving and its organization has been an ongoing point of discussion by the council. This council initially met once a month, and then started meeting quarterly. While committees were being established, the group met only two times a year, but has returned to meeting quarterly. The executive committee of this Governance Council, led by Tonya and Laura, offers the strongest leadership. The Governance Council formed four working groups: Capital Formation, Education, and a Knowledge Transfer/Systems Change Committee. These groups formed fairly recently so, in most cases, their work is still in the planning phase. The Education Committee has made progress in defining a strategy and priorities for early childhood and K-12 education. A governance member sits on each committee. One other subgroup was created to work on strategies to implement milestones and is not driven by a particular topic area.

**Strategies and Activities**

The Detroit initiative has actively implemented multiple projects and activities during its first 18 months that have resulted in several accomplishments and outputs. The following are directly tied to TII either through Living Cities funding or were initiated as a result of TII strategy and new programmatic initiatives:
launch and full commitment of funds under the Live Midtown initiative to encourage anchor institution employees to live in the Midtown/New Center/North End neighborhoods;

progress in advancing new housing development with (1) the financing and construction start of the 58-unit Auburn project; and (2) establishing a pipeline of housing projects that, if completed, will add close to 400 new housing units;

financing the restoration of a 32,500-square-foot theater;

opening of the Midtown Co-Lab to house Midtown, Inc. and WCI staff and provide collaborative work space for other partners;

completion of a North End Strategic Investment Plan;

hiring and establishing a new Business Advocate position within BSEED, which handles business permitting; worked with BSEED to create a document that summarizes the process to start a business; implemented an online permitting system and increased inspectors’ use of technology to accelerate permitting and licensing decisions; and organized a tour of the BSEED Division for 10 citywide and place-based entrepreneurship service organizations;

launching of new website, neighborhood profiles, and parcel-data tools through D3;

defining strategic direction and priorities for the education component of the Education and Workforce Strategy;

working with Wayne State University Early Childhood Center to develop early childhood strategies; and

completion of a feasibility study for North End Community Land Trust and plans for a North End homeowner rehab program.

Finance Component

The Detroit initiative has partnered with NCB Capital Impact, a CARSTM rated national CDFI. NCBCI is based in northern Virginia and the Bay Area, but has been increasingly active in the Detroit market. NCBCI currently has approximately 10 percent of its portfolio ($50 million) invested in projects centered around Detroit. A NCBCI loan officer now works one day a week in the new Midtown Detroit, Inc. Co-Lab office and the rest of the week in Ann Arbor. In addition, Scott Sporte, NCBCI’s Managing Director, Community Investment Group, has been an active member of the Governance Council. Detroit represents NCBCI’s first attempt to implement a place-based investment strategy to complement its national sectoral focus. As NCBCI learned more about WCI plans and TII target areas, it believed it could use a larger amount of commercial debt than the original $10 to $12 million and increased its loan request and secured a $15 million commercial loan, the largest among TII sites.
NCBCI has worked with Midtown Detroit, Inc. and Vanguard CDC to develop a pipeline of transactions for TII funds. Three million of the $4 million will be combined with the $15 million in commercial debt to finance community facilities, mixed-use real estate projects, and mixed-income housing developments in the Midtown neighborhood. Loans will be made to support acquisition, construction/rehab, as well as New Markets Tax Credit leveraged loans. One million dollars of the philanthropic debt is dedicated to fund projects in the North End. Original plans included deploying part of the $1 million to create a Community Land Trust, but a study determined that a land trust was not feasible. In place of the land trust, NCBCI has developed plans for a homeowner rehab loan fund to be implemented in partnership with the Michigan State Housing Development Authority (MSHDA).

Closing: Commercial debt financing in March 2011 with the Catalyst Fund loan closing in July.

NEWARK STRONG HEALTHY COMMUNITIES INITIATIVE (SHCI)

The Newark Strong Healthy Communities Initiative (SHCI) aims to create a wellness economy that promotes improved social and economic outcomes for residents living in disinvested neighborhoods. The emphasis is on increasing environmentally safe, affordable housing options, while also addressing problems associated with poor access to affordable healthcare, healthy foods, and other products and services that contribute to health and wellbeing. Launched in 2010, SHCI got off to a rocky start. It came into TII with known limitations, including limited experience with large-scale, multi-sector initiatives and a highly competitive, often contentious, local environment. Moreover, the original lead organization was newly created, and the site lacked pre-existing initiatives upon which to build. By mid-2011, it had experienced a complete turnover in the lead stakeholders responsible for the original design, including Prudential Foundation’s president, the head of Prudential Social Investments (PSI), the Center for Collaborative Change (a co-lead organization), and Rutgers University, the local evaluator.

The confluence of a number of factors related to capacity, partnerships, staff turnover, financing terms, and other issues culminated in a change in the initiative’s lead organization. A new project director with deep ties to multiple sectors in Newark was hired. Living Cities also provided the site with additional time and resources to undertake a more formal planning process. With the removal of the Center for Collaborative Change as a co-lead organization, the Prudential Foundation (an original co-lead) assumed greater leadership during this phase. The planning phase focused on retooling SHCI’s governance model, its system change targets, and its core strategies. As a result, SHCI is not on the same timeframe as the other TII sites (though it has participated in all cross-site activities). The latter half of 2011 through mid-2012 was spent addressing the leadership structure, re-engaging lapsed SHCI stakeholders, defining members’ roles and responsibilities, recruiting technical support and staff, and refining the overall strategy. At the time of this report, Newark was close to completing the planning process and submitting its revised plans to Living Cities.
Management of the Initiative

SHCI has a multi-tiered organizational structure. An 11-member Executive Governance Committee (EGC) is the primary decision-making body and is responsible for developing strategies and providing program and fiscal oversight. A 14-member Steering Committee serves as SHCI’s implementing arm. The Prudential Foundation, a Living Cities member, shares leadership for SHCI with the city of Newark, which is represented by Mike Meyer, Director of Housing and Real Estate, and Anthony Santiago, the Mayor’s Deputy Chief of Staff. They serve as co-chairs of SHCI’s EGC with Shané Harris, Prudential Foundation’s Vice President, who is joined on the EGC by Kim Ostrowski, the Foundation’s Director of Economic Development. SHCI’s project director, Monique Baptiste, joined the initiative in June 2011. She manages the overall initiative and coordinates the activities of the partners. She is supported by a project manager and project assistant. The Community Foundation of New Jersey is SHCI’s fiscal agent and provides accounting support to the initiative.

In addition to the co-lead organizations, the EGC includes representatives of the Victoria Foundation, Community Foundation of New Jersey, the U.S. District Attorney for New Jersey, and the Commissioner of the Newark School Advisory Board. Three CDFIs are represented on the EGC, including the Newark Investment Fund, a special purpose entity (SPE) being created by Prudential Social Investment to execute TII’s finance objectives; New Jersey Community Capital (NJCC); and Greater Newark LISC, which recently joined SHCI.

Additional NJCC and PSI staff sit on SHCI’s Steering Committee as do representatives of economic development organizations, including Brick City Development Corporation, the city’s development arm, and Newark Alliance. Public sector organizations on the Steering Committee include the Newark Health Department’s Office of Child and Family Well-Being, Newark Workforce Investment Board, and the city’s philanthropic liaison.

Although SHCI was initially focused on three neighborhoods, the respective place-based organizations representing them were not a part of the initiative. After the hiring of the new project director, the number of targeted neighborhoods was expanded to four and neighborhood organizations were added to SHCI. The target neighborhoods are Avon Avenue/Clinton Hill in Newark’s South Ward, represented by Episcopal Community Development; Fairmount (Central Ward), represented by the Urban League of Essex County; and Lower Broadway/Mt. Pleasant (Central Ward) and Sussex Avenue/Roseville (West Ward), both of which are represented by La Casa de Don Pedro. These organizations are part of the Steering Committee. Other community-based organizations represented on the Steering Committee are Greater Newark Conservancy, Jewish Renaissance Medical Center, Newark Now, and the Trust for Public Land.

---

4 Well after the June 30, 2012 completion of data collection for this report, Newark dissolved the Steering Committee and incorporated many of its functions into a workgroup structure.
The original evaluator, Rutgers University, was replaced by an interim local evaluator, which also did not work out. In early-2012, SHCI hired Metis Associates, which was described as a “tipping point” for the partnership and instrumental to SHCI’s forward momentum.

During the extended planning phase, a number of changes were made to the composition of the EGC and Steering Committee. With the shift in co-chairs resulting from the departure of the Center for Collaborative Change and staff changes at city hall, the city of Newark’s director of the Department of Housing and Real Estate (DHRE) moved from the Steering Committee to become an EGC co-chair, replacing the director of the Department of Economic and Housing Development (DEHD). DHRE is under DEHD, so departmental continuity has been maintained. Additionally, to balance the interests of the Mayor’s Office with DEHD’s influence, the mayor’s deputy chief of staff was also made a co-chair. To help balance the influence of the Prudential Foundation, the Victoria Foundation was added to the EGC as was the Community Foundation of New Jersey. The city’s philanthropic liaison was also added. As SHCI’s housing and redevelopment strategy evolved, Newark LISC and the Trust for Public Land were added. The lead neighborhood-based organizations working in SHCI’s target neighborhoods were also added to the Steering Committee, which was viewed by some SHCI members as an important addition.

SHCI has established five workgroups that align with its core strategy areas: Housing and Physical Environment, Health Access, Food Access, Data and Evaluation, and Community Empowerment (later disbanded). Each workgroup is chaired by an EGC member and staffed by the project director and other SHCI staff. The Health Access Workgroup has been most active and developed a plan that embeds SHCI’s neighborhood agenda in plans and strategies already under consideration by area hospitals. The Housing and Physical Environment Workgroup is working to coordinate its activities with pre-existing task forces working on foreclosure and vacant property issues. The Data and Evaluation Workgroup emerged from co-chair Mike Meyer’s early work with SHCI’s interim local evaluator to connect it to ongoing neighborhood planning and capacity-building efforts. The Food Access Workgroup has been slow to emerge and is dependent on development of a newly created Food Policy Council for Newark, which will also serve as the SHCI workgroup. A preliminary food access work plan was developed for SHCI by an individual stakeholder, but had not been vetted. At TII’s midterm mark, not all of the workgroups had been convened.

**Strategies and Activities**

The arrival of a new project director in June 2011, coupled with the change in lead entities, paved the way to “reset the SHCI table” and refine the initiative’s theory and strategies in earnest. The original SHCI framework was based on a social determinants of health model that proposed establishing school-based health centers (SBHCs) as hubs for healthy community activities. Beyond the SBHCs, which some argue are weakly connected to the neighborhood infrastructure, the target neighborhoods were not represented in SHCI. This changed during the extended planning phase with the addition of three neighborhood organizations. The initiative’s conceptual framework was modified to place more emphasis at the neighborhood level as opposed to the institutional level, which afforded stronger alignment with ongoing
neighborhood planning efforts and physical redevelopment work to address Newark’s inventory of vacant property and foreclosure.

SHCI submitted its general work plan, milestones, revised evaluation plan, and other implementation documents to Living Cities in July 2012. Although the workgroups’ work plans continue to be refined, they generally exhibit greater integration across the strategic areas and a stronger articulation of the barriers and limitations within and across systems. Key components of the core strategies are as follows.

**Housing and Physical Environment** is aimed at stabilizing low-income neighborhoods and increasing neighborhood vibrancy through:

- strengthening residential markets and housing quality through rehabilitation and investment in unoccupied and occupied housing stock;
- coordinating Newark’s neighborhood and home inspections process (e.g., zoning, health, and property code enforcement) and engaging an interagency taskforce in hazard remediation; and
- reclaiming and repurposing strategic vacant lots within neighborhoods.

**Health Access** focuses on increasing access to primary care and expanding neighborhood-based shared care management systems by:

- integrating school-based health services and programming into Newark’s broader healthcare system; and
- expanding availability of primary care providers and physicians in Newark’s low-income neighborhoods.

**Food Access** aims to improve nutrition by:

- engaging public and private stakeholders in a comprehensive examination of Newark’s food system and presenting sustainable and equitable policy recommendations; and
- increasing points of sale for healthy, affordable food choices.

**Data and Evaluation** is a crosscutting strategy focused on:

- developing quality indicators to empower stakeholders and inform data-driven decision-making; and
- improving the coordination and utilization of data developed by municipal systems.
Community Empowerment is also a crosscutting strategy designed to strengthen community leadership and stakeholder capacity and reinforce Newark's civic infrastructure. However, specific strategy elements are still evolving.

Additionally, SHCI funding has been used by the city to hire a food policy director and support the development of Newark’s Food Policy Council, which will jointly serve as SHCI’s food access workgroup. SHCI also finalized an agreement with one of the school-based health centers for a mobile health unit.

Finance Component

Since Newark financing has not closed and its final structure was still under negotiation in mid-2012, this description reflects the plan developed by the Newark partners in fall 2011. Newark proposed a new special purpose entity, the Newark Investment Fund (NIF), to implement its TII financing component. NIF would receive $18 million in total capital, with $12 million from TII ($9 million in commercial debt and a $3 million Catalyst Fund) and $6 million from Prudential (a $3 million PRI from the Prudential Foundation and a $3 million subordinate loan from Prudential Social Investment), and proposed to deploy this capital in three ways to finance housing, supermarket, and community facility projects under the Strong Healthy Communities Initiative. The first component is an $8 million loan to New Jersey Community Capital to be used to make loans to nonprofit developers to convert blighted and abandoned properties into affordable mixed-used housing. A second component will purchase Redevelopment Area Bonds (RABs) issued to finance supermarkets, schools, or housing developments. RABs are repaid through payment in lieu of taxes (PILOT) between project owners and the city of Newark. Third, NIF will make asset-based construction, mini-perm, and permanent loans for the construction of supermarkets, housing projects, and health centers. To address potential problems repaying TII debt due to expected long-term maturities on some NIF loans and RAB assets, PSI planned to provide a $6 million liquidity facility to NIF. This facility will allow for the refinancing of outstanding principal on loans made with TII funds to provide for repayment of TII commercial debt and Catalyst Fund philanthropic debt. However, due to senior staff changes at PSI and the Prudential Foundation, the participation and role of PSI in the NIF was still under discussion in August 2012.

TII financing not yet closed, but the parties hope to close by end of 2012.

TWIN CITIES: CORRIDORS OF OPPORTUNITY (CoO)

The Twin Cities Corridors of Opportunity initiative advances a regional, cross-sector framework for equitable transit-oriented development that ensures that low-income residents, businesses, and neighborhoods benefit from substantial transit-related investments in the region. The initiative creates corridor-wide planning and investment mechanisms that will increase access to transit, linking low-income residents to economic opportunities, reducing transportation costs and travel time, preserving affordable housing, and promoting mixed-used development.
While the proposal to Living Cities was in progress, the same team reconvened to apply for, and eventually receive, a HUD Sustainable Communities Regional Planning Grant. One of the more innovative elements of this site’s structure was the decision to merge the two processes and create one Policy Board to govern the two efforts. As a result, there is one cross-sector group that is overseeing a wide variety of activities that share the same larger vision for equitable transit development in the Twin Cities.

Management of the Initiative

The lead organizations in the Living Cities component of Corridors of Opportunity are the St. Paul Foundation and the McKnight Foundation, a Living Cities member. A new staff person, Mary Kay Bailey, was hired to initially work on the proposal to Living Cities and then to manage the Living Cities portion of the Corridors of Opportunity work once the Twin Cities was selected. She is housed at the St. Paul Foundation. In addition, there are staff positions directly responsible for implementing the activities included under the HUD grant and housed at the Metropolitan Council, the regional planning agency serving the Twin Cities seven-county metropolitan area.

The Policy Board overseeing Corridors of Opportunity is composed of high-level leaders from the public sector, philanthropy, and the community. The Policy Board is co-chaired by Susan Haigh, Chair, Metropolitan Council, and Lee Sheehy, Director, Region and Communities Program, the McKnight Foundation. There are 23 additional members of the Policy Board including the mayor of Minneapolis, deputy mayor of St. Paul, mayor of Eden Prairie, commissioners from Hennepin County and Ramsey County, staff of the CDFIs involved in the project, a member of the Community Engagement Team, as well as other representatives from the state, business community, and other municipalities in the region.

In addition to the Policy Board, there are multiple “nested” groups that provide support for the board and the initiative overall. This includes a Core Team comprised of the higher-level staff people directly involved in the implementation of activities related to the HUD and Living Cities grants and the Central Corridor’s Funders Collaborative. One of the primary responsibilities of the Core Team is to set the agenda for the Policy Board and be an intermediary between the leadership on the board and the many stakeholders involved in working on various components of the Corridors of Opportunity. There is also a Senior Staff Group that was designed to include senior staff of Policy Board members. Finally, there are a number of subcommittees of the Policy Board that are actively involved in the initiative.

Strategies and Activities

The three major activities being directly funded through the Living Cities portion of the Corridors of Opportunity are supporting small businesses along the Central Corridor, developing the Southwest Light-Rail Transit (LRT) Investment Framework, and preserving affordable housing and developing mixed use TOD investments through the financing activities. Living Cities’ funding has also been used for some research and planning activities related to TOD financing and market strategies. In addition, the HUD resources are supporting 20 separate projects, including a community engagement strategy, the development of the Program of
Projects (a feasibility study of options related to building multiple transit corridors simultaneously), TOD strategies for five existing and planned transit ways, and a set of replicable projects on the Central Corridor, including a workforce strategy that has become “Job Central.” Beyond the TII-funded activities and the HUD projects, the Policy Board has become involved in a wider range of discussions that involves many “adjacent” issues that touch the work along transit corridors.

Over the first 18 months of the project, the Living Cities component of the Corridors of Opportunity implemented the following activities:

Financing:
- developed a definition of catalytic investment;
- awarded three predevelopment grants to Project for Pride in Living, Model Cities, and Aurora Saint Anthony Neighborhood Development Corporation;
- convened Affordable Housing/TOD Implementation Team with finance leaders and developers meeting around predevelopment finance needs; and
- sponsored a study on the feasibility of developing a structured fund for TOD leading to broader study of community development finance landscape and continuum.

Southwest LRT Planning:
- facilitated convenings and learning about national best practices;
- provided assistance to Southwest LRT Community Works and helped to shape its vision and structure, including establishment of the Technical Implementation Committee;
- coordinated a joint session of local land use planners and engineers to understand lessons learned from Hiawatha and Central corridors; and
- mapped employers along the line and disseminated data on employment centers along the corridor and linked this work to regional cluster work.

Small Business Assistance:
- Neighborhood Development Center (NDC) developed small business loan program; and
- provided marketing and business planning assistance to businesses along the corridor through the U7 Façade Matching Grant program and technical assistance program.

In addition to the direct Living Cities-funded work, other activities of Corridors of Opportunity during the first half of the initiative included:
• **Community Engagement Team grants.** A significant activity over the first year was the Policy Board’s decision to utilize the HUD funding to create a Community Engagement Team comprised of three organizations: Nexus Partners, the Alliance for Metropolitan Stability, and the Minnesota Center for Neighborhood Organizing. During 2011 and 2012, the team designed a Request for Proposals (RFP) and went through an extensive review process that led to issuing 10 grants for community-based engagement for $396,786 along four transit ways.

• **Business Resource Collaborative.** The Business Resource Collaborative (BRC) was developed through the Central Corridors Funders Collaborative, but its work has been closely aligned with Corridors of Opportunity. This group has three goals: construction mitigation, business support, and long-term economic development. Over 2011 and 2012, the BRC developed the Ready for Rail Loan Fund, a $4 million forgivable loan fund to mitigate the impact of construction along the Central Corridor on businesses. By the end of 2011, this effort served 80 businesses with $1.048 million in loans. The $700,000 Living Cities investment in the Neighborhood Development Center for Small Business Growth is considered part of the business support work of the BRC.

• **Job Central.** From its start, CoO was supposed to develop a pilot project related to workforce development for residents along the Central Corridor. This has been one of the components of CoO that has taken the longest to move forward. After efforts by the subcommittee failed to make progress, a facilitator was hired to develop a workforce-related strategy. The current strategy is to focus on three sectors—manufacturing, healthcare, and logistics/distribution—and develop programs to link low-income residents along the Central Corridor to jobs within these sectors.

While not directly being supported through either the HUD or Living Cities grants, the McKnight Foundation has launched the Central Corridor Anchor Institutions project to leverage the investment in the Central Corridor Light Rail Transit. This work emerged as a result of the attendance of the CoO team at a pullout session on anchors that was held at one of TII learning communities. Following the meeting, staff at McKnight were inspired to begin to explore relationships with anchors along the Central Corridor. In 2011, the McKnight Foundation commissioned an environmental scan of anchor institutions along the Central Corridor and hosted a convening with anchor institutions. To further explore opportunities for collaborative effort among the anchor institutions, the McKnight Foundation engaged a second consultant report to inform and assess realistic direction for collective work with anchor institutions along the Central Corridor. This work, though directly inspired and influenced by the work of TII, is not currently funded by TII; however, the staff and Policy Board of CoO have been involved and Living Cities staff have provided some technical assistance related to the convening that was held.
Finance Component

The financing component of the Corridors of Opportunity is relatively complex and evolved rather slowly due to initial uncertainty over the appropriate CDFI partners. Eventually, Twin Cities involved three separate organizations to manage separate lending needs. While this approach was meant to address the issue of local CDFI capacity, it added complexity to negotiating the financing terms and ongoing coordination and decision-making.

Twin Cities has a three-prong strategy for deploying the capital: preserving affordable housing, mixed-use development, and small business loans.

Twin Cities Community Land Bank (TCCLB) and LISC have access to $14.3 million in capital, $2.3 million of Catalyst Fund debt held by TCCLB blended with $10 million in commercial debt held by LISC. The Family Housing Fund has lent an additional $2 million PRI to the TCCLB that is subordinate to the $2.3 million from the Catalyst Fund. The funds are being used for housing preservation loans—single-family homes and small multifamily projects within one-half mile of Hiawatha, Central, or Southwest LRT corridors—and TOD project loans for affordable housing and mixed-use development projects.

A second focus of TII financing addressed small business needs. Neighborhood Development Center received $700,000 in Catalyst Fund debt for a Small Business Growth Fund/Small Business Building Ownership Fund. The fund was developed to assist targeted businesses that have significant growth opportunities and/or are in a position to buy or improve their own buildings with the goal of reinvigorating local- and minority-owned businesses along the Central Corridor.

Even when recourse loans were provided to the CDFIs, additional credit enhancement was required for the two Twin Cities investments through the philanthropic debt due to the financial capacity and lending experience of the borrowers. In these cases, the Family Housing Fund is guaranteeing the $2.3 million loan to the Twin Cities Community Land Bank, and Living Cities grant funds are capitalizing a $200,000 loan loss reserve for the Neighborhood Development Center’s $700,000 investment.

**Closings:** LISC: Commercial debt, September 2011; NDC: Catalyst Fund, May 2011; TCCLB Catalyst Fund, November 2011.
MEASURING DIRECT SHORT-TERM OUTPUTS AND OUTCOMES

Over the course of The Integration Initiative, sites are deploying grant funds in a variety of ways. In some cases, the grant funds are being used to support programmatic activity for which there will be measurable results in terms of programmatic outputs and outcomes. For example, the implementation of a job training program will provide a number of training sessions to multiple participants (outputs), potentially leading to new employment for those participants (outcomes). In addition, through TII, projects are being financed that are creating both short-term construction-related jobs as well as new units of affordable housing, and potentially new permanent jobs. The direct outputs and outcomes of the programmatic work and the financing are being considered the on-the-ground results related to TII work.

There is a great deal of variability related to the on-the-ground outcomes across the sites. First, in some of the sites, the financing has just recently closed. Second, there is a lot of variation across the sites in terms of what the grant funds are supporting. In some sites, most notably the Twin Cities, the focus is more on the “system” level work. As a result, there is very limited project- or program-related work that would lead to direct on-the-ground results in the short term. On the other hand, in Baltimore, grant funds are being used more to pilot new workforce development-related programs.

It is also important to note that TII was not designed to support the types of projects and programs that would have significant outcomes in the short term, but rather to engage in projects and programmatic work in order to learn about system barriers and to pilot innovation. It is through the project and programmatic work that one of the pathways to enduring system outcomes and population level outcomes is achieved. *The pathway to these population outcomes was anticipated to be a 10-year process.*

Given the diverse and often highly specific projects across TII sites, the outputs and outcomes of the sites’ programmatic activities are quite varied. The broad categories into which outputs and outcomes fall are listed below:

- **Anchor-related**: Most relevant to Cleveland, Detroit, and increasingly to Baltimore, direct outcomes related to anchors can involve procurement, hiring, or employer-supported housing.

- **Business support**: While a number of sites are pursuing some project activity aimed at generating economic activity through business support, the programs vary in focus. Some are focused on small business development, some on impact mitigation, and others on business attraction. Business support may take the form of grant-funded programs as well
as support provided through the financing activity. The activity can vary from grants for façade improvements, to a business advocate working in city hall, to marketing materials for business attraction, to business plan development for new worker cooperatives.

- **Workforce development:** Most relevant to Baltimore, measures include the number of individuals served and the outcomes related to those individuals such as employment or skill enhancement. As Cleveland and the Twin Cities continue to explore the relationship of their work to workforce development, job placement and skill enhancement may take on more importance in these sites.

- **Housing:** Measurable outcomes related to housing are generally associated with TII financing, not a result of grant-funded programmatic activity. Outcomes would likely include the number of units developed or rehabilitated.

Each TII site has contracted with a third-party evaluator to capture the full set of direct outputs and outcomes related to the site’s specific strategies and activities. The national cross-site evaluation is interested in identifying the commonalities of outputs and outcomes across sites in order to aggregate the project impacts attributable to TII.

While substantial attempts have been made to coordinate with local evaluators in a push toward identification of common measures, the following challenges limit the progress to date:

- **Diversity of projects:** TII has intentionally supported diversity among TII sites in terms of goals, strategies, and implementation. As a result, local initiatives vary at both macro and micro levels, making common outputs and outcomes difficult to identify. Living Cities acknowledged that for a measure to have cross-site relevance, it must be common to at least three sites. There are few that cut across three sites.

- **Evolving projects:** TII has intentionally supported an adaptive approach to implementation meaning that program designs envisioned during planning or even early implementation are evolving. With fluidity in the activities supported by local TII initiatives, it is difficult to establish a clear set of outputs and outcomes to be tracked over the full three-year grant cycle. This is a more significant challenge in some sites such as Cleveland in which the use of grant funds has shifted substantially since first selected as a TII site.

- **Timing:** Some measures, particularly those associated with anchors, relate to a change in a measure as compared to a starting point, such as a *change* in the percentage of goods and services procured locally or a *change* in the percentage of employees residing in a target area. Too little time has elapsed to demonstrate a change, however. Local evaluators have submitted one evaluative report on progress at their sites. The data provided on procurement and hiring in initial reports act more as a baseline from which future numbers can be compared, so current measures do not capture TII’s impact.
ON-THE-GROUND RESULTS RELATED TO PROJECT AND PROGRAMMATIC WORK

To date, with the exception of the financing activity described in this section, the direct on-the-ground outcomes have been very limited and are mostly related to the work in Detroit and Baltimore, which have used their TII resources most directly for some programmatic work. These are as follows:

**Baltimore**

- **Jobs Pipeline:** The Central Baltimore Partnership initiated its pipeline in August 2011 and served 60 residents by the end of 2011. An additional 83 had enrolled by the end of June 2012. EBDI, which initiated its work in 2007, enrolled 231 in 2011 and an additional 129 in the first of half of 2012. By June 30, 2012, a total of 500 individuals had accessed the community-based pipelines in the first 18 months of the initiative.

- **Employment:** 192 residents were placed in jobs through June 30, 2012, representing 175 pipeline residents and an additional 17 who came through TII-financed projects.

- **Construction Employment:** Through June 2012, projects under construction were projected to support more than 260 construction positions. One hundred city residents were employed by the projects, including 17 community hires (area residents working on the project as a result of a deliberate local hiring strategy). In one project that finished in early July, a 12-unit homeownership project supported a total of 103 construction positions including 43 city residents and seven community hires. Fifty-nine percent of the project’s man-hours were held by Baltimore city residents.

- **Minority Business Inclusion:** Based on subcontracts through June 2012, minority businesses accounted for 14.5 percent of the $19.6 million in total projected contracting costs. Local businesses accounted for 15.1 percent. These rates are the current expenditure based on the total project cost and will increase as the projects move through phases.

**Cleveland**

**Health Tech Corridor**

The inclusion of the HTC in the broader initiative has provided focused energy among anchors, the city, philanthropy, and private developers that has generated notable success over the past year. Progress can be seen on many fronts:

- Over 230,000 square feet of new lab, office, and flex space has been completed in the past year and 163,000 square feet of new space has been leased. Among the real estate accomplishments is 50,000 square feet of “post incubator” space that has been rehabilitated. Vacancy rates in Midtown have dropped to historic lows of 7 percent.
A number of the companies attracted to HTC demonstrate the power of the anchor-based attraction strategy. For example:

- Cleveland Heart Lab, a graduate of Cleveland Clinic’s Global Cardio Vascular Innovation Center (an incubator), leased new space.
- Chamberlain School of Nursing signed a lease in a technology park along HTC bringing a RN program to the Corridor, a particular need of the Cleveland Clinic.
- Several IT companies that have spun out of Cleveland Clinic are interested in an HTC building completing rehabilitation.
- University Hospitals has located a new 60-employee department along HTC, a site decision influenced by GUCI/Community Wealth Building Initiative.

**Detroit**

- **Increase in residents moving to WCI area:** 150 households, of which 89 relocated from outside Detroit. These new households added 301 residents in the target area with 197 from outside Detroit. Over two-thirds (69 percent) of new residents were 20 to 39 years of age.

- **Increase in residents moving downtown:** Under the Live Downtown program, which replicated the Live Midtown program with employers and residents in downtown Detroit, 141 new households moved downtown, of which 108 relocated from outside Detroit. These households represented 195 new residents, of which 148 relocated from outside the city. Seventy-six percent of new downtown residents were between 20 and 40 years of age.

- **Expanded local procurement by anchor institutions with $10.3 million in new contracts to Detroit firms.**

As more data become available, there will be continued work to document common outputs and measures primarily related to anchor strategies. However, this is not the focus of the national evaluation work. As noted in the evaluation framework, the focus of the programmatic and project-related work for TII is on the learnings that will inform the system change strategies. Direct population-related outcomes are most likely to be achieved over a longer timeframe, not the three-year time period of the current grants, and certainly not within the first 18 months of implementation.

The one area of direct outcomes that is being tracked consistently across each of the sites involves the deployment of the financing. The status of this activity is described in the next section.
THE DEPLOYMENT OF THE FINANCING AND FINANCIAL LEVERAGE

The most concrete direct outputs related to TII to date relate to the financing activity. While starting off slower than anticipated, at midterm a number of projects had closed, and in each of the sites there was a fairly robust pipeline of projects.

캐슬 Six projects have closed with total development cost of $51 million and Living Cities leverage of 8.7:1.

CDFIs closed loans for six projects during TII’s first 18 months. (See Figure 4.) TII capital invested in these projects totaled almost $4.2 million, including $2.6 million of commercial debt, $1.4 million in Catalyst Fund capital, and a $150,000 predevelopment loan made with TII grant funds. Total development costs (TDC) for these projects are $51 million, indicating a high leverage ratio for TII funds. When the predevelopment project is omitted, since its development and financing are not finalized, the $4 million in TII loans financed projects with $35.1 million in total costs—a leverage ratio of 8.7:1.

As noted above, four closed projects are located in Baltimore and two are in Detroit. TRF closed loans to date have financed housing development, while NCB Capital Impact financed a theater restoration and a mixed-used housing and commercial project. A list of the six projects with their total cost, TII loan amounts, and development outcomes is included in Appendix B.

<table>
<thead>
<tr>
<th>Site</th>
<th>Total Project Investment</th>
<th>TII Commercial Debt</th>
<th>TII Catalyst Fund Debt</th>
<th>TII Grant Funds</th>
<th>Project Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore</td>
<td>$26.8 million</td>
<td>$1,611,758</td>
<td>$500,000</td>
<td>$150,000</td>
<td>2 single-family projects with 12 units each; one 74-unit rental housing project; one 7,000-square-foot commercial project</td>
</tr>
<tr>
<td>Cleveland</td>
<td>No financings closed</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detroit</td>
<td>$24.3 million</td>
<td>$1,000,000</td>
<td>$750,000</td>
<td></td>
<td>Mixed-use project with 58 rental housing units and 9,100 square feet of ground floor retail space; restoration of 32,500-square-foot theater</td>
</tr>
<tr>
<td>Twin Cities</td>
<td>No financings closed</td>
<td>0</td>
<td>0</td>
<td>$20,000</td>
<td>Feasibility grants to three projects in the Central Corridor</td>
</tr>
<tr>
<td>Total</td>
<td>$51.1 million</td>
<td>$2,611,758</td>
<td>$1,425,000</td>
<td>$170,000</td>
<td></td>
</tr>
</tbody>
</table>
A larger pipeline of projects exists in four sites.

Loan commitments for another nine projects were made by CDFIs across four TII sites to provide $3.6 million in financing to projects with over $20 million in total investment. Unlike the closed loans, most of these loan commitments are for business and commercial projects. This includes business lending activity in Cleveland and the Twin Cities that accounts for half of the 10 commitments. However, these projects are not assured; some projects, particularly real estate projects in the Twin Cities, still face key hurdles to overcome.

<table>
<thead>
<tr>
<th>Site</th>
<th>Total Project Investment</th>
<th>TII Commercial Debt</th>
<th>TII Catalyst Fund Debt</th>
<th>Project Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore</td>
<td>$1,608,000</td>
<td></td>
<td>$500,000</td>
<td>Redevelopment of a market/retail stores.</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$811,000</td>
<td>$625,000</td>
<td></td>
<td>Working capital loan for Evergreen laundry; SBA guaranteed loan for textile recycling firm.</td>
</tr>
<tr>
<td>Detroit</td>
<td>$2,300,000</td>
<td></td>
<td>$500,000</td>
<td>Willy’s conversion of warehouse into commercial space; total NCB loan of $1.5 million.</td>
</tr>
<tr>
<td>Twin Cities</td>
<td>$15,422,320*</td>
<td>$1,400,000</td>
<td>$500,000</td>
<td>Preservation of 74-unit multifamily project; line of credit to single-family housing developer; 3 business façade/building improvement projects.</td>
</tr>
</tbody>
</table>

*Omits figure for line of credit to housing developer as amount depends on specific homes built.

The outcome of the closed and committed projects involves jobs, affordable housing, and new commercial and industrial space.

The expected development outcomes from these six closed projects, none of which is completed, include:

- 24 for-sale housing units;
- 132 rental apartments;
- 48,600 square feet in new or restored commercial space;
- 75 permanent jobs; and
- 428 construction jobs.

When figures are included for loan commitments, the projected outcomes increase to 306 rental housing units, 90,100 square feet of commercial space, 200 permanent jobs, and 301 construction jobs. However, these figures are not complete since some CDFIs did not collect complete outcome data for projects at the commitment stage. (See Figure 6.)
Twin Cities LISC also made $20,000 in predevelopment feasibility grants to three projects along the Central Corridor. Two are mixed-use projects and the third is a rental housing development. These three projects, as currently planned, expect to create 289 housing units, 40,000 square feet of commercial space, and 40 permanent jobs.

<table>
<thead>
<tr>
<th>Type of Outcome</th>
<th>Closed Loans</th>
<th>Loan Commitments*</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Sale Housing Units</td>
<td>24</td>
<td>TBD</td>
<td>24</td>
</tr>
<tr>
<td>Rental Housing Units</td>
<td>132</td>
<td>74</td>
<td>206</td>
</tr>
<tr>
<td>Square Feet of Developed Commercial and Industrial Space</td>
<td>48,600</td>
<td>86,000</td>
<td>134,600</td>
</tr>
<tr>
<td>Construction Jobs</td>
<td>268</td>
<td>48</td>
<td>316</td>
</tr>
<tr>
<td>Permanent Jobs</td>
<td>40</td>
<td>33</td>
<td>73</td>
</tr>
<tr>
<td>Retained Jobs</td>
<td>0</td>
<td>112</td>
<td>112</td>
</tr>
</tbody>
</table>

*Incomplete figures since outcomes for some loan commitments were not yet finalized.
Evidence of System Change

Using the system framework design for the evaluation, the evaluation team has been tracking change in the systems, as defined by each site, in terms of the system attributes and across the three dimensions: issue areas, stakeholder groups, and geography. The assumption of this analysis is that change in the pattern of system attributes can potentially transform how a system functions and lead to more optimal outcomes.

The evaluation plan set out the following questions to guide the evaluation of system change:

<table>
<thead>
<tr>
<th>Evaluation Question</th>
<th>Secondary Questions</th>
<th>Key Measures</th>
</tr>
</thead>
</table>
| **How have the boundaries of the local ecosystem been expanded or reconfigured?** | 1. Have the boundaries of the local initiatives changed geographically, with increased project-related connections among local actors within neighborhoods, between neighborhoods and the city, and between the city and the larger region?  
2. Have the types of stakeholders within the defined ecosystem expanded to include foundations, businesses, community nonprofits, state agencies, city agencies, residents, etc.?  
3. Have the types of issue areas or disciplines that are seen as relevant to TII changed? | **Quantitative Measures**  
- Survey provides evidence of boundary changes across issue areas, geography, and stakeholder groups.  
- Number of new stakeholders engaged in TII activities.  
**Qualitative Measures**  
- Increased involvement of stakeholders in TII at the site from various issue areas.  
- Increased involvement of stakeholders beyond the neighborhoods initially targeted.  
- Issue areas expanded beyond initial plan. |

| How have the levels, types, intensity, duration, and formality of relationships among local actors within and across system levels changed? | 1. Have there been changes in the level of interaction and coordination amongst the actors (grantees, partners, and other stakeholders) in the local ecosystem?  
2. Have there been changes in how resources flow among the actors within the local ecosystem?  
3. Have there been changes in the diversity of the actors (grantees, partners, and other stakeholders) involved in overseeing project-related activities within the local ecosystem?  
4. Has there been a strengthening of ties among the actors in the local ecosystem? | **Quantitative Measures**  
- Network Survey provides evidence of deepening and changing relationships across three dimensions: issue areas, geography, and stakeholder groups.  
**Qualitative Measures**  
- Increased engagement of the public sector.  
- New relationships across municipal lines.  
- New relationships across neighborhoods within the city.  
- Community development finance stakeholders more integrated into civic infrastructure.  
- New relationships between those involved in a variety of different issue areas.  
- Greater alignment of public and philanthropic funding. |
In assessing the system change at the sites, it is also important to note:

- The system is not defined by the governance group developed as part of TII. While the analysis looks at changes in system attributes through the lens of the governance group, it also looks more broadly at the larger ecosystem.

- The interim and enduring outcomes associated with these changes, both deliberate and emergent, are addressed in Chapter 6: Progress Towards Enduring System Outcomes.

**KEY FINDINGS**

**Network Relationships**

*While the networks and relationships amongst key stakeholders involved in TII sites were relatively strong at the onset of the Initiative, the Network Survey also found that the networks strengthened over the first six months of implementation.*

As part of the Network Survey, a select group of stakeholders in each of the sites was asked to describe their relationships with each other as of August 2010 (when their site was selected to participate in TII) and as of June 2011, about six months into implementation. In 2011, the network data suggested strong connectivity in four of the five sites (all but Newark), with high density, reciprocity, and transitivity scores. *Density* measures the proportion of ties in the

<table>
<thead>
<tr>
<th>Evaluation Question</th>
<th>Secondary Questions</th>
<th>Key Measures</th>
</tr>
</thead>
</table>
| **How have the perspectives of local actors changed over time?** | 1. Have there been changes in how local actors understand the primary challenges and opportunities associated with creating system change?  
2. Has the geographic orientation of the stakeholders changed so that they see a relationship between dynamics at neighborhood level and city and regional levels?  
3. Is there an increased appreciation and understanding of the connections between their work and those of local actors in other substantive areas or disciplines?  
4. Is there a change in how they understand or respond to the racial and ethnic dynamics within their local ecosystem?  
5. Have there been changes in how they view other stakeholder groups working within the same system? | **Quantitative Measures**  
• Have there been significant changes in how key stakeholders view the importance of various factors to improving the lives of low-income individuals?  
**Qualitative Measures**  
• Is there a greater regional perspective amongst those involved in TII?  
• Are there any changes in the attitudes or focus on race-related issues in their community? |
network that were actualized relative to the total possible ties, in other words, the degree to which those surveyed reported relationships with others surveyed. Reciprocity measures the proportion of actualized ties in the network that are bidirectional, that is, both organizations reported that they worked together in the network. Finally, transitivity measures the network’s level of “clustering” or “cohesiveness,” the extent to which organizations tend to group together.

Detroit had the highest overall density (.87) and reciprocity (.81) rates in 2011, indicating that this site had the most working relationships as well as the most mutually recognized relationships. Twin Cities had the highest transitivity score in 2011 (.95), indicating that 95 percent of all potential “triples” were actualized in this network. Cleveland had the strongest average working relationship strength overall (2.62) as well as the strongest relationships among the actualized ties (3.14). Relative to the other four sites in June 2011, Newark’s network statistics had the lowest scores.

With respect to changes over time, Twin Cities had the largest increases in density (+.17) and transitivity (+.13), suggesting that this network had the largest increases in the amount of working relationships and the clustering/cohesiveness of the network between 2010 and 2011. Twin Cities also had the greatest increase in average tie strength (overall) (+.70) over time. This increase largely captures change in the density in the network (i.e., the increase in density means that 17 percent of all ties that were nonexistent in 2010 have a value greater than 1 in June 2011). Cleveland had the largest increase in network reciprocity over time (+.14), suggesting that in this site there was more mutual recognition of working relationships. Baltimore showed the greatest increase in tie strength among the actualized ties (+.43) over time, demonstrating an increase in the collaborative intensity between organizations in 2011 relative to 2010. (More details on the Network Survey are included in Appendix A.)

**System Change across Issue Areas**

> There has been increased integration across issue areas in each of the sites with growing relationships and involvement, most notably with workforce development, community development finance, and economic development.

The Network Survey asked respondents to report on their involvement in different issue areas at the time that TII grant was announced in August 2010 and again in June 2011 when they completed the survey. Overall, the survey found that in this nine-month period there were relatively significant changes across most issue areas in each of the sites. Workforce development was the area that saw the greatest increase in the level of involvement in the early period of the Initiative with between 29 percent and 68 percent of respondents in the sites reporting that they were doing more work with organizations in workforce in the first six months of the Initiative. The perceived level of involvement in economic development also showed substantial increases (between 25 and 47 percent in all of the sites). (See Survey Table 1 in Appendix A.) About one-third of those interviewed also noted increased involvement in community development finance and transportation. Housing was the area with the least change across the sites.
Across the sites, there was also evidence that traditional issue area boundaries are being crossed and new relationships have been forged as a result of TII work\(^5\). (See Figure 8.)

**Figure 8. System Change Across Issue Areas**

<table>
<thead>
<tr>
<th>Issues: Boundaries</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Maryland Capital Enterprises brought in to address small business development.</td>
<td>• Added representatives from workforce, community development, community engagement and regional economic development to table.</td>
<td>• There is emerging interest in early childhood education and school quality.</td>
<td>• Added representative from economic development and representative of community engagement team to Policy Board.</td>
<td></td>
</tr>
<tr>
<td>• Food sector targeted for anchor strategy and small business development.</td>
<td>• Regional economic development organization added to the table, and linkage to sustainable development formed.</td>
<td>• Detroit Economic Growth Corporation and LISC added to table.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Regional economic development organization added to the table, and linkage to sustainable development formed.</td>
<td></td>
<td>• NCB Capital Impact has some experience with community health centers and charter schools—has added this disciplinary focus.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issues: Relationships</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BIP table allowed place-based CBOs involved in development and workforce development practitioners to work together to establish criteria for capital projects, minority contracting and workforce hiring goals.</td>
<td>• New relationships with developers has made real estate development front burner discussion.</td>
<td>• The site is addressing multiple issues areas: education, transportation, real estate, and small business. To date, there is little evidence of new relationships being forged across these areas.</td>
<td>• New relationships amongst developers and financial institutions and between housing and business development through Affordable Housing/TOD group.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• New relationships between transit and land use.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Issues: Perspective</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Redressing structural racism through economic inclusion (EI) strategies adopted as overarching objective.</td>
<td>• Anchors more focused on hiring practices for hard to employ and at least one changed perspective on importance of community engagement.</td>
<td>• Overall disciplinary focus of stakeholders is unchanged.</td>
<td>• Increasing perspective of importance of economic development and workforce development.</td>
<td></td>
</tr>
<tr>
<td>• Influencing regional economic development perspective on equity and inclusion.</td>
<td></td>
<td></td>
<td>• Growing consensus on addressing equity and race issues.</td>
<td></td>
</tr>
</tbody>
</table>

\(^5\) Newark underwent an extended planning phase and had not begun implementation during the timeframe for this report. The Network Survey was not completed until the end of June 2012, and the analytical report was not produced until August 2012, after the data collection for this Midterm Report was completed, precluding validating its findings through site visit interviews, as was the case for the other sites. As a result, Newark has not been included in much of the system change analyses in this section.
A large number of stakeholders in all of the sites have changed their perspectives on the relative importance of various issues to improving the lives of low-income residents in their communities.

At baseline, stakeholders in the sites perceived education and community development to be the most important policy areas for improving the lives of low-income people. Over the first six months of implementation, respondents to the Network Survey changed their perspectives on a number of policy areas. Most notably, 38 percent of all respondents to the survey noted that they saw transportation as more important to low-income residents, 35 percent saw health and wellness as more important, 30 percent saw small business development as more important, 29 percent thought community development finance was more important, and 25 percent thought community development was more important.

In a few of the sites, there were changing perspectives about both the importance of engaging the community as well as changing perspectives on how to engage the community. This was notable in Cleveland, where community engagement has grown into a major component of TII approach in that city. The community engagement strategy was not a significant focus when Cleveland applied to be a TII site. Since then, community engagement has developed into a robust set of activities supported under the Community Wealth Building Initiative, executed by Neighborhood Connections, a program of the Cleveland Foundation. In 2012, community engagement represented the single largest use of TII grant funds. It was developed following the early success in Greater University Circle, which primarily engaged very senior institutional leadership at the anchors, foundation, and city and did not regularly engage residents in the goal setting for GUCI. The new focus creates systematic approaches for reaching out to community stakeholders and residents to involve them in the process of envisioning a stronger future for the Greater University Circle area. Cleveland is implementing the Network Organizing model, developed by Bill Traynor in Lawrence, Massachusetts, which emphasizes resident empowerment through the creation of networks of individuals who jointly set the goals and direction for community work. In conjunction with this increased focus on community

Integration Across Issue Areas: The Twin Cities’ Experience

In the Twin Cities, the focus of the system work has been related to increased integration of transit with land use and development. The work over the past 18 months has led to new relationships between transportation planners and those involved in community development and land use. However, as the work has evolved, there has been other significant evidence of stakeholders reaching beyond their traditional boundaries and developing new relationships with individuals and organizations involved in a wide variety of issue areas of relevance to improving economic opportunities for low-income individuals. For example, the work of the Affordable Housing/TOD Working Group of the Policy Board has allowed stakeholders involved in small business development to work with those involved in affordable housing for the first time. In addition, both workforce development and economic development are becoming increasingly integrated with the work of Corridors of Opportunity. Recognizing that the initial makeup of the Policy Board did not sufficiently represent this perspective, new representatives from these issue areas have recently been invited to sit on the Policy Board.
engagement, at least one anchor, University Hospitals, has increased its own attention internally to the issue and is leveraging Neighborhood Connections’ work to increase its presence and connections with GUC neighborhoods.

A new approach to community engagement was also implemented in the Twin Cities where the $750,000 HUD investment in community engagement led to the creation of a new intermediary (the Community Engagement Team) and led to changing perspectives on the part of the members of the Policy Board on the importance of community engagement in the transit and TOD development process.


In each city, staff and leaders involved in TII are building bridges amongst the multiple tables operating across the many issue areas of relevance to low-income residents.

TII governance groups are one table amongst many tables working towards positive community change in each of the sites. Over time, the work of TII staff and governance groups is moving across the initial boundaries related to the “core activities” supported through Living Cities and is beginning to extend the area of influence to a larger number of adjacent activities. (See Figure 9.)

There are many other leadership tables working towards community progress in all TII sites. Other tables include the HUD Sustainable Communities table in most of the sites, Workforce Collaboratives in Detroit, Newark, and Baltimore (and in the planning phase in the Twin Cities), regional economic development tables, and various other significant adjacent activities specific to each city. Both Detroit and the Twin Cities are also targeted by the Ford Metropolitan Opportunities Initiative. Some TII cities are very much aligned and coordinated with these other tables. For instance, the Policy Board in the Twin Cities serves as the governing body for both the Living Cities TII work and the HUD Sustainable Communities grant. Additionally, the work of Jobs Central, a HUD subgroup, is relevant to TII work, and TII’s project director is part of that project team. In addition, TII project director plays an active role in the Metropolitan Council’s TOD Strategic Plan development and with the economic development portion of the Council’s Thrive MSP 2040 regional plan.

In Baltimore, BIP representatives are forming relationships with other citywide and regional tables and positioning BIP to be the integrative, coordinating force across these various efforts. BIP jointly funded a grant writer to assist with the application for the HUD Sustainable Communities Initiative (SCI); one of the co-chairs is an original BIP member; and the Initiative’s Director has been added to the BIP’s board. BIP itself is part of the consortium, and a large number of BIP partners are active participants in the Baltimore Sustainable Communities Initiative. Additionally, BIP staff are all active committee/workgroup participants.
Six other BIP member organizations are part of SCI’s governance group. The Sustainable and Equitable Economic Development (SEED) Initiative is a statewide effort underwritten by the Surdna and Abell foundations to develop equitable and sustainable economic development approaches as an integral part of Maryland’s first state development plan. Two BIP members, Central Maryland Transportation Alliance and Job Opportunities Task Force, are SEED partners and have been instrumental in helping shape its workforce development and economic inclusion perspective.

There are also several initiatives that BIP endorses that are designed to improve Baltimore’s regional economy and highlight job readiness and job access needs for low-income residents. These include: Brookings Institution’s Next Economy initiative, a regional growth strategy that recognizes the importance of including low-income workers; the Federal Reserve Bank of Richmond/Baltimore Branch’s Redefining Capital work to identify regional economic growth opportunities; and CMTA’s Get to Work initiative, which seeks to improve job access by low-income workers to regional employment centers. Finally, Jubilee Baltimore won a Choice Neighborhoods planning grant to conduct a comprehensive community planning process in Central West Baltimore, an area that borders BIP’s target area. Recently, BIP and Jubilee have begun to explore how elements of BIP’s jobs pipeline and the economic inclusion work can be applied in the Choice target area.

In other cities, like Detroit, the governance group has become well-aligned with the leaders of some adjacent activity, but not all activity. The governance group here is finding synergy with the work done through the New Economy Initiative, specifically trying to steer economic development into the Woodward Corridor. Midtown Detroit will be starting a land-use plan for TechTown, an area supported by the New Economy Initiative. The governance group is also aligned and coordinated with the LISC Sustainable Communities Initiative focused on the North End, and, in 2011, Detroit LISC was invited to sit on TII governance board. TII governance is also aligned with the Wayne State Urban Fellows Program, where fellows are active in WCI neighborhoods. WCI is also collaborating around initiatives in downtown, including administering the Live Downtown program and coordinating efforts to raise more capital for priority projects in Midtown and Downtown. While it is well-aligned on these initiatives, the Detroit governance group does not find the HUD Sustainable Communities Initiative relevant to its work since it is focused on regional issues. Recently, the governance group in Detroit voted to allocate $54,000 to provide a match to the city of Detroit for the Strong Cities, Strong Communities (SC2) fellows. These fellows will be working in the new Program Manager office, created under the Financial Stability agreement with the state, to assist with a number of operational reforms to city government.

The Cleveland TII governance group does not seem to be working on purposefully aligning with adjacent activity in the city, with the exception of components of SC2 (connections on workforce noted earlier). This adjacent activity includes Sustainable Cleveland 2019, HUD SCI 2010, and SIF grants, among others. In some cases, attempts at outreach were made to initiatives such as HUD SCI, but neither effort saw immediate opportunities for alignment to date. Individuals active in EIMC, particularly key Cleveland Foundation personnel, stay
informed on multiple fronts, but neither GUC nor EIMC sees alignment with other city or regional initiatives as critical to its success. This lack of coordination with adjacent activities may be a result of the comparatively narrow geographic focus of Cleveland’s TII work, but the lack of integration with leadership from other major ongoing activity in the area should be noted nonetheless.

The equity frame is becoming a more integrated part of TII work in all of the sites.

In each of the sites, all of the survey respondents reported that the racial environment in the city was very or extremely important in terms of improving the lives of low-income people. In Baltimore and Cleveland, a relatively large percentage of respondents (27 percent and 40 percent, respectively) also reported that by June 2011 they thought these issues were more important than they did at the initiation of TII. (See Appendix A.)

In Baltimore, structural racism is a crosscutting condition that frames BIP’s overall strategies. Considerable progress was made within BIP, which experienced some reluctance at outset of the Initiative, to an overall acknowledgment of and commitment to redressing structural racism through economic inclusion (EI) strategies. This was codified in BIP’s revised theory of change and refined strategies, and further aligned with broader social and economic development objectives emerging in regional initiatives. As BIP’s collective understanding of structural racism evolves, various members are addressing these barriers in concrete ways. Some came to BIP with this lens, such as ABC, BNC, JOTF (legislative agenda), AECF (Race Matters), and the Goldseker Foundation’s support to create a talent pipeline to move more African-Americans into leadership positions and reverse Baltimore’s black brain drain. Other stakeholders have moved forward to develop or support explicit strategies, such as Johns Hopkins University’s work to develop EI policies for neighborhood hiring and minority procurement. Additionally, opportunities for BIP to influence the regional dialogue around racial disparity and economic inclusion and expand residents’ access to regional jobs increased considerably with the region’s receipt of a HUD Sustainable Communities planning grant.

In the Twin Cities, the work of Corridors of Opportunities has been instrumental in instilling an equitable development frame and focus on affordable housing into the broader regional agenda related to the build-out of its transit system. As part of Corridors of Opportunity, in August 2011, the Policy Board adopted a definition of equitable development:

*Equitable development creates healthy vibrant communities of opportunity where low-income people, people of color, new immigrants, and people with disabilities participate in and benefit from systems, decisions, and activities that shape their neighborhoods.*
It also adopted the principle of equitable development:

*The principle is to ensure that everyone, regardless of race, economic status, ability, or the neighborhood in which they live, has access to essential ingredients for environmental, economic, social and cultural well-being including: living wage jobs, entrepreneurial opportunities, viable housing choices, public transportation, good schools, strong social networks, safe and walkable streets, services, parks and access to healthy foods.*

In addition, the work of Living Cities and the Corridors of Opportunity has helped to influence a new conversation about equity and race that is occurring in the Twin Cities. Some of this activity is more “adjacent,” with some of the CoO stakeholders and leadership involved in efforts such as sending a delegation from the Twin Cities to the Policy Link conference. This work is becoming more elevated in the discussion, with some members of the Policy Board now advocating for a more formal working group on equity. This proposal was first made in May 2012, and initial meetings are taking place in the summer of 2012.

In Cleveland, several strands of work are heightening the focus on equity. The longest standing component, the Evergreen Cooperative, has always focused on offering employment opportunities to the individuals from GUC neighborhoods, and has specifically sought business development opportunities in which formerly incarcerated individuals could be employed. Through the deployment of TII funds, and with the encouragement of Living Cities staff, the GUC Community Wealth Building Initiative is increasingly looking at new ways to address issues of equity. The intensive community engagement work underway in GUC neighborhoods has provided a vehicle for residents’ voice on the topic of equity. The expanding workforce agenda is exploring barriers that are preventing individuals from accessing education and training and considering new solutions that could support their economic advancement.

**System Change Across Stakeholder Groups**

*The Integration Initiative, particularly through the governance groups established at each site, is leading to a deepening of relationships across stakeholder groups.*

The findings from both the Network Survey and the site visits provide evidence that The Integration Initiative has created new relationships across a range of stakeholder groups in each of the sites. Overall, the survey found that stakeholders reported increased involvement broadly across each of the major stakeholder groups (philanthropy, public agencies, financial institutions, employers, and community organizations). At least 25 percent of survey respondents in each of the sites noted increased involvement with local and regional foundations, and an even greater percentage noted an increased involvement with national foundations in the first six months of their work. (See Appendix A for Tables on Network Survey Results.)

Overall, stakeholders in Cleveland and the Twin Cities reported the greatest level of increased involvement across stakeholder categories. For example, in Cleveland, one-third of those
responding noted increased involvement with foundations, city agencies, county agencies, CDFIs, and community-based organizations. The level of increased involvement with different stakeholder groups was weaker in Baltimore and Newark.

The site visits and interviews also revealed a more integrated system with new relationships being forged between philanthropy and the public sector, between employers and other stakeholder groups, and between different levels of public sector actors. (See Figure 10.)

**Figure 10. System Change Across Stakeholder Groups**

<table>
<thead>
<tr>
<th>Stakeholders: Boundaries</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Added Baltimore Metropolitan Council and Baltimore City Community College to Governance Group.</td>
<td>• TII-related introduction of national CDFI is considered transformational for city.</td>
<td>• The state government is more engaged with MSHDA on the governance council and helping to finance projects and MEDC being added to the GC.</td>
<td>• Added state DEED and representative of community organizations to Policy Board.</td>
<td>• Involvement of new Chamber staff to Senior Staff group.</td>
</tr>
<tr>
<td>• Various new players entered through the workgroups.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholders: Relationships</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• State agencies added to the Workforce Integration Workgroup leading to some new relationships between state and city.</td>
<td>• While philanthropy and anchors had links to public sector prior to TII, deep involvement of Economic Development Director of the city has represented deepening of cooperation across sectors.</td>
<td>• The engagement of the city government has weakened.</td>
<td>• New relationships amongst developers and financial institutions and between housing and business development.</td>
<td></td>
</tr>
<tr>
<td>• Participating in BIP has helped TRF expand its existing market presence in Baltimore.</td>
<td></td>
<td>• NCB Capital Impact is a new CDFI to Detroit and it is more connected to the Detroit finance system and civic infrastructure.</td>
<td>• New relationships between transit and land use.</td>
<td></td>
</tr>
<tr>
<td>• New relationships built among anchor institutions.</td>
<td>• New connections between anchors and organizations working on jobs pipelines.</td>
<td>• Anchors are more engaged and working together on Live Midtown</td>
<td>• Relationship with anchors emerging.</td>
<td></td>
</tr>
<tr>
<td>• New connections between anchors and organizations working on jobs pipelines.</td>
<td></td>
<td></td>
<td>• Stronger relationships amongst CDFIs.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stakeholders: Perspective</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• MOED embraced neighborhood hubs to increase access to workforce services.</td>
<td>• Some evidence that economic inclusion frame more widely shared amongst stakeholders.</td>
<td>• Various perspectives remain about how to balance attracting new residents and businesses and the focus on existing low-income residents</td>
<td>• Some changes in perspectives about importance of community engagement groups.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Increased appreciation of role of anchors/major employers.</td>
<td></td>
</tr>
</tbody>
</table>
New relationships have been forged between CDFIs and other community stakeholders in each of the regions.

Interviews with CDFIs at the initiation of TII work found that they did not have significant relationships with many of the stakeholders involved in the Initiative at their site. In the case of Baltimore, Cleveland, and Detroit, the CDFI was not locally based. But even in the cities in which the CDFI was local, the relationships were not strong. One of the clearest system changes in the first half of TII implementation has been the increased integration of community development finance institutions into the broader civic infrastructure in each of the communities. The Network Survey found increased involvement with CDFIs in each of the sites, with the exception of NIF in Newark. (See Network Survey Results – Appendix A.)

At the operational level, CDFIs were incorporated into the governance structure and implementation teams at each site. This process was especially important in Baltimore, Cleveland, and Detroit, since the CDFIs at these sites were not locally based and joined TII application and strategy formulation process fairly late through introductions made by Living Cities staff. These efforts have been quite successful with CDFIs reporting much stronger relationships in each site and local stakeholders viewing CDFIs as valuable partners for TII and other development finance needs.

Cleveland and Detroit demonstrate the power of these new relationships. (See Sidebar.) And these new relationships are bearing fruit in each of the sites. In Newark, New Jersey Community Capital has strengthened its relationships with the city of Newark and Prudential as a result of its involvement in TII. Because of stronger relationships built in developing TII strategy, the city now recognizes NJCC as a key resource in assembling financing for projects and in developing programmatic initiatives, e.g., around blighted properties.

The work of TII has led to system change between anchor institutions and other stakeholders as well as between anchor institutions in the same city.

Three TII sites (Baltimore, Cleveland, and Detroit) have been actively engaged with anchor institutions, and in each of the sites this work preceded the work funded through Living Cities.
However, through the convening of the governance groups and the work at each of TII sites, there is strong evidence that a broader set of stakeholders is forging relationships with these institutions and that within the sites the anchor institutions are developing new relationships and perspectives on their role in the local community.

In Detroit, for example, anchor institutions are more actively engaged in WCI and working more closely with community-based organizations, foundations, and city agencies to contribute to both adjacent place-based improvements and citywide economic development. While foundations had already been meeting with anchor CEOs, TII brought another level of managers into deliberations and program implementation.

In Baltimore, there was considerable progress within BIP’s Anchor Engagement Workgroup and within several of the anchor institutions in support of BIP’s goals. This group was only loosely formed in the early part of 2011, and there was not much history of collaboration across the institutions. By the end of 2011, it had developed a strong partnership, buy-in to BIP’s objectives, and a common mission to expand local hiring and procurement. This work has helped to build new relationships between the anchors and the organizations involved in the jobs pipeline, but the extent to which the pipeline services are explicitly articulated with the anchors’ hiring needs is still developing.

Finally, in the case of Cleveland, the Community Wealth Building Initiative had a foundation of collaboration among anchors and between anchors and the city and foundation that had been built by GUCI over the previous five years. That history of senior leadership collaboration was taken to the next levels of the organization through the Community Wealth Building Initiative. EIMC generally involves senior managers, not CEOs. With collaboration established in the next tier of leadership, the group has made progress on challenging areas for collaboration such as procurement. The fact that University Hospitals and the Cleveland Clinic have agreed to use the same supply chain vendor qualification software as an early step to increasing their Buy Local strategy is a tangible sign of collaboration among the two healthcare providers that compete vigorously in the region. Anchors are pushing toward common metrics around buy local; key anchor procurement staff are expected to meet by September 2012 to design custom fields for the supplier database that will align with the desired metrics and goals.

While working with anchor institutions was not part of the original work of the Corridors of Opportunity in the Twin Cities, exposure to the anchor work in the other three cities, along with the learning from The Integration Initiative learning community meeting on anchor institutions, has led to new relationships between anchor institutions and other stakeholders involved in CoO. Following the Living Cities learning community, the McKnight Foundation commissioned a research report on anchors and convened a conference with anchor institutions and other community leaders. This has now evolved, with new relationships created and a new perspective on the potential of strategies to benefit anchor institutions as well as the low-income residents and communities along the Central Corridor.
There has been some strengthening of relationships between the nonprofit and philanthropic communities and public sector actors, particularly at the state level.

Relationships with stakeholders from the city varied greatly from site to site. In the case of Cleveland, the philanthropic community and some of the anchor institutions already had strong relationships with the city. However, the leadership role and involvement of the economic development director of the city of Cleveland has led to a deepening of relationships and cooperation across these stakeholder groups. In the Twin Cities, there has also been a deepening of relationships. This has been related to the involvement of high-level leadership, including the mayor of Minneapolis and deputy mayor of St. Paul, on the Policy Board, but also because prior city leaders are now in leadership positions at both the McKnight Foundation and the St. Paul Foundation.

The more notable system-related change with the public sector has been bringing key state agencies into the work of the sites. This was noticeable in the Twin Cities where representation for the state was expanded to include the state Department of Employment and Economic Development (DEED). This was also evident in Baltimore where a representative from the Maryland Department of Labor, Licensing, and Regulation was added to the Workforce Integration Workgroup, leading to new relationships between the city and the state. In Cleveland, the change has been slower as a result of the election of a new governor in Ohio in 2010. The change in administration brought about sweeping changes in institutions responsible for economic development, so it has taken some time for the appropriate representative from the state to surface and be included, although that has recently occurred with the addition of a representative of JobsOhio on EIMC.

**System Change Across Geography**

Despite the initial intent to have TII be regionally focused, Twin Cities is the only site that is truly regional in its boundaries, though some steps are taking place in Baltimore that are providing a more regional orientation.

There was a sharp contrast in the Network Survey between Twin Cities and other TII sites in relationship to the involvement of stakeholders beyond the city. At baseline, while 95 percent of those responding to the survey in the Twin Cities noted they were involved regionally, in the rest of the sites the percentages were much lower: 35 percent in Newark, 40 percent in Baltimore, 50 percent in Detroit, and 53 percent in Cleveland. And, while 52 percent of the stakeholders responding to the Network Survey in the Twin Cities noted increased involvement with other actors regionally since the Initiative began, in the other sites the increased involvement ranged from 7 percent in Baltimore to 19 percent in Detroit.

While the regional relationships in Twin Cities were strong relative to the other sites from the beginning of the Initiative, evidence found multiple examples of expanding boundaries and deepening of relationships. For example, a suburban mayor was added to the Policy Board to ensure a voice from the suburbs in its work. The work in the Southwest Corridor is leading to new relationships between Minneapolis and the suburban communities along that line. And,
the Neighborhood Development Center, which was largely based in Minneapolis and St. Paul, has developed new relationships in some of the suburban communities.

Outside of the Twin Cities, there was some expansion of geographic focus to include multiple neighborhoods within a city and some nascent efforts to engage regional actors in the work. (See Figure 11.)

**Figure 11. System Change Across Geography**

<table>
<thead>
<tr>
<th>Geography: Boundaries</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>While BIP remains focused on target neighborhoods, regional relationships developing through overlap with HUD Sustainable Communities Initiative, Sustainable and Equitable Economic Development (SEED) Initiative, and other efforts.</td>
<td>Focus still remains on target neighborhoods, but procurement work is being extended more broadly to the city.</td>
<td>Working across neighborhoods — geography expanded to include New Center resulting from the merger of UCCA (from Midtown) and New Center Council.</td>
<td>Added suburban mayor to Policy Board.</td>
<td>NDC made new connections in suburban communities.</td>
</tr>
</tbody>
</table>

| Geography: Relationships | | | | |
| Some new cross-neighborhood relationships, and to adjacent neighborhood(s). | Involvement of BioEnterprise and its sitting on EIMC table has increased relationships across neighborhood boundaries, though some disconnect still exists. | New relationships built across neighborhoods and amongst CDCs. | Strengthening relationships across two cities and between cities and suburban communities. | Communities along SW Corridor developing new relationships. |

| Geography: Perspective | | | | |
| Beginning of changed perspectives through overlap with regional economic development initiatives. | Little evidence that perspective extends to region (and effort to attract supply chain company from county reinforces this). | Little evidence of any significant change in perspectives about the region, though there is some involvement in need for regional transportation authority related to work on M1 line. | There was a strong regional perspective at baseline, but this has been strengthened through participation in Policy Board. |

> There is some evidence that those involved in the work are changing their perspectives on the importance of working with stakeholders in the larger region.

While working with regional stakeholders has been relatively limited to date, the survey and interviews provide some evidence that perspectives on this issue might be evolving. For example, in the Network Survey, when asked about their perspectives on the importance of working with others outside of the city, a large percentage of those surveyed reported that they
thought this was more important six months into implementation than they had thought initially—in Cleveland, 67 percent thought it was more important; in Baltimore, 43 percent said it was more important; and, in Detroit, 29 percent said it was more important.

There are some other more qualitative indications of this evolving perspective at least in one site. In Baltimore, increasing efforts have been made to tie BIP’s work to other efforts in the region, most notably connecting to the regional HUD SCI; the SEED Initiative, which aims to leverage job opportunities for low-income workers through statewide, regional, and local economic development planning; and the Brookings Institution’s Next Economy initiative, which promotes regional growth and increased job access for low-income workers. (See Sidebar.)

GitHub While not regional, some sites have expanded the geographic focus beyond one neighborhood and are looking at some issues across neighborhoods or on a citywide basis.

In Detroit, the major geographic change occurred with TII application, which linked the Midtown and North End neighborhoods, with the intent of gaining spillover development benefits from increasing investment in Midtown. With the merger that formed Midtown Detroit, Inc., New Center has been added to the initiative target area. Several stakeholders indicated TII has increased attention on the North End neighborhood, strengthened relationships between Midtown Detroit, Inc. and Vanguard CDC, and introduced Vanguard to a broader set of stakeholders, most notably area anchor institutions.

Cleveland’s Community Wealth Building Initiative focuses on Greater University Circle, a designation that extends well beyond the immediate University Circle neighborhood, incorporating eight neighborhoods in total. This broader definition of the area developed at the start of GUCI in 2005 as both a means of involving the Cleveland Clinic (located outside of University Circle) in the anchor-based development strategies and as a means of directing some of the ensuing opportunities toward some of the deeply economically distressed neighborhoods surrounding University Circle. When GUCI applied to TII, the geographic focus of the initiative expanded beyond GUC to include the Health-Tech Corridor, a corridor running through the Midtown neighborhood that connects University Circle with downtown. Over the past year, the Community Wealth Building Initiative has increasingly embraced an agenda that has the potential to benefit residents and neighborhoods well beyond the GUC or HTC through system change focused on the city’s economic development functions, workforce development, and community development finance.

Building New Regional Relationships in Baltimore

BIP’s geographic influence expanded considerably at the end of 2011 through its participation in the HUD Sustainable Communities Initiative. Overcoming a failed application in 2010, a strong regional consortium assembled by the Baltimore Metropolitan Council (BMC) was awarded a $3.5 million regional planning grant. BIP members were influential in crafting the regional equity and economic inclusion platform for this work. While the proof will be in the implementation, this is, nonetheless, an impressive accomplishment in a region that has historically resisted discussions about regional inequities. The SCI grant is expected to help steer resources and investments to several BIP priorities such as TOD/transit (including the Red Line), increase access to regional jobs, as well as address housing disparities. SCI also established a $500,000 Regional Workforce Training Fund that will support pre-bridge training as well as advancement in targeted sectors. Scot Spencer of the Annie E. Casey Foundation co-chairs SCI’s Steering Committee and is BIP’s representative to SCI.
MOVING TOWARDS ENDURING SYSTEM OUTCOMES

The types of change in the ecosystems in each site noted in Chapter 5 are important evidence that the work of The Integration Initiative is changing relationships and behaviors across stakeholders that are part of the broader ecosystems within each of the sites. However, the expectation of TII is that these changes in system boundaries, relationships, and perspectives will lead to some more tangible outcomes that will have an impact on and directly benefit low-income residents beyond the places and projects being targeted through TII activities.

This chapter looks at the progress of the sites in moving towards both planned (deliberate) as well as emergent outputs and interim outcomes that represent progress along the pathway towards the types of system outcomes that will create direct benefits for a large number of low-income residents. In terms of the evaluation framework, this chapter is looking primarily at Interim Outcomes (3A and 3B in the Framework), or evidence of progress along a pathway towards more enduring system related outcomes. (See Figure 12.)

**Figure 12. Evaluation Framework**

![Evaluation Framework Diagram]

**Factors Influencing Success: Exogenous and Internal**
Four types of system-related outputs and outcomes were identified:

- **Policy**: formal regulatory, administrative, or legislative policies and procedures implemented.

- **Practice**: improvements in functional effectiveness, including new processes such as new data tools or service delivery capacity enhancements.

- **Institutional**: cultural changes or procedural changes at an individual institution, including individual employers, CDFIs, foundations, etc.

- **Funding Flows**: changes in how private and public resources are deployed.

**POLICY**

There has been some progress in creating new administrative policies as well as new funding programs within the public sector.

Change in specific public policies that are codified in the system and driven by political leadership or agency leadership is a potential outcome of the changing system dynamics in TII sites. TII has contributed to three outcomes of this nature in its first 18 months:

1. In Baltimore, the BIP was influential in advocating for stronger policy approaches to local hiring. Subsequently, a mayoral executive order was created, Employ Baltimore, which requires firms receiving city contracts over $50,000 to work with the Mayor’s Office of Employment Development to access resources that will help them increase job opportunities for and hiring of local residents.

2. In the Twin Cities, the work of Corridors of Opportunity was related to the development of two new funds that reflect the equity frame and promote the integration of transportation and land use within public sector actors. The Met Council had approximately $30 million in unspent funds from an old Livable Communities program and decided to repurpose these funds to create a $32 million Livable Communities TOD Fund, which includes...
within it a requirement that cities applying for the funds adopt the equity principles developed by the Corridors of Opportunity. As of June 2012, about $16 million was awarded to communities along the transit way. While a number of factors contributed to the creation of this fund, most involved believe that the Corridors of Opportunity and the discussions of the Policy Board provided the final contributing factor to the establishment of the fund and to the inclusion of the equity frame within it. Hennepin County’s Transit-Oriented Development program, which was created in 2003, established a Corridors of Opportunity Challenge Fund of $800,000 in 2011 to support strategic infrastructure and redevelopment investments that are needed before transit service is operational along Central, Southwest, and Bottineau corridors. Again, CoO was a contributing factor to the creation of this fund.

3. Also in the Twin Cities, there is progress in achieving what could be a major enduring outcome of TII work in that region. Corridors of Opportunity is requiring that each corridor plan include an affordable housing plan. This builds upon the work of the Big Picture Project, an effort of the Central Corridors Funders Collaborative that has made explicit an affordable housing strategy for that corridor. This work is now serving as a model for the other transit corridors. The impact and importance of the Big Picture Project, both the process that developed it and the actual policies included in it, on the region’s approach to affordable housing would not have occurred without the Corridors of Opportunity Policy Board to disseminate and publicize it.

Only in Baltimore have there been direct enduring, formal, legislative-related outcomes that have been influenced and supported through the active engagement of TII-supported stakeholders.

In Baltimore, BIP partners contributed to producing a number of system change outcomes in 2011, most notably in the area of policy advocacy, with the passage of key pieces of legislation. Its grant to JOTF supported successful advocacy of three important pieces of legislation being passed. Passage of the Buildup Program, a 0.5 percent set-aside of federal transportation funds for workforce training, was a huge win, making Maryland one of only two states to use this tool, and linking training participants to major infrastructure projects. A second piece of state legislation will reduce arduous drivers’ license requirements that adversely affect the ability of low-income working adults to secure and maintain employment. Finally, JOTF was instrumental in the passage of legislation reducing barriers for individuals with criminal backgrounds.

During the 2012 state legislative session, BIP supported the introduction of three other important bills that also emerged from work begun in 2011. One bill would have required the Maryland Board of Public Works to approve an economic inclusion plan for state contracts over $15 million. The Governor’s Office, Associated Black Charities, EBDI, TRF, and the Annie E. Casey Foundation publicly supported this bill. A second bill would have established a Career Pathways Program within the state workforce development agency in support of bridge programs at community colleges that facilitate access to academic and skills training for low-income participants. Lastly, BIP member Central Maryland Transportation Alliance advocated a $0.235 sales tax increase on gasoline to help fund a range of transportation improvements.
including the Red Line, which would traverse BIP’s target area. These proposals failed, but the groundwork was laid to reintroduce them in the 2013 session, and JOTF and CMTA have continued to work with policymakers in the interim.

**PRACTICE**

In Baltimore, Detroit, and Cleveland, new relationships across anchor institutions and with TII-related stakeholders have led to some changing practices associated with procurement, employment, and housing in targeted neighborhoods.

- In **Baltimore**, prior to their involvement with BIP, the anchor institutions rarely worked together to pursue hiring and procurement and contracting opportunities, which may have been symptomatic of a broader level of insularity among the institutions generally. The creation of BIP’s Anchor Engagement Workgroup is demonstrating new ways of working within and across higher education institutions. Building on surveys of anchors’ procurement practices that indicated a dearth of minority and local suppliers, BIP developed a database of minority business enterprises (MBEs) and locally-owned business enterprises (LBEs) that are certified by EBDI, the city, and/or the state for shared access by the anchor institutions. The development of additional procurement strategies has been facilitated by the creation of a Procurement subgroup under BIP’s Anchor Engagement Workgroup. This is explicitly aimed at overcoming barriers that have precluded joint procurement practices among the anchor institutions. Additionally, building on analysis conducted by BIP of career pathways in anchor institutions, the anchor institutions have developed a pilot Roving Career Coach program to connect workers from BIP’s neighborhoods to job and career advancement opportunities. They are awaiting final approval from BIP’s Workforce Training Fund, but have committed to sustain funding past TII if the pilot succeeds.

- In **Cleveland**, the two largest healthcare anchors (Cleveland Clinic and University Hospitals), which are major competitors regionally, and Case Western Reserve University, have agreed to jointly develop a database of local suppliers using a common software for vendor qualification. The database will be housed at a neutral third-party, most likely BioEnterprise. The third-party could also mine the data for supply chain opportunities, identifying opportunities for business development or attraction.

- Three anchors in **Detroit** are committed to the Live Midtown program and promoting employee residency in WCI area. The three anchor institutions have provided multiyear pooled funding for incentives for their employees to live in the WCI area and are actively promoting the Live Midtown program to attract and retain employees. According to the site lead, these actions are contributing to changed perceptions among the anchors and their employees about living in Detroit.

- At several anchor institutions in **Detroit**, procurement processes have shifted to become more transparent and open to bidding by local companies. In Detroit, key changes in anchor procurement policies and practices include holding annual vendor fairs (two held
so far), outreach visits to potential vendors, and collaboration with Detroit Economic Growth Corporation (DEGC) under its Source Detroit program to create a list of city businesses and a central website to post anchor RFPs, RFQs, and RFIs. Henry Ford Health System and the Detroit Medical Center also recently completed a deal with Cardinal Health, a major medical supply company, to build a new distribution facility in Detroit. Although WCI did not initiate this work, it has increased attention to local procurement, engaged procurement managers in working through new procurement initiatives and polices, and enhanced relationships among anchor procurement managers and with other Detroit stakeholders.

There is some evidence of changing practices within the public sector in some sites.

- In Baltimore, BIP is experiencing some alignment of philanthropic and public strategies through cross-staffing, memorandum of understanding, and other approaches advocated by representatives engaged in workforce development. BIP is supporting several positions linked to community-based workforce pipelines, including two employees of the Mayor’s Office of Employment Development. Building from the EBDI and CBP workforce pipelines, MOED is working to create four neighborhood-based “cyberhubs” throughout the city. The model is not as comprehensive as the neighborhood pipelines, instead focusing on expanding neighborhood access to computer-based tools and resources enabling connectivity to local and regional employment opportunities. The effort represents a notable shift in MOED’s perspective and resource allocation in its 2013 budget.

- There is also some evidence of progress towards some public sector system change in Detroit, although it is too early to judge its significance or the likelihood that this change will be sustained over time. Some change has come in the city of Detroit’s business permitting system through the introduction of TII-funded business advocate position. The business advocate provides businesses and developers with a more accessible source of information on city permitting requirements and processes and helps to resolve issues and move permits through the system. Another aspect of the business advocate’s work is co-locating staff from multiple city departments involved in permitting to promote a more streamlined permitting process. However, if the business advocate position does not continue after TII funds end, or other deeper changes to the permitting system do not occur, then these improvements will be transitory. The business advocate also has initiated and developed proposals for internal policy and process changes that may result in some policy and administrative changes at BSEED. These include a policy for permitting food trucks, changes in the process for annual awning inspections, and plans for inspectors to use laptop computers and file electronic inspection reports. None of these policy changes have been implemented and, arguably, they are small in scale and not on a system level. These examples do, however, highlight the business advocate’s role beyond facilitating individual cases to identifying problems in the current system and developing proposals to address them. The business advocate also believes he helps alter perceptions that Detroit is not business friendly through his regular attendance and speaking at business events and
providing direct answers to questions about city permitting. WCI and the business advocate are also working with BSEED to implement an online business permitting system and, as noted above, electronic processing of aspects of the inspection system. Some features of the online system are in place, e.g., online information and application forms, but it is still a work in progress and it is too early to assess any outcomes in streamlining the permitting and licensing process.

- Like Detroit, Cleveland is trying to achieve system change evidenced by changing public sector practices through embedded staff in city hall’s Economic Development Department. The strategy is immediately beneficial to the Economic Development Department in terms of increased manpower, but whether the embedded staff achieves enduring change in public sector practices remains to be seen. The city’s economic development director sees the opportunity to use TII-funded position to demonstrate the value of staff dedicated to special projects. This individual is charged with crossing multiple silos within city hall in order to create a system more supportive of economic development. The temporary staff helps to build the case.

☞ There is some early evidence that participation in TII is having an influence on practices within the philanthropic system in some of the sites.

In Baltimore, there is evidence that participation in BIP has influenced system change among the Association of Baltimore Area Grantmakers members and within Baltimore’s broader philanthropic sector, particularly in terms of how ABAG works with its members on public policy activities. ABAG recently developed public policy protocols to guide the work of its affinity groups, funders collaboratives, and projects housed at ABAG. ABAG’s president credits the experience with BIP in pushing this along. ABAG’s policy changes allowed BIP’s project director to take a more active role in the legislative process. Additionally, ABAG has sponsored briefings for its members on workforce development and small business development. It has observed a stronger interest in BIP’s agenda generally, and corporate foundations are reported to be paying more attention to workforce issues than in the past.

☞ Involvement in TII has enhanced the capacity of the CDFIs and the larger community development finance systems in the sites.

One pathway in which TII contributes to enduring system outcomes is through strengthening the capacity of CDFIs and the practices of the actors within the community development finance systems. The nature of these outcomes has varied across sites based on local conditions and the CDFI partner, but they have been meaningful in all four sites covered in this report.

CDFIs have expanded their staff and financial capacity, built new relationships, and strengthened existing relationships with important institutions and stakeholders that include other development finance entities, foundations, civic organizations, and public sector agencies. In Baltimore, Cleveland, and Detroit, Living Cities introduced and helped broker the CDFI’s role in TII, and thus made an important contribution to either bringing a new CDFI into a
Baltimore city (NCB Capital Impact in Detroit) or increasing the CDFI’s stature and relationships (TRF in Baltimore and NDC in Cleveland). Key outcomes for each site related to expanded CDFI partner capacity, relationships, and collaboration during the first 18 months of TII are:

- **Baltimore.** TRF had prior lending and real estate development experience in Baltimore, but it reports that TII accelerated a more complete introduction into the city and the work of building relationships with public sector, philanthropic, and community development organizations. TRF has established a full-time staff person in Baltimore (co-located with the BIP site director) to expand and sustain these relationships and provide on-the-ground capacity to develop a project pipeline, help structure deals, and help design new initiatives. TRF reports, “We have carved out a place for ourselves and we are increasingly thought of as a go to place for solving capital problems in project finance. That wasn’t the case 18 months ago.” Its participation in a new HUD-funded statewide multifamily energy efficiency lending program with the state of Maryland and a regional fresh food task force is evidence of its growing role in addressing city and regional community development and development finance issues.

- **Cleveland.** NDC has established relationships in Cleveland dating back to 1975, and has worked with the city and county governments around staff training, small business lending, and real estate financing. NDC’s role in TII has expanded and strengthened its relationships with anchor institutions, local developers, and the Cleveland Foundation. As a result, it is more involved in discussions around the anchor procurement strategy, and is relied upon to help structure financing for complex real estate projects and to manage business lending funds. It has assumed management of the Evergreen Cooperative Development Fund established to finance the Evergreen Cooperatives and the Cleveland Enterprise Group’s business loan fund, after CEG’s restructuring.

- **Detroit.** NCB Capital Impact was brought into Detroit through TII, which introduced a new national CDFI into the city at a time when securing capital for projects was very challenging. NCBCI has placed a staff person in Detroit one day a week, co-located with MDI at the new Co-Lab offices, and has developed good working relationships with TII governance council members and other development finance players, such as Invest Detroit, and area developers. These relationships are helping NCB to develop a pipeline and to grow its role in financing charter schools and community health centers beyond its work on the Woodward Corridor. TII stakeholders viewed NCB as bringing new financial capacity, expertise, and relationships to Detroit that helped move WCI’s development agenda forward during a difficult financing environment.

- **Twin Cities.** TII and the larger CoO initiative led to several advances in the capacity and relationships among the region’s CDFIs. There is greater collaboration among the three affordable housing lenders that worked together to develop TII financing strategy and now jointly underwrite loans made with TII funds. As planned under TII strategy, TCCLB has become a certified CDFI, secured CDFI Fund capital, and expanded its housing lending programs. According to the Land Bank, its partnership with LISC under CoO has helped increase its knowledge of loan underwriting. The Family Housing Fund reports
that it has broadened the type of projects that it will fund and its financing roles as a result of CoO; it has committed financing to several non-housing projects and recently issued a loan guarantee to LISC for a suburban mixed-use development with a strong educational component. There are increased efforts to align funding to support CoO initiatives, including the recent discussions to create a “sidecar” fund to provide flexible funding to TOD projects, and LISC targeting its Irrigate Arts Program and national HUD Section 4 capacity-building funds to CoO projects. NDC has augmented its technical assistance, expanded its services in suburban communities, and is looking to take on new roles working with CDCs on commercial development. Under the U7 program, NDC provided marketing and branding assistance to help businesses respond to the potential loss of sales during rail construction; it now plans to make this a permanent service under a new technical assistance department. Through the CoO community engagement process, NDC found and built relationships with organizations in several suburban communities and is now launching four sessions of its training program in suburban locations for Somali, Latino, African-American, and West African aspiring entrepreneurs. Finally, NDC secured a grant and is hiring a real estate staff person with the goal of partnering with nonprofit developers to build commercial space for local, immigrant, and low-income businesses into their projects.

Figure 13 provides details of some of the accomplishments related to increased CDFI capacity in the sites:

<table>
<thead>
<tr>
<th>Site-CDFI</th>
<th>Accomplishments</th>
</tr>
</thead>
</table>
| **Baltimore: TRF** | • Local office and full-time Baltimore staff person.  
• Worked on creating process to identify job opportunities in BIP projects and content of Workforce Resources Plan to be part of every loan closing.  
• Defined eligible uses for BIP predevelopment fund. |
| **Cleveland: NDC** | • Formed GUCCC.  
• Organized and incorporated Cleveland Cooperative Assistance Fund and working with TCF on strengthening it; assuming management role for CCAF.  
• Assumed CEG’s small business loan portfolio.  
• Structured NMTC financing and provided TA for Evergreen Green Growers Coop. |
| **Detroit: NCB** | • Financing for new charter school in WCI area (Henry Ford Academy School for Creative Studies - Elementary).  
• Help in marketing charter schools to area residents; help to initiate WCI meetings with community health centers.  
• Part-time staff person in Detroit. |
| **Twin Cities: TCCLB** | • CDFI Certification.  
• Old Home site acquisition.  
• Expansion of housing finance programs. |
| **Twin Cities: LISC** | • Program alignment to support CoO. |
| **Twin Cities: NDC** | • Implemented St. Paul Ready for Rail Program.  
• U7 marketing technical assistance program.  
• Expanded training programs to several suburbs.  
• Undertaking mixed-use development at University Avenue and Dale Street.  
• Expanding capacity to partner with CDCs on commercial space development. |
In terms of system capacity, collectively, CDFIs secured $31.1 million in new capital with NCB Capital Impact accounting for over half of these funds. (See Figure 14.) Beyond these committed funds, in the Twin Cities, local CDFIs are working with multiple funders to create a new pool of resources targeted to catalytic projects along the eastern end of the Central Corridor that will augment a portion of TII debt and grant resources. As proposed, this “side-car” will include $1 million of new grant resources, $290,000 of LISC’s recoverable grants, $3 million of additional PRI, and a $2.5 million loan guarantee to provide a flexible source of capital to address funding gaps for high-impact projects, particularly those in weak market areas along the eastern end of the Central Corridor. These proposals are currently pending.

<table>
<thead>
<tr>
<th>Site</th>
<th>Amount</th>
<th>Type</th>
<th>Sources/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore*</td>
<td>$5,500,000</td>
<td>PRIs</td>
<td>Annie E. Casey Foundation and Osprey Foundation</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$500,000</td>
<td>NDC equity</td>
<td>NDC also assumed an existing Ford PRI to Cleveland Enterprise Group</td>
</tr>
<tr>
<td>Detroit</td>
<td>$17,000,000</td>
<td>$10 million in PRIs</td>
<td>PNC Foundation, Kellogg Foundation, OFN and CDFI Fund, Ford Foundation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$6 million in loan purchases</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$1 million in grants</td>
<td></td>
</tr>
<tr>
<td>Twin Cities LISC</td>
<td>$100,000</td>
<td>Grant</td>
<td>McKnight and St. Paul foundation grants to reduce interest rate on TII commercial debt</td>
</tr>
<tr>
<td>Twin Cities NDC</td>
<td>$1,200,000</td>
<td>City of St. Paul grant</td>
<td>Grant/forgivable loans to businesses with revenue losses from Central Corridor construction</td>
</tr>
</tbody>
</table>

*TRF also raised funds for work outside the BIP footprint: U.S. DHHS grant for a supermarket in West Baltimore and loan capital from Bank of America for energy efficiency lending.

There is evidence of some increased capacity amongst nonprofit organizations and public sector agencies, but it is too early to assess whether changes in capacity will lead to improved “functional effectiveness” in the systems in which they operate.

- In Baltimore, BIP’s workforce development work has added to the city’s workforce development capacity through increased staffing, new types of staff positions, and a new training fund. BIP provides support for a community-based workforce pipeline in Central Baltimore that was modeled on a similar pipeline in East Baltimore established prior to TII grant. This new pipeline, which is housed at one of CBP’s member organizations, supports outreach and career development specialists and is linked to the Mayor’s Office of Employment Development. BIP has also supported the hiring of one
job broker who is housed within MOED and responsible for identifying employment opportunities and connecting residents entering the jobs pipeline to them. In mid-2012, the anchor institutions began exploring the prospect of using BIP’s Workforce Training Fund to hire a roving career coach to work with new and incumbent employees in multiple institutions. BIP’s support of the Jobs Opportunities Task Force has substantially increased the organization’s policy advocacy capacity and is credited for much of its success in the 2012 legislative session. Finally, Baltimore's Workforce Training Fund was created to provide a sustainable funding source for training that supports BIP’s employer-targeted job access and local hiring goals and leverages public and private co-investment. The results and learning from WTF’s actual grantmaking activity will yield both interim outcomes and capacity building within the subsystem of workforce training providers.

- In Detroit, there has been a significant expansion of staff, programmatic, and planning capacity at Midtown Detroit, Inc. and Vanguard CDC. Through TII funding, MDI added several new staff positions directly tied to WCI. These new positions have increased MDI’s capacity and activities around community outreach and engagement, communications, and facilitating anchor institution programs. This expanded capacity led to considerable community planning around TOD for the M-1 rail line, plans for the new Whole Foods Market, and the North End Strategic Investment Plan. MDI’s capacity in managing the Live Midtown program was recognized when it was chosen to administer the Live Downtown program for several major employers.

- In Cleveland, changes in functional effectiveness are happening at a micro-scale through the work in city hall. This work may demonstrate that sometimes system change occurs through grand policy changes, and at other times it is incremental and serendipitous. TII has helped support the city’s effort to implement an electronic permitting system. After seeing limited progress, it became clear that IT staff within the Building and Housing Department did not have the skills necessary to handle the technology advances. After two key IT staff in that department were arrested on unrelated charges, the Economic Development Department offered up two talented interns, recent college graduates, to help with the IT implementation. In a department with limited staff turnover and a high average age among staff, the young interns surprisingly have been embraced “like grandchildren.” Their talent has been recognized, and the interns have been hired into the vacancies left by the former employees, though without the internship they would unlikely have surfaced through the civil service hiring process.

- In the Twin Cities, as part of the Met Council’s growing emphasis on supporting development along transit corridors as a regional growth strategy, it created a new work unit in its Community Development Division. The Council has repurposed two positions and has allocated resources for two additional positions to staff this activity that will focus on the Council’s work related to Corridors of Opportunity and new ways to explore TOD. As part of this new office’s responsibility, it will be developing a strategic plan to determine how the Council can better coordinate its TOD activities and what role the Council should play in TOD-related work. The creation of this new unit within
the Met Council may enhance the effectiveness and integration of multiple systems as well as further support the equitable development frame in this work.

INSTITUTIONAL

There have been some changes within individual anchor institutions related to their hiring and procurements policies.

In some ways, each anchor institution is a nested “subsystem” within the larger systems that the sites are seeking to change. Some of the work related to TII has led to some interim outcomes related to how individual anchors are approaching their relationships with their community.

- In the case of Baltimore, Johns Hopkins University, with funding from BIP for staff support, is developing revised economic inclusion policies to reflect local hiring policies. While all of the anchors had community engagement programs and economic inclusion policies in place prior to their involvement with BIP, none had explicit policies for hiring of local residents. Through the Anchor Engagement Workgroup, several of the institutions have agreed to develop local hiring and inclusion strategies and are considering the criteria being developed by Johns Hopkins University as a guide, thereby advancing BIP’s durable change objectives. The University of Maryland institutions must adhere to state hiring and procurement policies, but voiced commitment to finding ways to support BIP’s objectives while staying within these bounds. Maryland Institute College of Art has instituted new practices designed to increase local hiring in its operations and capital projects as well as by its food vendors, and BIP facilitated collaboration between MICA and a BIP Workforce Training Fund grantee to develop a food preparation training program.

- In Detroit, anchor institutions’ participation in and marketing of the Live Midtown program reflects a policy change to encourage and incentivize employee residency within Detroit and adjacent neighborhoods. TII’s investment in building MDI’s capacity to test and administer the Live Midtown program has contributed to this change. Henry Ford Health Systems also shifted its nutrition and food services procurement from an external contractor to in-house management and is working with WCI on expanding local food procurement, including creating food procurement policy recommendations for implementation across the three anchors.

- In Cleveland, the anchor commitments to the community are moving from the priorities of individual hospital leaders to institutional policies. These changes appear to have been directly influenced by the Community Wealth Building Initiative. For instance, Case Western Reserve University has adopted hiring standards for a new major campus construction project that was influenced by similar standards set by University Hospitals during its construction initiative. Specifically, Case Western Reserve University has committed to local hiring in the new construction project with goals that the construction workforce would be represented by 17 percent for minority tradespersons,
7 percent for female tradespersons, and 20 percent for local residency. This commitment was made by the chair of EIMC. At University Hospitals, the key representative on EIMC intervened in a decision on where to locate a new program, redirecting the new site from a suburban region into the Health-Tech Corridor as a result of her commitment to the principles of the GUCI/Community Wealth Building Initiative. In addition, University Hospitals recently adopted new standards related to procurement placing a clearly articulated priority on local procurement. Specifically, the policy states that any purchase greater than $50,000 must be competitively bid and should include at least three vendors, with one or more bid participants who are a qualified local, woman-, or minority-owned enterprise.

**Funding Flows**

❖ *TII work is having some impact on both the level and deployment of community development finance resources in each site.*

In three sites, TII has contributed to larger developments that promise to change the development finance system beyond the impact on the CDFI itself. While many of these changes are in early stages and their final impact on generating systemic changes in how capital is delivered and integrated with other sectors is uncertain, they represent progress toward broader system change that is important to document.

- **Baltimore’s** TII strategy involves using capital projects, including those financed with TII financing, to expand the employment of low-income residents and to contract with minority-owned businesses. TRF has worked with BIP to establish a process to identify and link job opportunities in financed projects with local hiring. This effort has resulted in the creation of a Workforce Resources and Inclusion Plan that is formulated and signed as part of each loan transaction. The WRIP identifies developer/business hiring goals and specific positions targeted for employing Baltimore and BIP area residents (and the associated wages) and BIP’s role in identifying and referring job candidates and local/minority contracting commitments (including the availability of training resources through BIP’s Workforce Training Fund). BIP and TRF staff conduct joint calls to potential borrowers to explain the inclusion goals associated with TRF financing and the services provided to help borrowers reach these goals. Additionally, Central Baltimore Partnership and other BIP partners were instrumental in bringing a Maryland Eastern Shore-based CDFI, Maryland Capital Enterprise (MCE), to Baltimore to augment the limited small business lending capacity in the city. MCE and CBP are working together to provide case management services and capital to small businesses. BIP leveraged Bank of America funds to support this effort. MCE’s entrance into the Baltimore market strengthens Baltimore’s CDFI capacity, and its co-location at CBP will help broaden the perspective of an external stakeholder that ordinarily would not be exposed to BIP’s agenda. Additionally, a subset of the Capital Projects Workgroup has begun to examine the role BIP can play in addressing capital absorption issues.
Detroit has two developments that may contribute to finance system change. First, Midtown Detroit, Inc., the Kresge Foundation, and NCB Capital Impact are developing a proposal for an investment pool of $25-30 million to spark further development in the Woodward Corridor. This pool is intended to create a long-term source of subordinate financing that can supplement senior debt, tax credit equity, and grants, and would obtain part of its return from increasing project cash flow over time. This represents a shift from a “retail” approach that assembles funds to fill financing gaps on a project-by-project basis to a “wholesale” strategy of creating an institutional vehicle to provide a predictable funding source to fill part of the funding gap for a sizable project pipeline. A second development is that Detroit development finance institutions (Detroit Economic Growth Corporation, Detroit Development Fund, Invest Detroit, LISC, NCB Capital Impact, and the Nonprofit Finance Fund) are meeting regularly as a group to review project pipelines and discuss funding priorities. This is a first step that may facilitate further action to coordinate financing roles and decisions among CDFIs and other improvements in the delivery of capital to projects and firms.

Twin Cities has created a new forum in which CDFIs and public agencies meet with developers to review their proposed projects during the predevelopment stage. This process emerged out of recognition that while significant efforts occur to coordinate permanent financing for affordable housing projects, there was little coordination on how predevelopment assistance was delivered. Although these meetings are not a formal mechanism to award funds, they have allowed CDFIs, other nonprofit lenders, and public agencies to better understand each other’s priorities and the availability of predevelopment funds. This helps to avoid awarding predevelopment funds to projects that are unlikely to gain public or CDFI commitments of permanent financing and helps developers assemble predevelopment funding more efficiently. Seven meetings have occurred thus far, and CDFIs report that they have been well received by developers, have led to better coordination in providing predevelopment financing, and have promoted discussion of important development finance issues, such as financing commercial space for local businesses and low-income entrepreneurs. A second initiative is a study and other efforts to address the overall financing needs and capital gaps related to TOD. The first phase of this work looked at the desirability and feasibility of creating a separate TOD fund and led to the recognition that a more thorough review of the TOD finance environment was needed. CDFIs and other stakeholders also convened a learning session with developers to better understand how the finance and development system can better respond to their needs and leverage their capacity to raise capital. Since this work is still in progress, it is not clear what systemic changes to the TOD financing and development process will result.

.EndsWithPillarSummary“TII has having an influence on the flow of funds from the public and philanthropic sectors. This has played a key role in terms of repurposing or realigning resources to support work that is aligned with TII principles.”<br />

Interviews with philanthropic staff involved in each of the sites have revealed that their work in TII is influencing their overall investment portfolio as well as their approach to addressing
poverty-related issues in their communities. This is most notable in the Twin Cities where both
the St. Paul Foundation and McKnight Foundation report that their involvement in TII is
affecting their overall work. The most concrete evidence of this influence has been the amount
of funding that has been aligned with TII work. Local and national foundations (primarily
through the Central Corridor Funders Collaborative) have provided additional funds aligned
with the Corridors of Opportunity. Of the approximately $1.2 million in additional funding for
TII-supported activities, approximately $335,000 was through the McKnight Foundation, a
Living Cities member and philanthropic lead for the site.

Beyond philanthropy, TII efforts have also contributed to the realignment of public funding.
This is most evident in the repurposing and creation of the new $32 million TOD Fund at the
Met Council and the $800,000 TOD fund in Hennepin County.

Baltimore also reports a significant level of investment from other foundations that
have been aligned with the work of BIP. In addition to
the $5.5 million in investment in TRF by the Annie E. Casey
Foundation and the Osprey Foundation (reported below
in section on capital flows),
Baltimore reports about $2 million in additional foundation funds that have been aligned
with the BIP work. This funding comes from AECF, BNC, Abell Foundation, Citi Foundation, and the
Goldseker Foundation. It also includes an $800,000 investment in workforce training largely
targeting residents of East Baltimore by Associated Black Charities. Additionally, Living Cities
funds were used to leverage a Social Innovation Fund grant to scale up its work with existing
sector partnerships, develop common data systems, and create a new partnership in the food
sector, the latter of which BIP has integrated with its anchor strategy. The BIP project and
partners also worked together to apply for and leverage additional funding through the HUD Sustainable Communities award which includes $750,000 in demonstration project funds and
$500,000 in workforce development funds to scale the work to a regional level. Finally, the
Baltimore Workforce Funders Collaborative recently awarded linked funding to a local nonprofit
training organization totaling $100,000 that will prioritize applicants in the CBP and EBDI
pipelines.

To date, Cleveland has focused less on repurposing or realigning foundation funding for TII-
related activities than it has to supporting components of the GUCI agenda not directly
supported by Living Cities. The Cleveland Foundation is the driving philanthropic force behind
GUCI and was already a generous funder of efforts in that geography. As a large community
foundation, it also is a direct funder of most of the nonprofit organizations at the table. The
foundation was the creator of the nonprofit implementing the community engagement

<table>
<thead>
<tr>
<th><strong>Funder Alignment in the Twin Cities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Activity</strong></td>
</tr>
<tr>
<td>Job Central</td>
</tr>
<tr>
<td>Community Engagement Team</td>
</tr>
<tr>
<td>U7</td>
</tr>
<tr>
<td>Metropolitan Consortium of Community Developers</td>
</tr>
<tr>
<td>Chambers/Transit and Business</td>
</tr>
<tr>
<td>Anchor Institutions</td>
</tr>
<tr>
<td>LISC - buy down rate</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
strategy, Neighborhood Connections, and serves as its fiscal agent. It is a key funder of BioEnterprise, which implements the Health-Tech Corridor Initiative. It was the driving force behind the creation of NewBridge, the workforce development nonprofit that works closely with GUC anchors. The foundation has been more interested in getting Living Cities to align to its vision and strategy than it has to adapting its approach to align with TII principles. This tension has been particularly evident around funding of the Evergreen Cooperatives. Recently, TCF funded the pilot with the Cleveland Housing Network to help Evergreen and NewBridge graduates become homeowners, which Living Cities did not opt to support.

Cleveland is also unusual in the limited representation of foundations other than the lead. The Cleveland Foundation plays a major role in the initiative, but there is scant representation from others. While the GUC Leadership Committee includes the Kelvin and Eleanor Smith Foundation and the Kent H. Smith Charitable Trust, there are no other foundations active on the EIMC. Furthermore, key foundations active in Cleveland, such as the Gund Foundation, are absent from the table.

In Newark, the Prudential Foundation has made significant investments in SHCI, including a commitment of $1 million in matching grant funds. Stakeholders in Newark observe that its lead foundation partner, Prudential Foundation, is becoming more intentional about engaging other funders in program areas relevant to SHCI and Newark neighborhoods. Although it is too early to say that specific alignment is occurring, these early dialogues represent an important shift among funders, who historically have operated independently. Less clear, however, is whether the SHCI table can help Newark’s foundations adapt to new modes of working with nonprofit organizations, shifting from only a grantmaking orientation to one of more partnership and collaboration, and whether connections between foundations and city agencies grow stronger.

In Detroit, WCI has received some philanthropic funding that supports TII-related activities. Midtown Detroit, Inc. and Vanguard CDC received substantial support through the Kresge Foundation ($1 million in operating support for Midtown) and Ford Foundation ($500,000 for Midtown). This support is not specific to TII, but enhances the capacity of MDI to do its WCI-related work. More recently, MDI received a $105,000 grant from the Skillman Foundation to support the TII evaluation and $75,000 from Chase Foundation for the predevelopment of the Woodward Willis mixed-use development. Vanguard CDC has received $100,000 from the Skillman Foundation, $100,000 from Chase, and $125,000 from LISC to support its work in the North End. Finally, Hudson-Webber, Kresge, and MSHDA have each awarded $200,000 for the renewal of Live Midtown.
The previous sections of this evaluation focus on the system change and outcomes that are associated with each of the sites involved in The Integration Initiative and related to the specific system change agendas developed by the site leadership. While these system change and outcomes tell an important story about the work of TII, it is also important to look at the outcomes in terms of some of the assumptions that guided its design as well as of the goals of Living Cities.

FROM ASSUMPTIONS TO THE REALITY OF SITE WORK

As noted, Living Cities staff and members had a number of assumptions that were underlying the design of TII. (See Chapter 1.) The following figure looks at the degree to which these assumptions have been part of the realities of the implementation process.

<table>
<thead>
<tr>
<th>ASSUMPTIONS</th>
<th>IMPLEMENTATION PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant money will “spark” new forms of collaboration amongst key stakeholders</td>
<td>The grant money from Living Cities is funding the basic infrastructure and staffing for the new governance tables that have been established – clearly helping to spark new collaboration. Beyond the governance tables, the grant funds have led to other new relationships and partnerships.</td>
</tr>
<tr>
<td>Primary Role of Philanthropy</td>
<td>As designed, local and national foundations have played a very strong role in each of the sites. Philanthropy has played a critical convening role, has provided leadership in each of the site’s governance groups, and has also used its own resources to support and align multiple efforts of relevance to the system-related work.</td>
</tr>
<tr>
<td>Accelerating Existing Efforts</td>
<td>The design of TII was premised on building upon innovative and ongoing activities in the sites. This was clearly the case in Twin Cities, where considerable work was already in progress related to the Central Corridor Funders Collaborative and looking at new ways to ensure that the region’s infrastructure investment would benefit low-income residents. In the other sites selected, much of the work being supported through TII is relatively new. Thus, rather than accelerating existing efforts, TII has ended up largely seeding new activities and approaches.</td>
</tr>
<tr>
<td>Project will demonstrate the potential of blended financing</td>
<td>While capital remains an essential ingredient, the jury is still out in terms of the transformational impacts of blending capital and grants in weak market cities. The capital provided by Living Cities is a major component of The Integration Initiative, but its impact on realizing the Initiative’s transformational goals remains uncertain. Blended capital has not resulted in strong integration of financing and programmatic work at all sites. CDFIs have joined the governance tables in all cities and are involved in discussions of overall strategy, but the work of identifying deals, assembling financing, and getting project financing is not always integrated into the core programmatic and system change work.</td>
</tr>
<tr>
<td>Looks beyond neighborhood and city to the region</td>
<td>This is one of the initial assumptions in which the least progress has been made. While initially TII was conceived to promote new linkages between neighborhoods, cities, and the larger region, this is only really occurring in the Twin Cities. More recently, with the development of the HUD Community Sustainability grant in Baltimore, there is some progress in helping to forge new relationships between city neighborhoods and the larger region.</td>
</tr>
</tbody>
</table>
PROGRESS ACROSS THE FOUR STRATEGIC TII GOALS

The broader Initiative-wide goals of Living Cities in its site specific work were sharpened over the first 18 months of the Initiative. The Initiative started with the primary goal of creating a “new normal.” The following four goals were identified as providing more specific elements of what this new normal would look like from the Living Cities’ perspective:

1. **building a resilient civic infrastructure**, one table where decision-makers from across sectors and jurisdictions can formally convene and work together to define and address complex social problems;

2. **moving beyond delivering programs to instead focusing on transforming systems**, such as transportation, health, housing, and workforce development;

3. **bringing disruptive innovations into the mainstream** and redirecting funds away from obsolete approaches toward what works; and

4. **supplementing traditional government and philanthropic funding streams by driving the private market to work on behalf of low-income people.**

The following section assesses the work of the first 18 months in terms of the four Living Cities’ goals.

**Building a Resilient Civic Infrastructure**

Creation of a new cross-sector “table” in each of the sites has been probably the most important element of TII work. In each city, the governance group guides both the direction of the Initiative and the policy decisions necessary to make headway. Moreover, through establishing this new cross-sector table, the assumption is that Living Cities will influence the work of each participant beyond TII-related work and will help to reshape the ecosystem and civic infrastructure at each site in a way that leads to better outcomes for low-income residents. The composition, structure, and leadership of the governance group, therefore, have an extraordinary impact on the success of not only the Initiative, but also the likelihood that TII has a positive, lasting impact on system change.

The governance group in each site has evolved at different speeds, with each site having a different baseline of existing relationships across sectors. Overall, the governance groups have been fairly successful in bringing key stakeholders together to shape the direction of the Initiative and related policy. Comparing the governance groups to date has led to the key findings described below.

> TII has led to the creation of a new multi-stakeholder table in each site. But, TII governance tables vary considerably in ways reflective of the key issues tackled and the problem-solving approaches taken by each site.

The local context and the strategic approach taken by each city highly influence the evolution of each table. For example, a site like Detroit, suffering from fiscal uncertainty that has led to political uncertainty and with limited cross-stakeholder involvement, is evolving at a different
pace than a site like Cleveland that has had a pre-existing Greater University Leadership Committee active, with high-level anchor leadership, since 2006. The local context and strategic approach taken by each city also influence the structure of each site’s governing body. A site like Cleveland, focused on anchor-based strategy, is likely to have a significant number of anchor institution representatives on the governance group, whereas a site like the Twin Cities, focused on transit and land use, is likely to have limited representation from anchors. (See Figure 16.)

<table>
<thead>
<tr>
<th>Stakeholder Type (Totals)</th>
<th>Baltimore</th>
<th>Cleveland EIMC</th>
<th>Detroit</th>
<th>Newark</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>5</td>
<td>3**</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>City Agency Staff</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>County/Regional Agency Staff</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>State Agency Staff</td>
<td>1</td>
<td>-</td>
<td>1*</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Finance</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Anchors</td>
<td>2</td>
<td>6</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CDCs and Other Community-based Organizations</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Nonprofit Intermediaries, Associations, and Advocacy Groups</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Private Sector/Quasi-Public</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Elected Political Officials</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17</strong></td>
<td><strong>23</strong></td>
<td><strong>17</strong></td>
<td><strong>25</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>

**Notes:**

* A new member from Michigan Economic Development Corporation will soon be added making this 2.

** Numbers indicate number of representatives not number of organizations represented. In the case of Cleveland, all 3 representatives of philanthropy are from the Cleveland Foundation.

Governance groups are constantly evolving, and these numbers represent the governance group member list as of July 2012. Advisory members and associate members are not included in this table.

There is no blueprint to the size, structure, and leadership of each site. Governance group size ranges from 17 in Baltimore and Detroit to 25 in Newark and the Twin Cities. Some sites have also developed structures that include advisory/associate/steering committee members. Some governance groups serve a managing role and have a larger group acting as a governance body, such as the GUC in Cleveland, while other sites, such as the Twin Cities, handle all governance at the Policy Board level and not only utilize this body to govern TII, but also to govern the Sustainable Communities Initiative. A number of these governing bodies are supported by working groups. Some sites, like Baltimore, operate with five ongoing working groups, while others, like Cleveland, create ad-hoc working groups as needed—only one to date. The strength and progress of these working groups are similarly evolving with some working groups having a great deal of pre-existing activity on which to build (Baltimore Workforce Integration),
and others starting from scratch to determine their purpose and goals (Baltimore Anchor Engagement). (See Figure 17.)

### Figure 17. Governance Group Structures

<table>
<thead>
<tr>
<th>Characteristics of Governance Group</th>
<th>Baltimore</th>
<th>Cleveland</th>
<th>Detroit</th>
<th>Newark</th>
<th>Twin Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIP Governance Board; Executive Committee responsible for day-to-day management.</td>
<td>Economic Inclusion Management Committee (EIMC); reports to the Greater University Circle Leadership Team.</td>
<td>Woodward Corridor Initiative Governance Council; includes an Executive Committee; structure evolving.</td>
<td>Executive Governance Committee and Steering Committee together govern SHCI; structure is still in flux.</td>
<td>Policy Board governs Corridors of Opportunity, a joint effort involving HUD Sustainable Communities Regional Planning Grant and LC TII.</td>
<td></td>
</tr>
<tr>
<td><strong>Number of Members on Governance Group</strong></td>
<td>17</td>
<td>34 (23 + 11 advisory)</td>
<td>25 (17 + 8 associates)</td>
<td>25 (11 + 14 steering)</td>
<td>25</td>
</tr>
<tr>
<td><strong>Co-Chairs (Affiliation)</strong></td>
<td>Bob Giloth, Vice President, Center for Family Economic Success and Community Change, Annie E. Casey Foundation.</td>
<td>Tracey Nichols, Director of Economic Development, City of Cleveland.</td>
<td>Tonya Allen, Chief Operating Officer and VP, Programs, Skillman Foundation.</td>
<td>Shané Harris, Vice President, Prudential Foundation.</td>
<td>Susan Haigh, Chair, Metropolitan Council.</td>
</tr>
<tr>
<td></td>
<td>Betsy Nelson, President, Association of Baltimore Area Grantmakers.</td>
<td>Jennifer Ruggles, Executive Director, Government Relations, Case Western Reserve University.</td>
<td>Laura Trudeau, Senior Program Director, Kresge Foundation.</td>
<td>Michael Meyer, Director, Housing and Real Estate, City of Newark.</td>
<td>Lee Sheehy, Director, Region and Communities Program, the McKnight Foundation.</td>
</tr>
<tr>
<td><strong>Level of Power</strong></td>
<td>Significant</td>
<td>Moderate</td>
<td>Significant</td>
<td>Significant</td>
<td>High</td>
</tr>
<tr>
<td><strong>How Often do They Meet</strong></td>
<td>Every 6-8 weeks</td>
<td>Monthly</td>
<td>Quarterly (Executive Committee meets every six weeks)</td>
<td>Monthly</td>
<td>Monthly</td>
</tr>
<tr>
<td><strong>Affiliated Working Groups or Committees</strong></td>
<td>Executive Committee • Workforce Integration • Capital Project • Anchor Engagement • Data and Evaluation • Communications Advisory Group</td>
<td>Executive Committee • Capital Formation • Education • Knowledge Transfer/System Change • Workforce</td>
<td>Steering Committee • Food Access • Health Access • Housing and Phys. Env • Data and Evaluation • Community Engagement</td>
<td>Senior Staff Group &amp; Core Team • Affordable Housing and TOD Implementation Team • Southwest LRT Community Works • Business Resource Collaborative • Jobs Central • Community Engagement Team</td>
<td></td>
</tr>
</tbody>
</table>

**Level of Power Definitions:** *High*: Top elected officials and executives; *Significant*: Public sector agency heads, anchor staff, CBO executives; *Moderate*: Primarily mid-level/operational staff.
Though each site has a multitude of variables contributing to the pace and structure of the governing body, as the Initiative progressed each governing body has adapted to the site’s evolving needs with changing leadership and structures.

The Network Survey provides evidence that while many of the governance group members are very positive, six months into implementation there was a lot of diversity in the ways members articulated the goals and a variety of perspectives about effectiveness.

The Network Survey was administered in the early stages of implementation, primarily as a baseline, and may not reflect current perceptions as the governance groups have evolved. However, the responses do provide some sense of how members perceived their involvement in the early stages of the Initiative.

According to the Network Survey, six months into implementation most of the members of the governance groups in all sites other than Newark were reporting relatively positive experiences in terms of their buy-in and assessment of the “table.” The difference in the responses to the survey by participants in Newark is notable across most of the questions. (See Figure 18.) However, it is important to keep in mind that the survey was conducted in the midst of the site’s planning process, and while many elements of the partnership and initiative were still in flux. There were also some differences in the assessment of the effectiveness of the leadership structure. In Detroit, only 54 percent assessed the governance structure as effective as compared to much higher percentages in the other sites. Detroit members also reported the lowest percentage (58 percent) as agreeing that the organizations involved in the initiative trust each other and share information and honest feedback.
About 50 percent of governance group members in Detroit, Cleveland, and the Twin Cities rated the time spent in local initiative meetings as “very productive.” Baltimore, on the other hand, has only 36 percent of members finding their meetings very productive and 14 percent finding it not very productive (compared to 7 percent and 5 percent, respectively, finding the meetings not very productive in the other cities). However, it is very important to consider that these finding were as of June 2011, only six months into implementation. Indications are that these attitudes had changed significantly by June 2012.

Survey results, as well as more recent interviews and site visits, also provided evidence that members of the governance groups in most of the sites do not have clarity about the main goals of the their site and that there is significant progress to be made in terms of establishing a
set of shared goals. In the survey, when asked to name the top three goals, all of the responses were certainly relevant to the Initiative; however, there was little consistency amongst respondents. A more well-defined set of shared main goals might offer a more unified approach to Initiative activity.

**Focusing on Transforming Systems**

One of the fundamental elements of the Living Cities Integration Initiative was the recognition that while programmatic and place-based efforts are important, they are not sufficient to connect low-income residents to economic opportunity at scale. To achieve population level impacts, sites would have to develop strategies that seek to change behaviors and practices within complex systems. The programmatic and project-based work was conceived of as only one means to that end. Project- and program-based work could be helpful in identifying system barriers. Moreover, through changing relationships and behaviors, systems that have an impact on low-income individuals could yield better results. While a key tenet of TII, this has been one of the most challenging pieces of the work.

_many of the sites started out with a very strong orientation toward project- and place-based work. Moving towards looking at systems has been a difficult transition. However, considerable progress has been made in the last six months in moving sites beyond projects and programs._

To varying degrees, Detroit, Baltimore, and Cleveland started their TII work focused on either transactions or on developing new programs. There was, in fact, some resistance to the broader system frame that Living Cities was prioritizing in these sites. During much of the first year of TII, there was a lot of work with the sites focusing on pushing them towards a more system-oriented strategy. There was often considerable pushback from the sites. Many of the sites felt that Living Cities had not been effective in describing what system work should look like. There was also no common framework or definition related to what would comprise “system change” and what “systems” each site was trying to effect.

While still a challenge, each of the sites has been making modifications to its strategies that reflect a greater system orientation. For example, in Baltimore, BIP has made a number of modifications and refinements to its strategy during 2011. This is consistent with its view that its theory of change is an evolving document, and that projects are essential test cases for its long-term system change agenda. The site seems to evince a stronger appreciation of the need to make the connections among projects, outputs, and system change outcomes explicit. While it is still working out the details, the general apprehensiveness about system change observed in the first year of the Initiative has abated. A similar trend is found in Cleveland, which has evolved its work from a strong focus on the Evergreen Cooperatives, to focusing more on broader systems involving workforce development, small business development, and the relationships with anchor institutions.
Bringing Disruptive Innovations into the Mainstream

As noted, Living Cities recognized that achieving enduring system change that could potentially have a population level impact on the cities in which it was investing involved a 10-year timeframe. As a result, the midterm evaluation focused on whether there was evidence that systems were, in fact, changing, and whether there was any evidence of interim outcomes that could eventually lead to more enduring system change, in effect, bringing disruptive innovations into the mainstream.

*Only 18 months into implementation, it is much too early to assess whether TII has been successful in meeting this goal. However, there are some examples of innovations that may become more “mainstream.”*

Currently, most of the sites are still piloting some innovative approaches, learning from this work, and beginning to develop strategies to take this learning to intervene in the larger systems. The work with anchors in Baltimore and Detroit, the work around the intersection of transit development, land use planning, development, and equity in the Twin Cities, and the relationship between development and workforce in Baltimore all have promise:

- In Baltimore, the requirement that recipients of BIP capital develop Workforce Resource and Inclusion Plans with local hiring goals is innovative in the community and could spread beyond TII-related financing activity.

- In the Twin Cities, the requirement that Corridor Plans include an affordable housing plan may change how transit and infrastructure planning occurs in the region as well as create a more regional approach to meeting affordable housing needs.

- The efforts in Baltimore, Cleveland, and Detroit around the anchor procurement process, which includes creating new shared databases, holding vendor fairs, and looking for supply chain opportunities, could lead to more widely accepted standards around how anchors interact with the local community.

Driving the Private Market to Work on Behalf of Low-Income People

Beyond the direct financing of projects associated with TII site work, there is evidence that Living Cities’ support and work through TII is contributing to driving the private market to benefit low-income residents and is aligning federal and philanthropic resources around TII-related activities.

*CDFIs that are part of TII have already contributed to increasing the flow of private resources for projects benefiting low-income residents.*

As noted in previous sections, TII work has both contributed to the capacity of some of the CDFIs involved in the Initiative and is leading to changes in the larger community development finance systems in each of the sites. Over the longer-term, these system changes are likely to contribute in increasing the flow of private capital to low-income people and potentially lead to
population level outcomes. Examples of how this greater capacity is increasing the flow of private capital is found in the figure below. Following only one-and-a-half years of implementation, there are already significant investments being made in businesses and development projects that are designed to benefit low-income residents. (See Figure 19.)

<table>
<thead>
<tr>
<th>Site</th>
<th>Total Project Investment</th>
<th>CDFI Contribution</th>
<th>Project Description/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore</td>
<td>$72 million</td>
<td>$21 million NMTC allocation</td>
<td>East Baltimore Community School. Expanded facilities for Maryland Institute College of Art.</td>
</tr>
<tr>
<td>Cleveland</td>
<td>$16.8 million</td>
<td>$8.5 million NMTC allocation</td>
<td>Evergreen Green Growers, employee-owned greenhouse to supply produce to anchor and other consumers.</td>
</tr>
<tr>
<td>Detroit</td>
<td>$11.3 million</td>
<td>$10.4 million in NCB NMTC allocation</td>
<td>The Henry Ford Academy School for Creative Studies Elementary charter school.</td>
</tr>
<tr>
<td>Twin Cities*</td>
<td>$21.3 million</td>
<td>$697,000 in TCCLB loans for single-family homes; $299,000 in 16 NDC loans</td>
<td>80 Ready to Rail loans to construction-impacted businesses; 22 housing units preserved via TCCLB loans and First Look assistance; start-up/expansion of 16 businesses.</td>
</tr>
</tbody>
</table>

*Includes estimated total development costs for Old Home Site.
Success Factors

Only midway through the implementation of TII, it is too early to assess with any rigor the factors that are influencing success. Given the strong adaptive frame of this Initiative and the long timeframes associated with system change work, the types and level of success in achieving enduring change to the systems can vary significantly over the next 18 months. This section provides initial thoughts on some of the factors that have been observed as influencing success to date. In some ways, they should be viewed more as hypotheses that will be further explored as the Initiative progresses. These factors are divided between the site specific factors, those more within the control of Living Cities and the site staff, and the external factors that are providing significant challenges (and, in some cases, opportunities) that are, in many cases, beyond the control of the Living Cities work.

THE ROLE OF LIVING CITIES

Staff Work with the Sites

The work of Living Cities staff with the sites, through the site visits, the learning communities, the strategic interventions, and the consistent communication, has helped to both better align the site work with the initial design of TII as well as to accelerate progress in some areas.

The Formative Reports completed by the national evaluation team on what was termed “Year 0,” the site selection and planning year, and Year 1, provided a lot of detail about the strong role that Living Cities staff and members have played in shaping the Initiative nationally as well as at each site. These reports concluded that the Living Cities staff’s work with sites through multiple interventions has helped to shape the site work in positive directions.

Most notably, the “push” around the design of the governance groups, the move from projects to “systems,” and the work around structuring and closing the financing component of the Initiative have been critical in shaping the site work.

Living Cities has been most successful in helping to shape the governance groups. Given the importance that Living Cities saw in creating a new table, who was on the governance group and how it was structured became a significant priority. The other area in which Living Cities’ multiple interventions have affected the work at the sites was in broadening a number of the sites to think beyond the more narrow set of activities that was initially proposed and to at least see the connection between their work and other systems, whether it was workforce, transportation, or education. In the financing area, Living Cities staff not only helped shape the role various financial institutions played in the Initiative, but staff also have provided ongoing support of efforts to address barriers that have impeded the deployment of capital, and have provided additional support to sites interested in gathering more strategic information on the capital absorption system.
The more strategic and targeted interventions of Living Cities during the first implementation year were in some ways the most highly valued. There were some add-on site visits around specific issues, general technical assistance and support on some activities, and supplemental funding to support the sites’ ability to hire extra technical support. (More extensive analysis of the role of Living Cities staff in shaping the Initiative and work at the sites is provided in the report *Formative Feedback: The First Year of Implementation of the Living Cities Integration Initiative*).

**Design of the Initiative**

*The intervention in multiple systems and nested subsystems has added complexity to the effort and made progress challenging.*

Despite considerable work by both Living Cities and site staff, the complexity of the Initiative has made clarity about the system change strategies very difficult in all of the sites. The sites are working within multiple systems and subsystems. What makes TII effort somewhat unique is its recognition that to date the systems that are working to address the challenges that low-income individuals face are highly siloed. Most of the sites are working across multiple systems and each of these systems has multiple subsystems. So, for example, in the Twin Cities, what started as a focus on the transit and land use system has now evolved. The site has recognized that to create additional opportunity for those along the proposed new transit lines, it has to interact with the workforce system and anchors along the corridor (which are each, in effect, its own subsystem). The complexity of the multiple systems in each of the sites has made communicating both within the initiatives as well as with external actors challenging and has slowed the pace of progress on addressing system-related barriers.

**SITE SPECIFIC FACTORS**

**Defining the Problem**

*The struggle to clearly define the problem they were seeking to address at the start of the Initiative has constrained progress in most sites.*

Working within a systems frame in multiple sites and in multiple systems is a new and exploratory effort. While there was substantial work in the proposals and in the work of Living Cities staff to identify the problem to be solved and the systems related to solving that problem, in practice this is an area of relative weakness across all of the sites. To some extent, most of those involved started with more of a community development and place-based/neighborhood approach. Thus, the problem was often stated in terms of the conditions of neighborhoods and the conditions of low-income residents within those neighborhoods. Yet, the goal of TII was to get to enduring system change that would impact low-income residents beyond the neighborhoods being targeted. The project and program work that was people-based and place-based was being supported with the intention of getting to a larger system change agenda. Clearly defining the systems in which the site is intervening, the current barriers within these systems, and how addressing these system barriers will lead to broader
impacts on low-income residents has not been sharply delineated. While each site engaged in a process with its local evaluators on the development of a theory of change, which should have helped to clarify the problem and pathways to change, the emergent nature of this work has meant that in most sites the TOC that was developed originally no longer fully reflects the work.

Clearly defining and analyzing the systems sites are seeking to change in order to address the identified problem has also been an ongoing weakness.

Pursuing an effective system change agenda requires, “(1) understanding different perspectives concerning the problem situation; (2) locating root causes to systemic problems by identifying system parts and their patterns of interdependency that explain the status quo; and (3) using this information to identify leverage points that will cultivate second-order change (i.e., paradigm shifts in how a problem is perceived and what strategies are used to address the problem)” (Foster-Fishman, Nowell, Yang, 2007). This type of strategic analysis, moving from problem identification to assessment of systems, has not been undertaken in the sites. The result has been that the system work is not as strategic as it could be, and this could potentially reduce the likelihood of achieving the types of outcomes that Living Cities had envisioned.

The Structure and Operation of the Governance Groups

The degree to which co-chairs take ownership of the governance group impacts the progress of the work and may affect the likelihood of sustainability.

In the Twin Cities, Lee Sheehy and Susan Haigh have been strong chairs from the beginning of the Initiative. They have owned the leadership role and have offered the enthusiasm and drive necessary to steer the direction of the Initiative. This seems to have had a positive influence on the strength of the table and the progress of TII. Betsey Nelson of ABAG has played a similar role in Baltimore. Not all sites have had such strong and stable co-chairs. The governance group co-chairs in Cleveland, Detroit, and Newark have all changed since the start of the Initiative. In Both Cleveland and Detroit, encouragement from Living Cities helped surface capable and willing leaders. However, the slow emergence of leadership in most of the sites has had some impact on their progress.

Continuous reflection on what voice is missing from the table and expanding the governance group accordingly is working to bring the right stakeholders to the table.

The governance groups take time to coalesce and to recognize the appropriate stakeholders that need to be at the table. Over the course of the last 18 months, each site has made strategic additions to expand its governance group to include relevant stakeholders previously not involved in a leadership position. Cleveland, Detroit, and the Twin Cities have all made an effort to identify state agency representatives to invite to be part of the leadership team, and Baltimore has added a number of new members, as mentioned earlier in this report. Additionally, Cleveland, Detroit, and the Twin Cities have all also added other key organizations to bring specific content expertise and/or additional sector representation to their governance tables. In Cleveland, new representatives were added from Towards Employment and The
Center for Health Affairs (advisory role). In Detroit, there were several additions, including a representative from the Detroit Economic Growth Corporation, Detroit LISC, and Chase. In the Twin Cities, the representative from Nexus Community Partners became a voting member of the group, and representation was added from a suburban mayor, a local developer, and the state Department of Employment and Economic Development.

Nonetheless, there are still key stakeholders that have been identified by each site as “missing from the table.” Most notably, the voice of the private sector is largely missing in all of the sites. Overall, across sites, business involvement beyond the anchors is relatively weak, though it is slowly improving. Other groups noted as “missing” from the table include:

- Baltimore has identified the absence of major financial institutions, is using community organizations as a proxy for the resident voice, and has an underrepresentation of African-American stakeholders.
- Cleveland has noted the absence of CDC representatives, the resident voice, and Greater University Circle and MidTown Cleveland, Inc. representatives—representatives who sit on the GUC, but not on the EIMC.
- In Detroit, while additions have been made to fill gaps in representation, the governance group is still struggling to achieve committed, active involvement from city representatives who already serve on the committee. Aligning the city initiatives and activities with the WCI agenda is the biggest concern, though the city is technically represented on the governance group.
- For Newark, the missing representation was identified as anchor institutions. Earlier efforts to engage anchor representatives have been curtailed due to leadership changes, institutional restructuring, and other changes at various institutions.
- In the Twin Cities, it is Metro Transit staff who are not represented. Additionally, the Twin Cities have acknowledged a lack of racial diversity within the governance group.

Nested tables are playing an important role in the progress of the Initiative, acting as connectors to support “the table,” taking on hard issues, and developing strategic approaches to addressing challenges. These workgroups also address the challenge of having sufficient time for in-depth discussions on important topics within the governance groups.

The multitude of nested tables that support and vet information presented to the governance group play a very strong role in the Initiative. Though there may be one governing table for TII, the work accomplished at the nested tables is crucial to the success of the Initiative. The Twin Cities, more than any other site, has nested tables within all levels of governance, including the working groups. Not only does it have a senior staff group and a core team supporting the work of the Policy Board, but the Southwest LRT working groups and the Affordable Housing/TOD implementation Team also include branches serving differing purposes.
For most sites, workgroups provide an opportunity for these in-depth discussions and debates to take place. Working groups cultivate discussions that help drive the Initiative forward. Working groups also encourage more governance group representatives to take on leadership roles. This provides some relief to project directors, who then have more capacity to act as a backbone support to the governance group.

The additional meetings also offer the time for the group members to dive deeper into a more focused discussion, though the structures of the workgroups vary. Baltimore, the Twin Cities, Detroit, and Newark have predefined topic-related working groups; however, some of these workgroups have only recently evolved, so impact to date in those instances (Detroit and Newark) has been minimal.

The Leadership and Role of the Site Directors

Over the first 18 months of the Initiative, the role of the project directors as “connectors,” or weavers, between multiple tables and systems has taken on increasing importance.

The capacity and leadership of the staff at each of the sites has grown over the course of the first 18 months. The project directors, in particular, play a critical role at many levels. The project directors basically staff the governance groups, are the key liaison with Living Cities, and are responsible for ensuring that the milestones that the Initiative has developed are met. But, perhaps the most important role they play is in making connections within the broader civic infrastructure between TII work and other related work in the community.

In some cases, the longstanding role that the project director plays in the community helps in making these connections. For example, Susan Mosey in Detroit brought a strong network of relationships and a track record as an effective planner and program and project implementer. In this respect, she has helped to connect new stakeholders, such as NCBCI, to key institutions and tables in Detroit and has helped bridge and strengthen relationships between anchor institutions and other systems, e.g., DEGC. She has also played a critical role in weaving together the resources needed to implement many WCI projects and initiatives. In this sense, her role has often been focused on connections that support TII implementation rather than pursuing connections that promote new policies or perspectives.

In the case of the other sites, the site leads have increasingly taken on a role of “connector.” Mary Kay Bailey in the Twin Cities is a key linkage between the HUD work and the Living Cities-related work. But, more importantly, she intersects with stakeholders throughout the region on a wide range of issues and brings TII perspective to this effort. This work goes beyond just the “core activities” that are defined in the work with Living Cities. Similarly, as noted, Walter Wright in Cleveland has made many new contacts in the workforce arena, meeting with the WIB, SC2, and Towards Employment, and is organizing a site visit for key stakeholders in Cleveland to visit Partners for a Competitive Workforce in Cincinnati. In Baltimore, Kurt Sommer has forged new connections with area political and civic stakeholders working to build linkages between the BIP and other local and regional reinvestment efforts. He is also actively involved in aligning Baltimore Sustainable Communities Initiative’s policies and strategies with
BIP’s. Although Newark was not in the implementation phase at the time of this report, Monique Baptiste has been instrumental in bringing neighborhood organizations, CDCs, and the city’s philanthropic liaison, who brings considerable regional connections, into SHCI. Additionally, she has been asked to join ongoing high-level discussions among public and private sector stakeholders, thus expanding SHCI’s connections.

**Role of Local Evaluators**

⇒ *In a number of the sites, the local evaluators have played an increasingly important role in shaping and refining the work.*

From the outset, TII supported two levels of evaluation, a national team to provide cross-site findings as well as formative feedback to Living Cities, and local evaluators to report on individual site outcomes and to provide formative feedback on the site’s work. The local evaluators’ formative role has been evolving and strengthening in most of the sites. For two of the sites, the evolution actually involved changing local evaluators. The new evaluators have been seen by the sites as instrumental in helping them better understand some of their initial challenges, to better articulate their Theory of Change and their strategies, and to clarify the systems approach. In the other sites, the local evaluators have also been important parts of the “team” and have worked closely with site leadership on many aspects of the implementation process.

**Role of Philanthropy**

⇒ *Involvement of multiple philanthropic partners seems to provide both positive alignment as well as provide sites with increased access to potential resources to support aligned activity.*

In Detroit, Baltimore, the Twin Cities, and very recently in Newark, there are multiple foundations playing a role in TII, some of which are Living Cities’ members, and some of which are not. Having multiple philanthropic partners seems to provide many benefits to the sites. First, the work is not totally associated with any one foundation, thus strengthening the potential convening power of the foundations in the work. Second, the site has access to additional resources to supplement its work. Finally, the involvement of multiple foundations strengthens the collaborative nature of the work. Cleveland is unusual amongst TII sites in terms of the limited representation of foundations other than the lead.

⇒ *Philanthropy needs to balance playing a leadership role in the site work without overly dominating the “table.”*

While having philanthropy involved in the site work is important, if it plays too dominating a role of the governance group there is the danger that there will not be ownership of the work by the broader set of stakeholders involved. The strengthening and broadening of the governance groups in most of the sites has been very important in terms of reaching this balance. In Cleveland and Detroit, more work needs to be done to strengthen the role of actors beyond philanthropy in the work.
Using Data to Drive Results

The experience to date in terms of the use of data to drive results has been mixed. In some sites, data are a significant part of the work. In other sites, there is no clearly designated partner or clarity about the role of data in either the system change work or the project and programmatic work.

One of the principles of Living Cities’ work has been that system change efforts need to be driven by data, and that data are an important tool for convening cross-sector tables both for advancing system change work and for measuring project-level progress against big results. In TII, Living Cities required that each site has a “data partner,” but did not provide significant guidance about the role of the data partner in the Initiative.

In both Baltimore and Detroit, the sites have been collecting and using data, particularly to track progress related to the project- and programmatic-related work and to inform and support strategy/program design and system-related change.

In Baltimore, in order to help guide its program, policy, and investment decisions, BIP began developing a community profile that includes demographic, labor force, investment conditions, and other data about the target neighborhoods. It has also created a Dashboard that provides regular updates on a range of data related to its workforce- and finance-related work. BIP’s use of data to inform its strategies has been integrally tied to its project- and intervention-related work, particularly in workforce where MOUs and a single data system are in place among BIP, EBDI, CBP, and MOED to facilitate the use of common measures and data sharing associated with the jobs pipelines. This use of data is already leading to learning and changes in strategy. For example, an analysis of low educational outcomes of residents in BIP’s target neighborhoods was illuminated by the math basic skills barriers JOTF was finding among participants in its construction training program. This led BIP’s Workforce Integration Workgroup to focus on the extensive need for remediation, support the development of JOTF’s math refresher course, and place greater emphasis on “pre-bridge” programs. These practical experiences informed their understanding of the systemic limitations.

Data Driven Detroit’s work in Detroit has expanded access to data and the ability of WCI partners to integrate multiple data sources to support planning and decision-making. This new capacity is an emerging resource that is not fully integrated into the Initiative and Governance Council decision-making. However, data have been used in new ways to inform decision-making, most notably for the Workforce and Education Strategy. Initially, WCI planned to help finance and develop new charter schools in the corridor. After reviewing data that revealed many well performing charter schools already existed that were not well used by local residents, the focus shifted to (1) creating an innovation network among parents, teachers, residents, and anchors to further improve local schools; and (2) marketing the existing schools to neighborhood parents and students. Another stakeholder reported that D3 was valuable in demonstrating a market for a new homeowner rehab loan program to be rolled out for the North End. A D3 staff person attends weekly WCI staff meetings, which has facilitated a better understanding of TII data needs and better integration of data services into staff-level work.
There have been challenges to incorporating data and D3’s capacity into the Initiative. An initial effort by several stakeholders to create a master citywide business list has faced obstacles. Resistance (and perhaps capacity) to share data still exists by the city of Detroit and other partners. D3 often had to use Freedom of Information requests to get access to city data sets, rather than working directly with agency staff. While this has allowed it to access city data, it is a more time-consuming and regulated process. Moreover, systems are not in place to collect and track outcomes and improvements to the city’s business and development permitting process—an important system change target. D3 also reported challenges in getting data from the multiple parties involved in the anchor institution work. Similarly, Midtown Detroit, D3, and the local evaluator have not fully developed the data sources and methods to track outcome measures.

To date, data have not been a significant component of the work in the Twin Cities and in Cleveland. This is related to the lack of clearly defining the problem to be solved in these two sites. While Twin Cities has a host of evaluative work going on through its “evaluation cabal” and has developed a large set of data that is being tracked, the data are not being used to track the results of CoO directly or to inform its strategic approach. Currently, the site is in the process of further narrowing down the set of data it will be tracking to make it more in line with the overall goals of the Initiative. In Cleveland, the evaluation team has put together a large amount of baseline data, however, like in the Twin Cities, the data are not being used to guide the strategy or to help stakeholders adapt to changing conditions. Newark identified the important role of data to community decision-making as a core component of its strategy. Its Data and Evaluation Workgroup was one of the first ones it formed. However, with the focus on restructuring its governance board and refining its overall strategy during the extended planning phase, SHCI is still in the process of determining the best data systems and processes to support its implementation activities and is currently recruiting a data partner.

EXOGENOUS FACTORS

History

_legacy issues take a long time to overcome._

Each of the cities involved in The Integration Initiative has had to work within a context that included many long-held grievances, many related to how low-income neighborhoods have been impacted by outside forces. Some of these issues may go back decades. But there is a long memory. Whether it involves poor development decisions by some of the anchors who are now involved in TII work, or some larger political issues, such as where a highway is sited, these legacy issues still affect the overall political and social context within which the sites operate and affect the progress of the work. In both the Twin Cities and Cleveland, the decision to try new forms of civic engagement is an effort to try to heal some of these longstanding wounds.
Perhaps the most important “legacy” issue that impacts all of the sites relates to race. In each of TII sites, race has always and still does really matter. In most TII sites, race issues are still primarily black and white issues. In Baltimore, the effort to work with the anchors has been impacted by some of the legacies of the past. There has been historical and widespread distrust of Johns Hopkins Medical complex by African-American residents of East Baltimore stemming from a time when Hopkins medical services were segregated and black patients who attended Hopkins clinics claimed that Hopkins used them and their children in dangerous medical research experimentation, often putting their health and sometimes their lives at risk. In Newark, Baltimore, Detroit, and Cleveland, memories of the riots of the 1960s are still very real. For example, longtime Cleveland residents have clear recollections of the Hough Riots in the predominantly African-American Hough community. In Baltimore, the riot in 1968 lasted eight days and broke out mainly in the black areas of East and West Baltimore where extensive property damage and looting occurred. The 1967 riots in Detroit remain a very real landmark in the lives of many Detroit residents. While these events are close to 50 years old, they are still part of the landscape that is influencing the political, cultural, and economic lives of these cities.

Previous interorganizational and interpersonal differences amongst critical stakeholders within the communities have affected the shape of some of the initiatives and have been, in some cases, an ongoing challenge.

In Cleveland and Detroit, some ongoing tensions amongst the major regional foundations play out in the Initiative. Stakeholders not at the table in Cleveland see the efforts in GUC as owned by the Cleveland Foundation. The strong sense of ownership from the Cleveland Foundation may have made it difficult for other local foundations to have a seat at the table. This is exacerbated by some pre-existing tension between the Cleveland Foundation, the Gund Foundation, and the regional philanthropic initiative, the Fund for Our Economic Future. The absence of these players lessens the sense that the GUC Community Wealth Building Initiative is truly developing a broad table that creates a civic infrastructure that will have a lasting impact beyond the GUC footprint. In Detroit, the Hudson-Webber, Skillman, and Kresge foundations have different perspectives on addressing the challenges being faced by Detroit, and the regional Community Foundation for Southeastern Michigan is not at all involved in the Initiative.

“The History of Rondo left deep and wide scars”

The development of large-scale transportation investments often has a detrimental impact on low-income communities. In the Twin Cities, it is the Rondo community, “the spine of the city’s black community,” which had experienced a deep impact. In the 1960s, the construction of I-94 displaced thousands of African-American residents of this St. Paul neighborhood. Many current residents along the Central Corridor have direct memories and experience of the devastating impact that this infrastructure investment had on their community. The result has been a deep suspicion about how the new light rail system will impact what remains of that community. As a result, a coalition comprised of a number of organizations sued the Met Council in 2010 noting that there is insufficient attention to the potential negative effects of the line on residents and businesses. The court ruled that the Met Council had to provide more analysis of the project’s effect on business. In some ways, this history has done a lot to further push key political leadership to develop an effort like Corridors of Opportunity to ensure that history does not repeat itself. At the same time, the initiative has had to work hard to overcome what have been longstanding suspicions and skepticism in the neighborhoods of St. Paul along the Central Corridor.
In Newark, relationships between the city and community-based groups have proved challenging. Newark is a very place-based environment, with considerable fragmentation among neighborhood organizations and little history of collaborative work. Some of this is simply a result of the nature of their work as substitutes for ineffective city service delivery, which leaves little space to move beyond the critical needs facing their residents and largely precludes addressing systemic barriers. Also, they do not have extensive experience with multisite, multi-sector initiatives, particularly those underwritten by national funders, and capacity building and innovation have not been a high priority of local funders. Newark organizations are also accustomed to working in a highly competitive and politicized environment created by decades of patronage-driven local government. Although the current mayor is credited with trying to reform these practices, his initial approach to dealing with the low capacity of Newark’s nonprofit organizations was to develop and support workaround organizations rather than substantially investing in existing groups that have strong neighborhood ties. This has led to general frustration among longstanding CBOs and to some extent served as a unifying factor and prompted new conversations about doing things differently. Some of these dynamics played out within SHCI and contributed to changing the lead organization and governance structure. They continue to emerge in the current critique of SHCI’s bifurcated governance body, particularly the perceived reticence of funders to share the table with neighborhood organizations. Issues around capacity, cross-sector collaboration, and trust remain, but SHCI’s nonprofits have a high level of mutual respect and have begun to explore how they can move beyond a narrow placed-based approach to service delivery toward more consolidation, collaboration, and system change.

**Civic Infrastructure**

\[\text{It is very difficult for sites to overcome barriers related to political leadership at the city and state levels.}\]

TII was envisioned as a cross-stakeholder Initiative that would engage the public sector in new ways in terms of addressing the systems affecting their low-income residents. The first 18 months’ experience provides very strong evidence that the nature of public sector leadership and the political context within which the sites are operating are perhaps the most critical issues affecting the success of achieving the goals that Living Cities had for TII. The experience in Detroit and Twin Cities provides strong evidence of this.
WCI in Detroit has had to overcome significant political turmoil (see sidebar) as well as political decisions that had a deep impact on the work it was trying to accomplish. At the state level, a new governor, Rick Snyder, took office in 2011. He decided to eliminate many longstanding state tax incentives that Midtown had expected to use to finance its project pipeline. This required Midtown Detroit and other stakeholders to find alternative funding sources for the Auburn project. It also diverted attention among Midtown Detroit, Inc. and other TII leadership to monitoring state policies and advocating for alternative state subsidy sources. Another major external factor was a late December 2011 announcement by Mayor Bing and Governor Snyder that they were ending support for the M-1 rail line in favor of a regional rapid bus system. This led to a major foundation and corporate effort to restore the rail project through a $137 million private funding plan. This was another major distraction for WCI stakeholders who worked on the new plan (e.g., Governance Council co-chair Laura Trudeau). The project now seems likely to proceed, although further funding problems may slow or change it.

A change in political leadership could also have a huge positive impact on initiative progress.

When the Twin Cities region learned that it had been selected to receive Living Cities funding and the HUD Sustainable Communities grant, the Metropolitan Council and state agencies were still under the leadership of Republican Governor Tim Pawlenty, and the state was in the midst of a contentious three-way gubernatorial race. The November 2011 election led to a Democratic governor. Governor Mark Dayton appointed a Metropolitan Council significantly more favorable to transit, transit-oriented development, and equitable development than the previous Republican-appointed Council. And, the governor selected a chair for the Met Council, Susan Haigh, executive director of Habitat for Humanity, who has a deep commitment to many of the principles that were being proposed by Corridors of Opportunity and a willingness to take a strong leadership position as co-chair of the Policy Board. Her involvement has helped shape

---

**Political Turmoil In Detroit**

Detroit faced a severe fiscal crisis during 2011 and was under the cloud of bankruptcy or a state takeover. The political/governance component of the crisis was not resolved until early April 2012 when the city and state worked out a consent agreement that provided for a state-appointed fiscal advisory board and two management positions. This created uncertainty about the city’s capacity to fund projects and diverted the attention of city political leaders and senior managers to addressing ongoing fiscal problems and associated city-state relations. Some stakeholders did not think the city’s fiscal crisis affected TII outcomes in 2011, as Detroit’s fiscal problems and limited capacity to deliver resources are longstanding. Others felt the fiscal crisis contributed to a larger shift within the Bing administration to become more defensive and guarded. This defensive posture reduced the city’s engagement in TII and made it a far less active partner in advancing TII strategy. The mayor also distanced himself from WCI for political reasons, not wanting to be seen as favoring one part of Detroit that is perceived as wealthier and whiter than most of the city. The city’s reduced engagement in WCI directly affected and slowed work in areas that depended on city leadership or partnership: (1) the citywide land use strategy (including completion of the Detroit Works plan); (2) data access and transparency; (3) city business permitting and regulatory reform; and (4) aligning city resources and investment to support the housing and real estate development agenda and address long-term financing system change.
the work of CoO and has led to many changes at the Met Council, such as the creation of the new $32 million TOD fund, the development of a new office to focus on TOD and CoO work, and new thinking about the role of economic development and housing in their regional planning efforts.

**Market Conditions**

> **Weak market conditions affect the ability to deploy TII capital and implement important strategy components and are requiring adaptive approaches to addressing the resulting subsidy needs.**

Four of the five sites that were selected to be part of TII were very weak market cities. This has created a significant challenge in terms of the financing strategy. Even in the Twin Cities, which in general has a stronger market, the difficult market conditions have proved to be challenging. Moreover, the overall weak national economy has also had an impact across all of the five sites.

The impact of a weak market is perhaps best illustrated in Detroit. Below-market rents and appraised values in Detroit make financing real estate development very difficult, even when there is market demand, as exists for housing in Midtown. Projects require significant subsidy, soft debt, and below-market debt to be feasible. The lack of availability of subsidy and soft debt in particular will affect the ability to use TII capital and achieve the outcomes associated with housing and real estate development. TII has facilitated progress in addressing this challenge by increasing funder collaboration around WCI projects, increasing Michigan State Housing Development Authority’s interest in funding projects in the area, and bringing NCBCI into the system. As discussed previously, WCI stakeholders are also working to create an investment fund to raise long-term subordinate capital to address part of the funding gap. However, external factors, such as congressional action on LIHTC and NMTC, the CDFI Fund’s allocation of NMTCs (NCBCI did not receive an allocation in the most recent round), and state programs and policies, will impact the feasibility and financing of the WCI project pipeline and other planned WCI projects (e.g., the M-1 rail line financing plan includes NMTCs).

Even in the Twin Cities, perhaps the strongest market city among the five sites, weaker market conditions in St. Paul pose challenges to attracting developer interest and financing projects. One response has been the creation of a High Impact Project Accelerator Fund to help address funding for projects located in neighborhoods along the transit lines that have the weakest market conditions.
Conclusions

The Integration Initiative of Living Cities is an ambitious effort to address many longstanding system barriers that have limited the success of past efforts to improve conditions for low-income individuals in the nation’s cities. Its intent is to have long-term population level impacts in the five sites that were selected to participate in TII as well as to gather learnings that could impact the field and lead to improved practices amongst Living Cities members and the public sector at the federal, state, and local levels. The Initiative has many distinctive design elements, including the primary role played by philanthropy, the acknowledgment of operating within complexity, an emphasis on system-related outcomes, the deep engagement by Living Cities in the site work, and the premise that blending grants and programmatic work with financing could yield improved results.

Most importantly, TII was based on the belief that achieving population level outcomes required crossing multiple siloed efforts. Traditionally, community development work has primarily focused on neighborhoods within a city, concentrated considerable resources on affordable housing, and worked with a limited set of stakeholders. In contrast, TII has focused its work on integration across issue areas (housing, transportation, economic development, land use, finance, workforce development, and health and education), across stakeholder groups (philanthropy, the public sector, businesses, and nonprofit organizations), and across geography (from one neighborhood, to multiple neighborhoods, cities and regions).

It has now been 18 months since implementation began. The actual closing of the grants and the financing took considerably longer than anticipated, with one site, Newark, still in a planning phase, and the deployment of financing just beginning to take off in the four other sites. Although the work is relatively young, this outcome report did find that the boundaries of the work are expanding (with sites now recognizing the interconnections of multiple issues and the need to involve a wider range of stakeholders), relationships amongst key stakeholders have been strengthening, and perspectives about the challenges and opportunities for low-income residents shifting. While there have been some preliminary outcomes related to these changes, time will tell whether these are enduring outcomes that will have a direct impact on large numbers of low-income residents in each of the sites.

While it is too early to conclude whether TII has meet with success, we do know that there is already a lot of learning of relevance to the field and to Living Cities members. This learning is about both “what” the sites are doing as well as “how” they are doing it. During the next 18 months, TII sites will continue to provide a laboratory that can engender new knowledge about the structure and operation of cross-stakeholder tables, the role of site leaders as community connectors, urban capital absorption capacity, intervention strategies around anchor institutions, best practices in transit-oriented development, job creation through small businesses and supply chains, workforce development, and new forms of civic engagement.

The national evaluation team, along with the local evaluators working with the sites, will spend the next 18 months further tracking outcomes, and mining the work in terms of learning for those concerned about the future of cities and the economic well-being of low-income residents.