Community Development and Revitalization

A Toolbox of Economic Development
and Impact Investing Resources

Michigan State University
Center for Community and Economic Development
EDA University Center for Regional Innovation

Norman Christopher
Sustainable Business Practices LLC
www.sustainablebusinesspracticesllc.com

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A. Introduction

Project Scope and Driving Forces

This innovation project builds upon the previous MSU REI student led research proposal regarding resident driven investment strategies for community revitalization, but also explores other viable impact investing, social entrepreneurship, and local investment strategies that are now available for use. With the input of NGOs, businesses, foundations, cities and other organizations, a community revitalization “toolbox” was developed that inventories major economic development and community investment strategies for the public and private sector.

Key examples were used, so that other Michigan cities, communities, and neighborhoods could become aware and learn about these tools and best practices. This community development "toolbox” will be of help and assistance to foundations and other grant making institutions, community residents, philanthropic donors, economic development agencies, social NGOs, as well as local communities and neighborhoods seeking additional sources of capital to increase economic development activities and address specific social impact areas of concern, such as affordable housing.

The major driving force for this work is that cities and communities will need to be continuing catalysts for social and economic change and progress, and to be seen in the light of incubators for social innovation. The challenging social, political, and economic issues to be faced will require creativity, flexibility, and changes to be made for both infrastructure and service delivery improvements. [1] Community revitalization initiatives cannot totally rely on federal assistance and subsidized programs for their long term success. As of this date, the federal debt stands at $22T, and will not be balanced for the foreseeable future. A dramatic change will need to take place within the public and private sectors regarding community development financing tools and resources, as well as a cultural shift to equity investments in order to restore and rebuild our neighborhoods and communities.

This project is considered a "work in progress." The research material is represented on a “best efforts basis” to create greater awareness about the use of traditional economic development and community capital resources in the marketplace. A more complete understanding about the use of these capital resources resides with experienced professionals.

B. What's the Problem?

1. Key Data and Findings

Inner city communities are those core, central, or urban spaces where many times low income markets exist, and minority residents reside. Large metropolitan cities contain these urban space areas, but many times, so do smaller cities and communities. Residents that live within these neighborhoods are faced with a daunting number of systemic social issues to contend with. Additionally, there is the dilemma and question of whose responsibility it is to address and solve these social issues being faced?



Recently, the United Way of Michigan conducted a study on "ALICE" residents or those citizens that are Asset Limited Income Constrained and Employed in Michigan. [2] The definition for ALICE is those households that earn more than the Federal poverty level, but less than basic cost of living for the county in which they live. For example, in Kent County, Michigan, which has a population estimated near 650,000, the poverty level is 9% and the ALICE households total 28%. Strikingly, for a household of 2 adults, 1 infant, and 1 preschooler, the household survival budget in Kent County is $64,788, which includes monthly costs for housing, childcare, food, transportation, healthcare, technology, taxes and other expenses. From the study, that would mean the hourly wage to cover these costs would be $32.29! For many residents that live in our urban core areas within the City of Grand Rapids, those job wages are not attainable, and they must live beyond their means and face great difficulty in making ends meet. In a recent national study it has also been reported that 80% of an individual's health is determined by the socio-environmental conditions in which they live, learn, work, and play including: diet and exercise, child development, community safety, social cohesion, education, jobs and income, transportation, housing, air and water quality, and access to care. [3]

KConnect (www.kconnect.org) recently compiled homeless data for 2018 for those living in Kent County. The data revealed that there were 10,538 people of all ages that were in the homeless system, which represented 1 in 62 people. An estimated 1/3 of those or 3,471 were children. The number of homeless people has also grown 50% over the period of 2015-2017. One major issue identified was that of current rental property being purchased by new owners and the raising of rental rates sometimes over two-fold in short periods of time forces renters to abruptly try to find housing elsewhere. [4]

To begin the discussion, there are several major categories of housing such as Emergency Housing, Transitional Housing, and Permanent Housing. There are also a number of sub-categories of Permanent Housing including Supportive, Purpose Built, Cooperative, and Non-Profit Housing, as well as Homeownership. Purpose Built Housing includes affordable housing that represents a type of housing that costs ~1/3 of the Area Median Income (AMI) in that community. [5]

Types of Housing

- **Emergency Housing:** accommodations for short periods of time e.g. homeless, displaced, those fleeing from violence or abuse
- **Transitional Housing:** bridge between emergency and permanent housing e.g. those leaving homelessness or correctional system i.e. rooming house, congregate living
- **Permanent Housing:** accommodations for indefinite time period, regardless of condition e.g. supportive, purpose built, cooperative, and non-profit housing options, as well as homeownership
  - **Supportive Housing:** accommodations for those needing assistance to live independently e.g. medical, disability assistance etc.
  - **Purpose Built Housing:** rental housing for tenants that meet specific affordability standards
  - **Cooperative Housing:** housing for low to moderate income individuals or families based on collective ownership
  - **Non-Profit Housing:** e.g. housing options offered by national and regional non-profit organizations, i.e. CDCs, for the elderly, working families, and needy that the private market can not adequately serve
  - **Homeownership:** Single and multi-family homes with options such as accessory dwelling units (ADUs)







Source: Breaking Down Types of Affordable Housing, www.rew-online.com

The affordable housing crisis is a formidable one on the national front. In fact, affordable housing seems to be coming even less economical and more problematic with a few glaring statistics. Two-thirds of renters in the U.S. cannot afford to purchase a home, and one-half of renters were cost burdened in 2016. If a renter earned the minimum wage and worked 40 hours per week, there are no counties nationwide where that renter could afford a 2-bedroom apartment and not become cost burdened! [6] There are other issues associated with affordable housing as well, including the increasing cost of materials and labor for construction, and there is usually the "Not in My Back Yard" (NIMBY) voice also expressed. Furthermore, there is the lingering issue of finding a meaningful and fulfilling job that pays well.

At a regional level in West Michigan, there are similar statistics. In Grand Rapids, home mortgages administered and approved for Black and Hispanic Kent County residents each totaled only 4% of all mortgages issued in 2017, and the denial rate for both Black and Hispanic resident's mortgage applications both near 15%. The problem is exacerbated for Grand Rapids renters as well. The median monthly rental rates for a one-bedroom apartment are now estimated at $760 per month, and $920 per month for a two-bedroom apartment. For many renters, that means spending nearly 50% of monthly income on housing, which is significantly above the guideline of 30% of a monthly household budget. Individual credit scores may be affected as well. [7]

The situation in Ottawa County is a mirror image. Affordable housing can be estimated by taking gross income divided by 12 and multiplying the number by 30%. Using a wage of $12.50 per hour, that would equate to $7,800 per year or ~$650 in monthly rental costs. It is premised that there are 9,700 households in Ottawa County that are spending greater than 30% of their income on housing. There is the expressed need to increase the supply of both tax credits and subsidized rental units in the future as vacancy rates are currently at 1-2%, and by 2020 there will be a need of ~3,500 for sale and rental units. What is currently being built are 2-bedroom units at ~$1,200 per month rent and 1-bedroom units at $950 per month, which results in ~1/2 of all Ottawa County residents being excluded based on income levels. One strategy is to construct more studio apartments, but there are building restrictions at a minimum of 750 square feet. [8]

The City of Grand Rapids released the Heartside Quality of Life Study for a local neighborhood community near the downtown area of the City. [9] The key issues acknowledged by the residents included the need for:

- Creating more affordable housing options, including those who are experiencing emergency and transitional housing needs
- Establishing a healthy work life balance along with meaningful employment
- Engaging local residents as partners in community revitalization projects
- Developing the Heartside Neighborhood Association as a formal entity and organization
- Accessing additional local fresh food options for residents
- Addressing the critical needs of substance abuse support and recovery, as well as mental health advocacy concerns

Furthermore, The City of Grand Rapids conducted a study of its economic development and needs over the period of 2012-2017, and found a most disturbing statistic. The Third Ward, which is home to a large percentage of African Americans and represents ~1/3 of the City's land mass and population, received only $19.4MM or 1.5% of the $1.29B in private investments supported by the City during this timeframe. This disproportionate amount compares to the ~$750MM and the ~$516MM investments that the First and Second Wards received respectively. The Third Ward was the recipient of 10.5% of the City's development projects from 2012-2017 which included only 1.5% for new housing units and 7.6% for new employment that created 410 new jobs. [10]

Given this grim outlook, are there answers to the affordable housing crisis?

2. Systemic Social Impact Issues

All of the research findings support the premise that many residents that live within our inner cities and local core urban areas face real systemic connected social issues that are being addressed. However, there have not been enough creative and innovative solutions developed to address these significant issues and concerns, such as with multi-family mixed income mixed use projects. Additional capital sources and resources will also be needed to further develop the best of these creative solutions. These connected social issues remain a major challenge for many residents including:

- Affordable housing
- Educational attainment opportunities
- A meaningful and living wage job
- Access to healthcare
- A wellness based lifestyle
- A safe community to live in

The real problem is that all these resident needs must be addressed and met. Many times, when one of these major issues like affordable housing is not met, a link in the chain is broken and there is a much greater concern for resident's ability to even meet a survival budget.

3. Community Needs and Wants

One organization that takes into account all of these urban core social systemic issues is Seeds of Promise (www.seedsofpromisegr.org). The Seeds of Promise social enterprise is a local, resident driven, non-profit organization in southeast Grand Rapids that addresses key social issue areas of concern, such as housing, job creation, healthcare etc., through 8 major resident driven impact teams. They are joined by ~25 key supporting endorsing partner community stakeholder organizations. The purpose of this organization is to transform the neighborhood by engaging and empowering local residents to develop their own strategies for improving their quality of life, and to establish a sustainable neighborhood community. For example, the housing impact team has been able to generate over $300,000 in grants for ~40 residential exterior home improvements through the federal Neighborhood Improvement Program. Seeds of Promise is also working with NorthPointe Bank and the Inner City Christian Federation (ICCF) to increase enrollments in the First Time Home Buyer Program. Currently, an affordable housing survey is being undertaken with the Kent County Health Department. Seeds of Promise is also in the process of becoming Better Business Bureau (BBB) certified and helping to reform the Madison Square Business Association.

Additionally, there are a number of local accessory services that must be made available in this urban core area in order for the community to thrive. Through a local resident Seeds of Promise survey, it was determined the neighborhood community also desired a laundromat, pharmacy, day care center, and other types of business, retail trade, and community service organizations and enterprises. An informal group of local community stakeholders have begun meeting to further understand and quantify the market and business opportunities for these service related amenities.

C. What's Our Community Role?

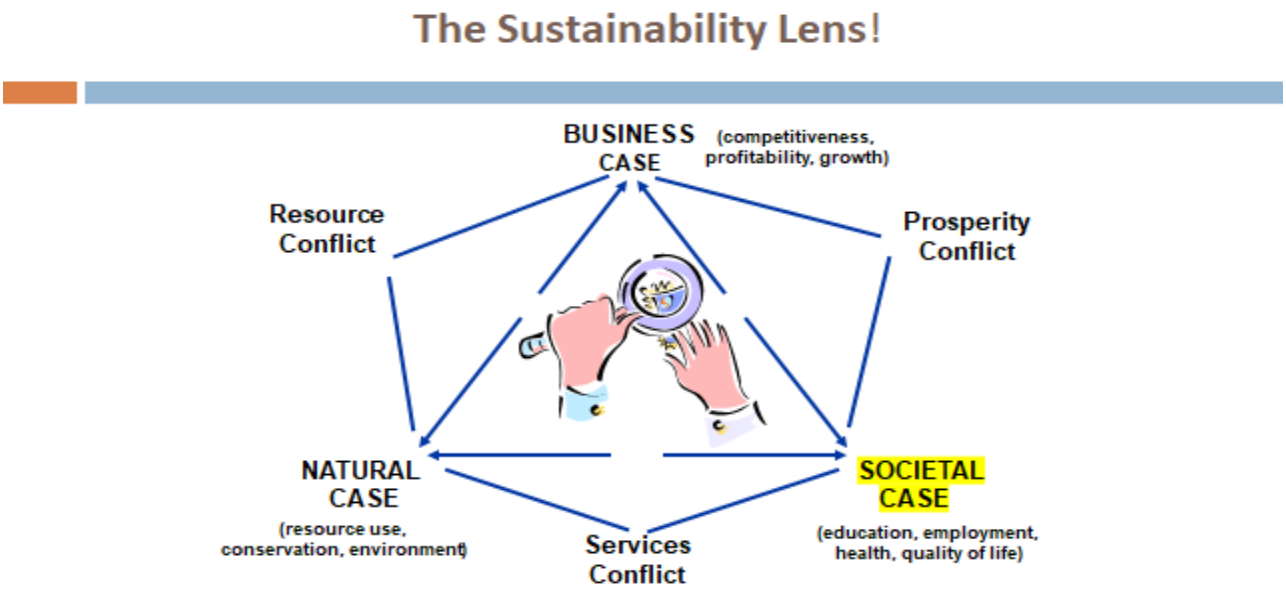
Whose responsibility is it then to solve these systemic social impact issues in our communities? To begin, all of us have the responsibility! The reason lies within the seldom used term of "citizenship" and the rights, privileges, duties, and obligations we all have as members of the community in which we live and serve. Many Michigan communities, like Grand Rapids, are collectively trying to make their community the "best place to live, learn, work, and play." Each community stakeholder has the responsibility to fully understand the systemic social issues in their own community and the actions taken by using improved problem solving and decision making processes.

To date, not all social impact projects, although well intended, have achieved optimal results for the community stakeholders involved and the residents served. Moreover, our inner city and urban core areas will require more resources than the current economic development tools can offer. We cannot just rely on government programs and subsidies, as well as philanthropy and grants to achieve success. Other sources of capital will need to be evaluated that cut across the public, private, academic, and service sectors. New strategic and innovative approaches to community revitalization will be needed. Philanthropy has already begun to change from a donated capital to invested capital mindset within our neighborhoods and communities, with the desire to obtain greater impact and return for the dollar invested.

How we execute and perform in these community roles depends on how we view and examine the issues we face, leverage available assets, access new resources, and develop creative strategies and approaches.

1. How Do We Look at Issues? - The Lens of Sustainability

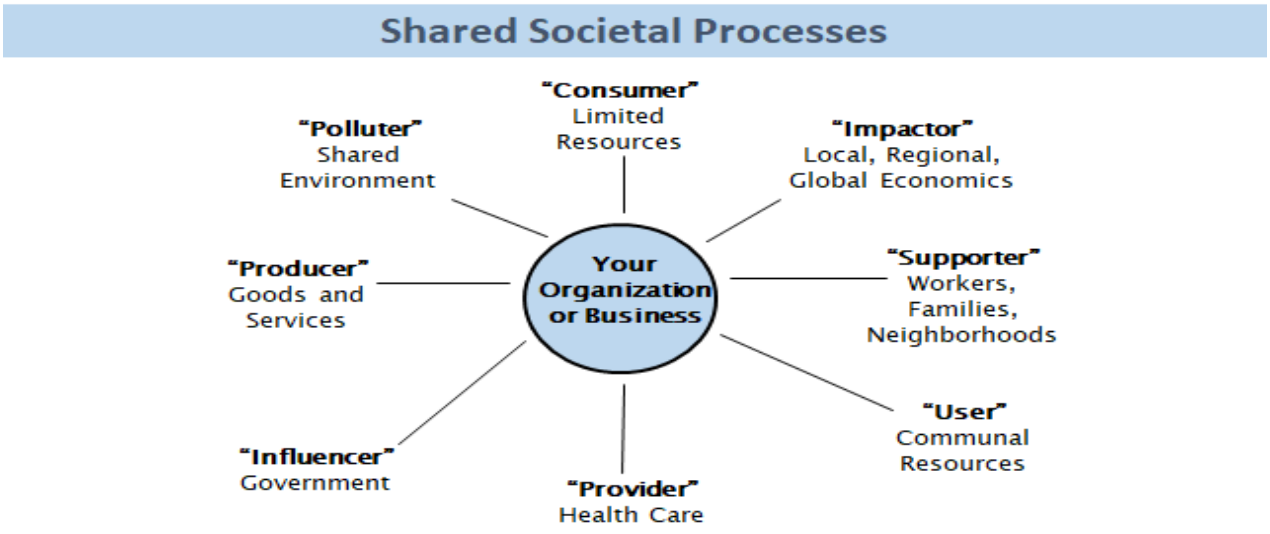
The sustainability lens incorporates the "triple bottom line" (TBL) lens of environmental, social, and economic performance, impact, and value creation. For example, one could look at the social impact issue of lead healthcare issues that are found in gasoline, paint, and water. Lead exposure has been identified as a major environmental health concern, especially for children. Many times, federal grants have been available, such as from the U.S. Department of Housing and Urban Development (HUD) to provide economic resources to remove lead from paint in older inner city homes, as in Grand Rapids. Today, there is a non-profit organization, the Healthy Homes Coalition (www.healthyhomescoalition.org) that is dedicated to this initiative. However, what is the social lens associated with lead-based paint issues? Lead paint chips often wind up in the mouths of children who live in these older homes. These children can suffer from long term healthcare costs associated with learning development and mental capacity issues. These inter-related long term social and economic impact costs, such as with lead based paint, are not always accounted for in project analysis and development. The TBL lens framework enables community stakeholders to gain a more in-depth understanding of social impact issues, and the prosperity and service conflicts that take place in local communities among service providers regarding the delivery of these services in the marketplace, such as with city municipalities and NGOs.



Source: Adapted Wiley and Sons: T. Dvllick

2. Shared Societal Processes

Another important understanding as a community stakeholder in the public and private sector is that we all share societal processes together. We, as organizations, enterprises, and individuals are users of resources, providers of services, producers of goods and services, contributors to environmental degradation, consumers of available materials and resources, impactors of community development, influencers of government, and supporters of our employees, families, and the communities and neighborhoods in which we live. Understanding that we all share in these societal processes helps us recognize that we are "in this together" as community stakeholders.



Source: Unknown

Given that we all share in these societal processes in which we live and work, it then becomes critically important that we all participate in community development projects that successfully address the societal issue areas, such as those identified in the Michigan ALICE survival budget.

3. How Do We Fit Into Our Community?

Over the years it has become increasingly important that we understand our community role, not just as enterprises and organizations, but also as individuals and residents. Many times, we wait for someone else to fill that role and serve. We also may not think that role is important, or we may believe that the responsibility lies somewhere else. However, each of us must be held responsible and accountable for our community actions. We also need to seek understanding from others first about community societal issues and concerns, and construct root cause analysis for systemic community issues and concerns in our communities. Networking and developing community relationships is an important attribute, as well as broadening these discussions and collaborations with others. More important is that we understand that we ourselves may need to change our attitudes and behaviors, not just others, in the process. By supporting civic engagement activities, empowering others, and committing to life-long learning, successful community revitalization activities can be undertaken with promising results.

The roles that community stakeholders can take are varied, but these roles are based on community values such as inclusivity, deep listening, accountability, networking, relationship building, fairness, creativity, and empowerment. The process starts with each one of us and the companies where we are employed.

What's Our Community Role?

- Be fair and inclusive
- Use critical analysis and systems thinking to get to root causes of social issues
- Engage as a community ombudsman, advocate, and facilitator
- Seek first to understand through "deep listening" to others
- Act with responsibility and accountability
- Support civic engagement activities
- "Connect the dots" and leverage community assets
- Network, develop, and build trustful working community relationships
- Show courage and be willing to change
- Commit to life-long learning and share your experiences
- Empower others!
- Raise the bar!
- Help create positive social outcomes through innovative and creative social impact strategies



4. The Journey of Creating Positive Social Impact

Once we have a better understanding of our community role and how to serve, we can begin the journey of creating positive social impact. This journey starts with our own beliefs and values. Many times, this identity comes from our heritage. We may begin the journey by donating to a non-profit organization of our passion, or by volunteering at an organization of our choice. These actions may encourage us to seek civic engagement activities associated with this organization or helping to determine the root cause of the social impact issues associated with that organization.

The next step of social responsibility centers around the commitment that an organization or enterprise takes toward the welfare and interests of the society and community in which they operate. It includes ethical employment and work practices, as well as ways that the enterprise gives back to the greater society such as sponsorships of local teams, "adopting" a local school and providing supplies, and supporting other local causes. [11] Today, many corporations are valued on their bottom line performance, but also evaluated on their "Corporate Social Responsibility" (CSR) initiatives including ethical behavior, transparency in business operations, fair business practices, protection of the environment, and support of community and societal causes. In 2017, The Reputation Institute completed a global study against those standards and found the technology sector including Microsoft, Intel, Cisco, and Google were all ranked in the top ten globally. [12]

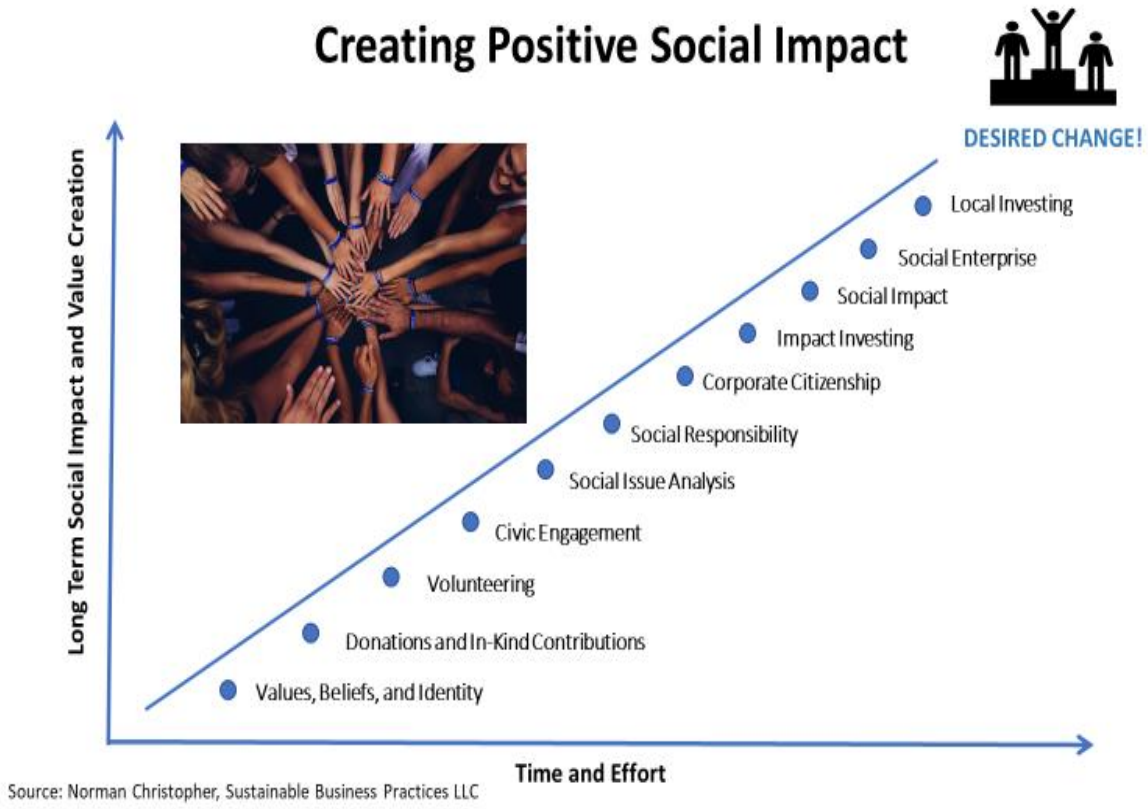
The next major step is one of citizenship and the obligation and responsibility we all have to determine root causes, develop effective solutions, and make improved decisions towards the systemic sustainability and social issues that our communities face. Companies today have been raising the bar on their own by implementing Environmental, Social, and Governance (ESG) reporting standards in their management and operations. ESG standards are accepted universally, are more comprehensive, and are more difficult to achieve ratings wise. These areas of rated performance include climate change, employee relations, environmental performance, financial performance, governance, human rights, philanthropy, and community support. For Michigan based companies, General Motors and Kellogg made this top 100 list. [13]

Societal problems are complex and connected but must be addressed through collaborations and partnerships across the public, private, and academic sectors. Many times, innovative and highly creative strategies are needed to effect change and tackle unmet societal needs and ongoing societal issues. The journey continues on with the development and evolvement of social enterprises, or those businesses and organizations that are established to specifically deal with societal needs and services through market driven TBL strategies that are innovative and can also be disruptive in nature. There are many social enterprise models for consideration that can take the form of either for-profit or not-for-profit entities. [14]

Goodwill Industries offers an employment opportunity model for many that face significant employment barriers. Another example that offers an inspirational case study is the Greyston Bakery (www.greyston.org). The Greyston Bakery has been changing and transforming lives and communities through an inclusive economy strategy for 35 years. An additional model involves breakthrough products and services. The Dispensary of Hope (www.dispensaryofhope.org) is an organization that accumulates prescriptions and medications that are nearing expiration and

redistributes those remedies to free clinics in low income communities in the U.S. In West Michigan, several locations include the Borgess Hospital Outpatient Pharmacy in Kalamazoo, MI and the Woodbridge Pharmacy in Portage, MI. A third social enterprise model includes those organizations that donate or contribute a portion of their profits to worthy causes. Several of these companies are known as being "one for one" companies, in that for every item purchased the company donates another product of equivalent value. For example, Skyline Socks will donate a pair of socks to someone living in a U.S. city. TOMS Shoes (www.toms.com) will give away a pair of shoes to a needy child throughout the world, and their reach is now over 70 countries. Warby Parker (www.warbyparker.com) will provide a pair of glasses to non-profits, as well as the needed training for eye exams, to reach those that do not have global access to required reading glasses. [15]

Only after we remain on this continuing journey of improved social impact will we be able to see genuine progress and the beginning of desired social change, but it will require the reinvestment of our fruits and labor. Many successful stories will encourage us to stay the course!



D. Where are the Resources?

What are the available economic development resources that can be used for community revitalization projects such as affordable housing, improved healthcare, local employment, new business startups, and social enterprises? The philanthropy and fundraising landscape provides us with a refreshed outlook on the deployment of capital resources.

1. The Philanthropy and Fundraising Landscape

Americans today rank near the top for charitable donations worldwide, giving over $400B in 2017 to a broad range of philanthropic causes and social impact areas. However, a recent study showed that Michigan ranks 36th among the most charitable states. This rating included a ranking of 44th for volunteering and service, and a ranking of 18th in charitable giving. [16]

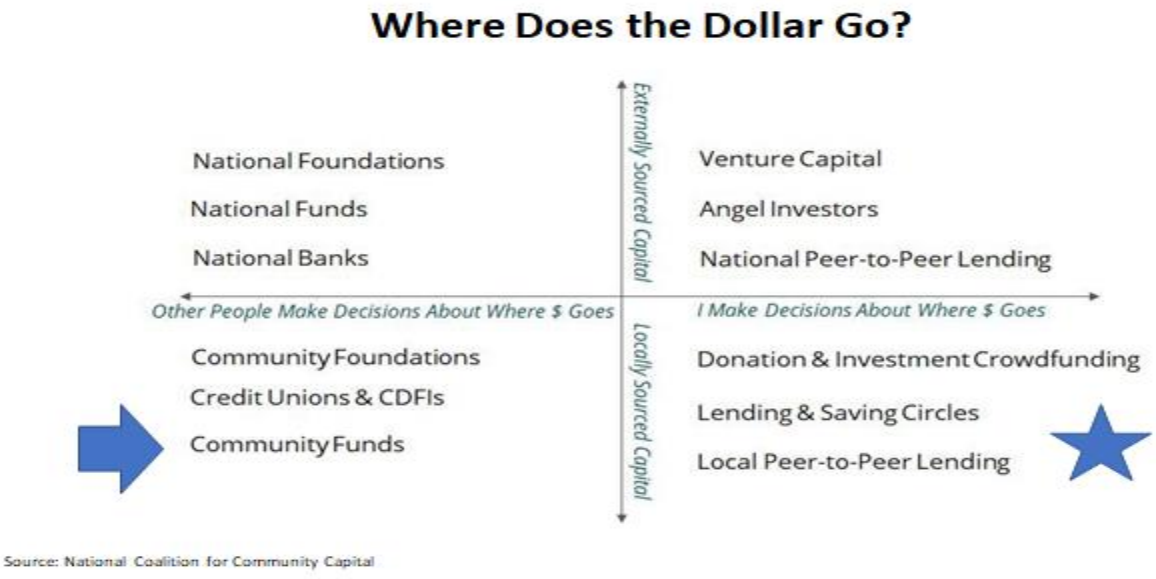
Furthermore, the landscape for philanthropy is unsettled and not "business as usual" in Michigan. [17] Some of these new directions include:

- Vagueness in the boundaries between philanthropy and business
- Changes in the new tax laws
- Organizational alignment with purpose, mission, and values
- Importance of the non-profit role in civic engagement and community development
- Empowerment and protection of individuals
- Emergence of diversity, inclusion, and equity strategies

All of this background provides us with a new horizon for capital resources and charitable donations to be used for social impact causes moving forward.

2. Where Does the Dollar Go?

Where does the dollar go today? Where did the dollar come from? And who makes the decision?



Source: National Coalition for Community Capital

Many times, externally sourced capital is provided by organizations that make the decision where and how that capital can be used. National banks, funds, and foundations are good examples. In the past these institutions have provided significant community resources nationwide. Individuals can make their own decisions regarding the use of externally sourced capital through groups such as Angel Investors, Venture Capital, and other peer-to-peer lending organizations. Investor returns can vary greatly from below to market rate returns dependent upon the investor strategy.

More importantly, locally sourced capital must be identified and deployed for use within the desired community or neighborhood. Locally sourced capital can be offered by organizations that make the decision about its use. Examples include community foundations, credit unions, and community funds. Frequently, our local dollar circulates to these institutions, such as local community foundations with our donations, as well as local credit unions that offer banking services that many of us use. These institutions, including Community Development Financial Institutions (CDFIs) and community funds, are providing an increasing amount of needed capital and resources into local communities and low income markets today.

In the future, however, locally sourced capital, that individuals can direct and use, will become increasingly important, as the shift from donation capital sources to equity investment capital continues to grow and develop. Local communities and neighborhoods should benefit greatly from these equity investments for community restoration and redevelopment projects. Examples include individual lending circles, peer-to-peer lending practices, crowdsourcing, and investment crowdfunding resources. Crowdsourcing has taken on a life of its own and is a process whereby you can obtain a vast number of fresh ideas and service suggestions from a wide variety and significant number of individuals, usually through an online community. The reason crowdsourcing is so effective is that "crowd" usually gets it right. Feedback is candid, fast, and suggestions can usually be efficiently and quickly scaled. Starbucks has effectively used the crowdsourcing tool with their customers and benefitted greatly from its use. [18] Once crowdsourcing provides direction, crowdfunding then enables individuals to make small contributions and donations for local projects of their passion and interest. These investors become a factor in the solution, and do not feel that they are part of the problem.

3. What is Impact Investing?

Before we discuss a set of tools for community revitalization, a working understanding of impact investing is needed. The Global Impact Investing Network (www.thegiin.org) defines impact investing as those investments that are made with the purpose to generate positive, measurable, and effective social or environmental impact coupled with a financial return that can be below market rate to market rate, depending on the strategic goals of the investors. [19] Social impact investing deals specifically with societal issues such as education, affordable housing, healthcare, and access to other needed social services. Another growing area of importance is environmental impact investing that deals with the use of renewable energy technologies for community revitalization and development projects.

The Spectrum of Impact Investing

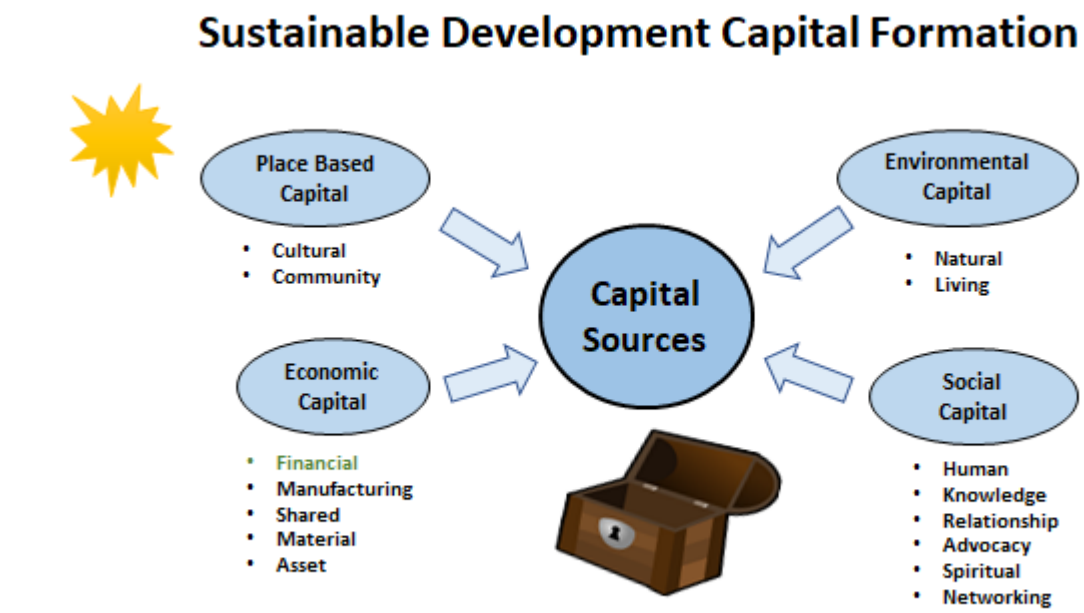


Source: Impact Investing, GIIN

The features of social impact investing include the strategic intent of investors to obtain a positive social impact return that is measurable, and to generate an agreed upon financial return for their investment that can vary depending on the type of asset class and financial instrument used. These financial return rates can vary from below market to market rate investment returns. Social impact only investing, targets specific social impact areas without any expectations of a financial return, such as through philanthropy grants and donations that provide a negative internal rate of return (IRR). Impact first investing focuses first on the social impact area and then also provides a rate of return that is usually below market rate that balances risk and reward. Program Related investments (PRIs) are now of growing interest to foundations and usually provide a 0% to 3-4% IRR returns. Market rate impact investing can be found in many of the institutions that offer mutual funds that track companies operating under Environmental, Social and Governance (ESG) and Socially Responsible Investing (SRI) guidelines. Examples include Parnassus, TIAA-CREF, and others that offer social responsible funds. Many of these mutual funds are now able to achieve market rate returns of 8-10%. [20]

4. Sources of Sustainable Development Capital

Traditionally, most community development projects always search first for economic capital sources, such as financial capital. This capital usually comes in the form of loans, tax abatements, grants, and other private capital sources. Using the TBL lens of sustainability, there are many other areas of sustainable development capital sources that are readily available, and often- times overlooked.



Source: Norman Christopher, Sustainable Business Practices LLC

A second area of sustainable development capital is environmental capital, such as with natural resources including water, renewable energy, and land use. Living capital is associated with biomimicry and the study of nature that can provide answers to some of our complex and challenging human issues.

A third source of capital includes social capital which is defined by the Organization for Economic Co-operation and Development (OECD) as those networks and collaborations including shared norms, values, and identity that catalyze cooperation and understanding among various groups. [21] Specific social capital sources including advocacy, spiritual, relationship, knowledge and experience, and individual human capital that should be leveraged for use in community revitalization projects. Social capital sources are extremely important in these projects, where trustful working relationships are needed among residents and community stakeholders.

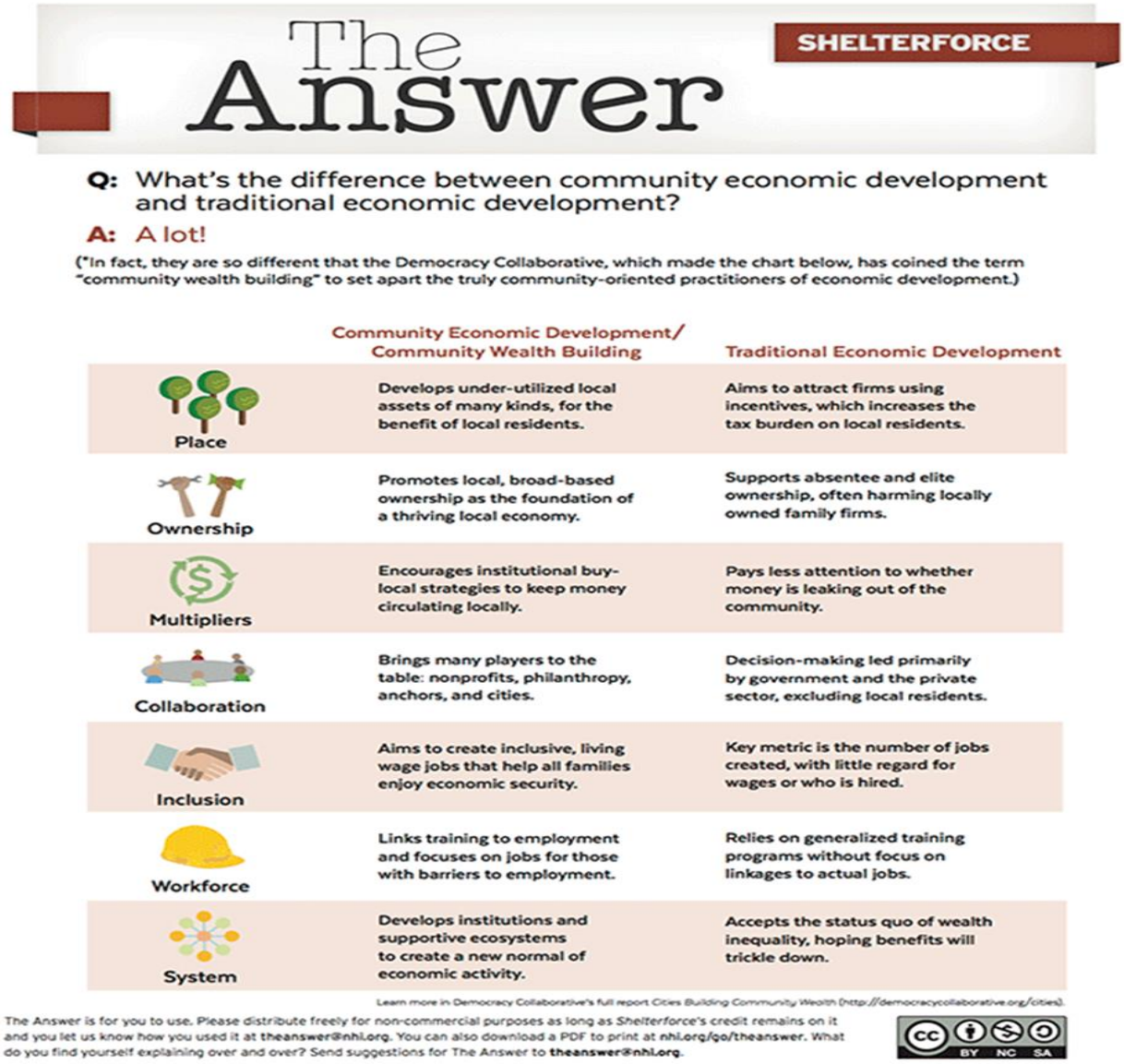
There is a fourth area of capital, however, besides economic, environmental, and social TBL capital resources that is becoming increasingly important in successful community development initiatives. This source of capital is place based and can be found within each of our residential communities. Collectively, each neighborhood has assets that can be deployed including cultural capital which includes heritage, values, and identity. Community capital can be found in those physical assets or the built environment such as buildings, land, business, homes etc. Many times, these assets can be leveraged under an inclusive process known as Asset Based Community Development (ABCD). Overall, placed based capital can build on the heritage and equity of the local residents that live within that community thereby providing a rich resource for community development.

E. Where are the Opportunities?

1. The Community Development Difference

There are significant opportunities for the development of successful community revitalization projects. These project opportunities are much more difficult to successfully achieve than one might expect. After talking with many community stakeholders, it became apparent that some community development projects, such as affordable housing, have been modeled with scale using an “outside in” scope, rather than an “inside out” perspective. This approach usually requires a close working relationship between the private and government sectors. What this means is that many times real estate developers bring their team of established partners to the project using previous experiences, lessons learned, and economies of scale e.g. the ”outside in” project scope.

What is frequently missing and acutely needed, is the collective community voice, perspectives, and ownership of residents living in the community where the project will take place. A successful community economic development strategy takes into account the underutilized community assets, local ownership, community voice, local purchasing and other geographical attributes. So, is there a real difference in traditional economic development and community economic development and revitalization? The answer is YES! [22] Each local community offers a unique sense of place for economic development opportunities.



The Answer

SHELTERFORCE

Q: What's the difference between community economic development and traditional economic development?

A: A lot!

("In fact, they are so different that the Democracy Collaborative, which made the chart below, has coined the term "community wealth building" to set apart the truly community-oriented practitioners of economic development.)

	Community Economic Development/ Community Wealth Building	Traditional Economic Development
Place	Develops under-utilized local assets of many kinds, for the benefit of local residents.	Aims to attract firms using incentives, which increases the tax burden on local residents.
Ownership	Promotes local, broad-based ownership as the foundation of a thriving local economy.	Supports absentee and elite ownership, often harming locally owned family firms.
Multipliers	Encourages institutional buy-local strategies to keep money circulating locally.	Pays less attention to whether money is leaking out of the community.
Collaboration	Brings many players to the table: nonprofits, philanthropy, anchors, and cities.	Decision-making led primarily by government and the private sector, excluding local residents.
Inclusion	Aims to create inclusive, living wage jobs that help all families enjoy economic security.	Key metric is the number of jobs created, with little regard for wages or who is hired.
Workforce	Links training to employment and focuses on jobs for those with barriers to employment.	Relies on generalized training programs without focus on linkages to actual jobs.
System	Develops institutions and supportive ecosystems to create a new normal of economic activity.	Accepts the status quo of wealth inequality, hoping benefits will trickle down.

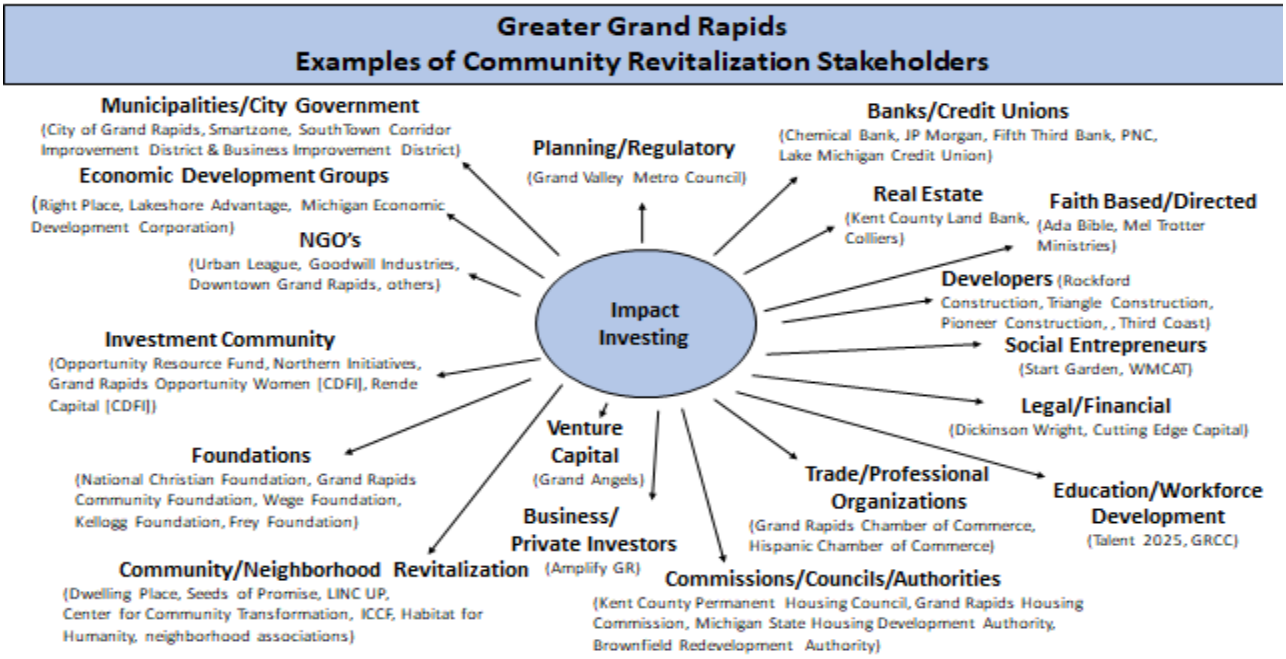
Learn more in Democracy Collaborative's full report *Cities Building Community Wealth* (http://democracycollaborative.org/cities).

The Answer is for you to use. Please distribute freely for non-commercial purposes as long as *Shelterforce*'s credit remains on it and you let us know how you used it at **theanswer@nhi.org**. You can also download a PDF to print at **nhi.org/go/theanswer**. What do you find yourself explaining over and over? Send suggestions for The Answer to **theanswer@nhi.org**.

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2. Community Development Stakeholders

As a result, it is critical that the proper group of community stakeholders is formed to plan, develop, and execute a successful community revitalization social impact project and create an "inside-out" strategic approach. This place based stakeholder project group will vary based on the intrinsic cultural and community assets in the neighborhood. Key local stakeholder groups that should be considered include real estate developers, community and neighborhood residents, city government, NGOs, banks and the investment community, economic development agencies, design and engineering services, philanthropy, and financial and legal support. The following is a list of social impact community stakeholders in the greater Grand Rapids, Michigan area. This list is by no means "all inclusive" and was developed only for representation purposes. There may be some overlap as the organizations below may fit into more than one category.



3. Community Development Project Focus

There are a number of community revitalization projects to consider as examples for awareness and understanding, and also to use as potential case studies for additional lessons learned. One specific evaluation criterion was that the project must be scalable for use by other communities in Michigan. Because of the aforementioned issues, affordable housing projects were the primary projects of interest. There are many types of stand-alone affordable housing and multi - family projects including those for the homeless, transient, or recently incarcerated residents. There are also new housing development and construction models, such as tiny or small homes, that have garnered community revitalization interest.

One type of community revitalization project that incorporates many features, benefits, and services for communities, including affordable housing, are those of multi-family, mixed use, and mixed income development. These projects are mixed use because they include various types of land use including office, residential, commercial, and sometimes even light manufacturing. They are also mixed income because they offer a range of renter affordability such as "30%-60%" or "30%-80%" based on the area median income (AMI) for that community. These projects face many challenges and obstacles, including higher cost, gaps in financing, design and engineering hurdles, and difficulty in implementation due to site specificity. [23]

However, barriers with these projects are being overcome as community benefits are being achieved through greater creativity and innovation in urban design. Once completed, multi-family, mixed use, and mixed income community revitalization and development projects have shown inspired design, preservation of local cultural and heritage, optimal use of community spaces, urban development spirit and sparkle, and access to needed services, while meeting the needs and wants of local renters and residents. These projects are the primary focus area of the application research. A secondary area of attention is the need for development and growth of local businesses.

F. What is the Toolbox of Economic Development Best Practices?

The current toolbox of economic development best practices uses traditional resources that are available at federal, state, and local levels. These traditional economic development tools utilized for affordable housing projects provide the most important sources of project financing in the marketplace today. For fiscal year 2018, federal housing program expenditures totaled nearly $95B including $40.7B for mortgage interest tax deductions, $22B for tenant-based rental assistance, $7.3B for public housing funds, $3.4B for community development block grants, $11.5B for project-based rental assistance, and $8.9B for low income housing tax credits. [24]

1. Commonly Used Federal Economic Development Financing Tools

There are a number of commonly used federal economic development financing tools that are considered traditional sources of capital for affordable housing project financing. Most affordable housing project financing comes from loan and tax credit sources of capital. However, it is not uncommon that 5-10 or more sources of capital will be used for overall gap financing.

Commonly Used Federal Economic Development Project Financing Tools

- **Federal Tax Credits:** Historic, New Market, and Low Income Housing Tax Credits
- **Federal HOME Program**
- **Federal Loan Guarantee Program:** FHA; USDA; HUD
- **Tax Exempt Bonds:** Economic Development Corporation
- **Section 8**
- **Payment in Lieu of Taxes (PILOT)**

Source: Adapted Colliers Real Estate

<u>Federal Tax Credits</u>

- **Historic Tax Credits (HTCs)**
  Based on eligibility, there is a 20% federal income tax credit available for depreciable historic assets that are rehabilitated for commercial, industrial, agricultural or residential renter purposes. The tax credit applies against qualified rehabilitation expenses (QREs). The historic resource, however, must be listed in the National Registry of Historic Places, either as an individual property, or as part of a registered historic district. A 10% tax credit for QREs

is allowed for older non-residential buildings built before 1936 that have not been certified as historic structures. The federal historic tax program is executed through the National Park Service, the Internal Revenue Service, and the State Historic Preservation Office. Since 1976, over 42,000 buildings have been rehabilitated and drawn over $84B in private capital. [25]

- **New Markets Tax Credits (NMTCs)**
  The NMTC program helps low income communities and neighborhoods that are economically distressed by attracting capital from the private sector with a federal tax credit. The NMTC program uses Community Development Entities (CDEs) that act as an intermediary for the CDFI Fund that allocates the tax credit authority to the CDE. CDEs provide capital flows from private investors to qualified businesses located within low income and economically distressed communities. CDEs offer tax credits to private investors in exchange for equity in the CDE. The credit totals 39% of the original investment amount and can be claimed over a 7 year timeframe. The CDE can then offer better rates, loans and investment terms to qualified businesses that operate in the low income community with greater flexibility. A wide range of low income community businesses such as manufacturing, food, retail, housing, health, technology, education and childcare can benefit from NMTC. It is estimated that for every $1 invested by the federal government, the NMTC generates over $8 of private investment. [26]

- **Low Income Housing Tax Credits (LIHTCs)**
  The Low Income Housing Tax Credit initiative has become the most successful and effective affordable housing program developed. It was created as a federal tax credit by President Reagan and Congress through the Tax Reform Act of 1986 that includes Section 42 which further defines the LIHTCs for the Internal Revenue Tax Code. From 1987 through 2017, 47,571 projects and 3.13MM housing units have been placed in service. The focal point of this program is to encourage private sector investment in new design and construction, as well as the development, acquisition, and rehabilitation of rental housing properties. The LIHTC affords a dollar-for-dollar reduction in the income tax liability of the taxpayer, in return for the long term investment in affordable housing. State agencies grant housing credits to developers who offer these credits to private investors in exchange for funding of the construction of affordable housing. Developers use these funds to borrow at favorable rates and pass these savings on, such as with lower rental rates for tenants. Investors can obtain a 10 year tax credit based on construction of units at less than 60% AMI.

  There is a “9 percent” and “4 percent” credit allocation. The 9 percent housing credit cap is subject to a volume cap based on the state population with a state minimum of $3,105,000. The 4 percent credit is prompted by the use of tax exempt private housing bonds that are not subject to the 9% housing credit cap. Both the 9% and the 4% tax credit can be used for construction and rehabilitation projects. [27]

Federal HOME Program

“HOME” is known as the HOME Investment Partnerships Program that provides formula based grants to states and localities, and enables neighborhoods and communities in partnerships with NGOs to resource and rehabilitate rental and homeownership, affording housing properties and providing assistance to low income markets. Today, HOME is the largest federal block grant for

state and local governments providing ~$2B annually. HOME funds can be used in a variety of ways including grants, direct loans, loan guarantees, credit enhancements, rental assistance, security deposits, etc. The guiding principles of HOME are based on community development best practices including empowerment of people and neighborhoods; consolidated planning; technical assistance programs; and set asides for qualified NGO housing groups. States are eligible fundamentally for HOME funds and receive either their formula allocation or $3MM, whichever is greater. Communities that do not qualify can join with one or more neighboring localities and communities in a legally binding consortium. Participating jurisdictions must match 25 cents of every dollar in program funds which helps stabilize and catalyze other community resources in support of affordable housing projects. [28]

Federal Loan Guarantee Program

These types of loans are made to the private sector and are offered at lower than market rate financing with a guarantee against default. These loans can be obtained directly from the government or through bank financing. Examples include Federal Housing Administration (FHA) loans where as little as a 3.5% down payment is needed with possible higher mortgage insurance premiums. Additional financing for housing repairs can be obtained through the FHA 203K program. Refinancing and loan assistance are also available through a number of programs including the Making Homes Available (MHA) program; the Home Affordability Refinancing Program (HARP); and the FHA refinancing program. Specific qualifications apply such as in many cases with the use of Fannie Mae, Freddie Mac, and USDA financing programs. [29]

Tax Exempt Bonds

Tax Exempt Bonds are issued by states and local governments usually through Economic Development Corporations (EDCs) that qualify under the Internal Revenue Code of 1986. Many times, tax exempt bonds are used in conjunction with LIHTCs. Interest paid to bondholders is exempt from federal taxation and usually local taxation as well. There are two primary types of tax exempt bonds including affordable multi-family rental housing bonds and 501C3 bonds for non-profit construction developers. [30] The state ceiling for private activity bonds has been set for 2019 at the greater of $105 multiplied by the state population or $316,745,000. [31]

Section 8

The Section 8 Rental Assistance Program is funded through HUD, but can be administered by a variety of organizations including HUD, as well as state and local housing authorities. Section 8 financing is made available through rents that are underwritten at the lesser of the contract rent or market rent of the project. Section 8 programs differ from other HUD programs in that they provide rental subsidies to low income families. HUD programs offer government housing to low income families at reduced rental rates. Federal programs come through the Project Based Rental Assistance (PBRA) program and the Housing Assistance Payment (HAP) contracts. Section 8 payments can be project based and received as cash payments made through HAP based on the number of qualified rental units. Payments can be tenant based where cash payments are received through regular or enhanced Housing Choice Vouchers (HCVs) determined by the number of qualified tenants and HUD fair market rental values. [32] The intent of the vouchers is to make up the difference between what a tenant is able to afford to pay based on 30% of the

income and the actual rent being charged by the landlord. Administering agencies pay the landlord the difference that the tenant is not able to afford.

Payment in Lieu of Taxes Program (PILOT)

PILOTs, or PILTs as they are sometimes known as, are federal payments made to local governments that assist in offsetting property tax losses due to the presence of non-taxable federal lands within the boundaries. The original Public Law 94-565 was amended and rewritten as Public Law 97-258 in 1982 and codified at Chapter 69, Title 31 of the U.S. Code. $9.2B in PILOT payments have been made to 49 states since 1977. Michigan has adopted enabling legislation that grants local taxing authorities the ability to approve PILOT ordinances that allows for affordable housing projects with federal or state financing. PILOT is applicable to property administered by the Bureau of Land Management, the National Park Service, The U.S Fish and Wildlife Service, the Department of the Interior, and the U.S. Forest Service. Examples also include federal water projects and military installations by the Department of Natural Resources (DNR).

PILOTs, at a state level, are State of Michigan payments made to local units of government in lieu of property owned by the state and administered by the Department of Natural Resources (DNR).The local government unit can submit a warrant to the Department of Treasury for Payment in Lieu of Tax for parcels of property administered by the DNR levying either the current year's total millage rate for the local unit or the total millage rate regardless of the type of tax, as long as the total millage rate for the current year does not exceed the total rate levied by the local government unit in 2004. [33]

2. **Commonly Used State and Local Economic Development Financing Tools**

There is also a set of key commonly used state and local development financing tools that are complementary to the federal economic development tools and also provide traditional sources of capital for affordable housing. It should be noted that both the Michigan Brownfield Tax Credits and the Michigan Historic Tax Credits were ended by Governor Snyder and the state legislature ~8 years ago.

Commonly Used State and Local Economic Development Financing Tools

- **Michigan Tax Increment Financing:** Brownfield Redevelopment; Corridor Improvement Districts (CIDs); Downtown Development Authorities (DDAs)
- **Michigan Tax Abatement:** Obsolete Property Rehabilitation Act (OPRA)
- **Michigan Tax Credits:** Tax Exempt Notes
- **Michigan State and Local Land Banks**
- **Michigan Community Revitalization Program** (MCRP)
- **Grants:** Community Development Block Grants (CDBGs)
- **Philanthropy:** Program Related Investments (PRIs)

Source: Adapted Colliers Real Estate

Michigan Tax Increment Financing (TIF):

Communities and municipalities are in need of special financing tools, such as tax increment financing, to complete projects that are developed to ensure economic health. The State of Michigan has enacted legislation to allow communities and municipalities to create unique organizations for utilization of these economic development tools which include: Downtown Development Authority (DDA); Local Development Financing Authority (LDFA); Brownfield Redevelopment Authority (BRA); Corridor Improvement Authority (CIA); Neighborhood Improvement Authority (NIA); and Waterfront TIF. Municipalities can divert property tax revenue increases and subsidize community development projects. The city or municipality does forgo the future tax revenues.

The use of these tools has specific limitations, requirements, and eligibility qualifications. These economic development tools deal with environmental clean-up; improvements in land use, housing, infrastructure, public facilities, and buildings; and control of invasive species. Overall, these tools can contribute to a significant portion of the overall project financing. [34]

Michigan Tax Abatement - Obsolete Property Rehabilitation Act (OPRA)

The primary OPRA legislation of Public Act 146 of 2000 enables the redevelopment and rehabilitation of older obsolete buildings into vibrant commercial and mixed use projects that are located in qualified local units of government. These buildings can be contaminated, blighted, as well as obsolete. Essentially, the taxes on the property are frozen for a period up to 12 years which enables the developer to make substantial improvements to the building without increasing the property taxes. Another benefit is the State Treasurer has the capability to exempt 1/2 of the school millage for up to 6 years on 25 projects per year. A new exemption will not be granted after December 31, 2026. [35]

Michigan Tax Credits – Tax Exempt Notes

The Michigan State Housing Development Authority (MSHDA) offers tax exempt notes and bonds, and then advances the proceeds as loans to private developers. Developers use this type of financing for the construction and operation of low to moderate income housing projects that typically range from 24-150 units. Since 1970 MSHDA has subsidized ~400 multi-family housing developments throughout the state (www.michigan.gov/mshda).

Michigan State and Local Land Banks

The Michigan Land Bank is chartered with the responsibility of returning and repurposing of properties for more productive and constructive uses. These properties can be vacant, abandoned, foreclosed, blighted, or in other states of disarray. The Michigan Land Bank can acquire these types of properties, reassemble them, and then resell or dispose of the properties at less than fair market value. It is also granted the right of first refusal to purchase tax foreclosed properties and has the capability to access additional state and federal funding. Currently, the Michigan Land Bank has ~2,500 properties available in inventory and works closely with the ~40 other county land banks in the State of Michigan (Source: www.michigan.gov). [37]

Michigan Community Revitalization Program (MCRP)

Communities and municipalities in Michigan can also tap into development gap financing through the MCRP. The MCRP helps support and advocate for community revitalization by offering a variety of loans, grants, and other economic assistance programs for those eligible projects located on properties that are contaminated, functionally obsolete, blighted, or historic in nature. The exact amount of economic assistance is established through a needs analysis and funding commitments that are conveyed as a percentage of MCRP eligible investment basis. A threshold incentive has been set for applicants applying for over or under $1MM in incentives. Those organizations seeking MCRP gap financing should explore all other financial resources before application. [38]

Grants - Community Development Block Grants (CDBGs)

These program funds are made available through grants and loans to Units of General Local Governments (UGLGs) usually with a population under 50,000. CDBG programs help support economic or community revitalization projects that have been asserted to best serve the needs of Non-Entitlement Areas of the State of Michigan through the Michigan Consolidated Plan. The CDBG program initiatives include building rehabilitation; loan programs; business assistance; façade improvements; planning; public facilities and improvements; rental assistance; as well as other innovative project support. [39]

Philanthropy - Program Related Investments (PRIs)

Foundations are the go-to source of grant making for the non-profit sector regarding community development and revitalization project support and financing. Michigan is fortunate to have many local and regional foundations that have provided significant resources for community development programs. Besides grant making, PRIs are attractive tools for project funding.

Sometimes known as “mission driven financing” and determined by Section 4944 of the Internal Revenue Code, PRI investments are alternatives to grants made by foundations and enable these philanthropic organizations to receive a return on their investment through either a repayment mechanism at interest free or below market rate financing including loans, letters of credit, loan guarantees, or equity investments. The Grand Rapids Community Foundation has been a pioneer in these types of programs by providing low interest loans to non- profits and CDFIs in the greater Grand Rapids area. Over $10MM has been committed to date leveraging ~$100MM additional dollars; creating and preserving nearly 300 jobs, helping start over 25 new businesses; and helping develop and preserving over 400 new affordable housing units. [40]

3. Key Community Development Tools

Besides traditional sources of economic development financing, funding, and support resources, there is also an inventory of community development tools that can be effectively used in conjunction with traditional economic development financing to reduce gap financing and improve overall project economics.

a. Organizational and Financing Structures and Agreements

First, there are organizational and financing structures, as well as agreements, that can be employed and taken advantage of.

Key Community Development Tools
Organizational and Financing Structures and Agreements

- **Certified B Corporations (B Corps):** e.g. Cascade Engineering, Brewery Vivant, Catalyst Partners
- **Benefit Corporations:** e.g. Kosbare International, Robinson Remedies
- **Community Benefit Agreements (CBAs):** e.g. Community Benefits Ordinance, City of Detroit
- **Community Development Corporations (CDCs)** e.g. Dwelling Place; Mexicantown Community Development Corporation
- **Community Development Financial Institutions (CDFIs)** e.g. Detroit Development Fund; Opportunity Resource Fund; Northern Initiatives
- **Land Trusts** e.g. Northern Michigan Land Trust; Land Conservancy of West Michigan; Michigan Nature Association
- **Community Land Trusts (CLTs)** e.g. Champlain Housing Trust, Northwest Vermont
- **Cooperatives (Affordable Housing)** e.g. Avon Hills Cooperative; Kings Mill Cooperative; Concord Cooperative; Commongrounds Cooperative
- **Low Profit Limited Liability Companies (L3Cs)** e.g. Rising Grinds Café; Building Bridges; Mission Throttle
- **Real Estate Investment Trusts (REITs)** e.g. Taubman Co.; Sun Communities

Certified B Corporations (B Corps)

Sustainable business structures worth noting are Certified B Corporations. B Corps are for profit organizations that are certified by a non-profit entity B Lab, on a voluntary basis to meet greater standards of transparency, accountability, and performance *(www.bcorporation.net).* To become certified as a B Corp, the company must score at least 80 points out of the 200 point B Lab assessment. There are ~3,000 B Corps worldwide from 64 countries that operate in ~150 different industry sectors. These businesses all have one unifying purpose, and that is developing and "using business as a force for good." B Corps take into account the impact of their decision making on customers, employees, suppliers, the community they serve, and the overall environment. They also strictly adhere to verifiable high performance standards in environmental impact, social impact, transparency, and accounting that help balance the purpose of their business and the profits they generate. Michigan has 18 B Corps with 13 of these companies residing in West Michigan. Some well-known West Michigan companies include Cascade Engineering (www.cascadeng.com), Gluten Free Bar (www.theglutenfreebar.com), Brewery Vivant (www.breweryvivant.com), Gazelle Sports (www.gazellesports.com), and Catalyst Partners (www.catalyst-partners.com). [41] Many of these companies are willing to provide support and resources to the B Corp movement and small businesses interested in sustainable development best practices and also in the B Certification process.

Another option for local resources and funding could come from those companies that follow ESG reporting frameworks and are tracked on Dow Jones Sustainability North America Composite Index. There are over 600 companies on this index, and many of these companies also offer and support community development programs through their own foundations. Some of the larger names include Microsoft, Johnson and Johnson, Visa, Procter and Gamble, Bank of America, Cisco, ATT, and the United Healthcare Group. [42]

Benefit Corporations

Benefit Corporations grew out of the B Corp evolution and have similar attributes, but there are distinct differences, especially from a legal protection and liability viewpoint. Benefit Corporations must also address social and environmental performance, both internally and externally to the corporation. Benefit Corporations are free to use, however, any assessment tools that are available, including the B Lab assessment, and are not audited by a third party. Benefit Corporations can achieve B Corp certification as well. There are also a number of additional positives to becoming a Benefit Corporation including the assurance for stockholders to hold the corporation accountable to its mission driven purpose, the appeal to new capital and investment resources, and attraction of talent to the organization (www.benefitcorporation.net). Well known Benefit Corporations include: Kickstarter, Plum Organics, King Arthur Flour, and Patagonia. Michigan Benefit Corporations include Kosbare International (www.jewelers.com) in Lansing, MI and Robinson Remedies in Detroit, MI (www.robinsonremedies.com).

Community Benefit Agreements (CBAs)

CBAs represent a way to establish and ensure that public investments meet the wants and needs of local residents and offer a realistic community benefit, rather than just achieving the bottom line results for the overall project. CBAs focus on living wage jobs, resident employment, diversity, and inclusion. Residents and community members are engaged in the overall project planning and decision making processes. The CBA process begins first between community members and the developer to build upon the public investment and ensure that the project is in line with overall community and neighborhood needs. The CBA then becomes a legal binding document with governmental approval of the project with the developer. Community and faith based organizations through a coalition can gain bargaining power, as well as an overall community voice, through this type of agreement.

Detroit is the first and only large metropolitan city in the U.S. to have created a Community Benefits Ordinance (CBO) that demands all projects costing $75MM or greater, or are securing more than $1MM in public incentives, develop and execute a community benefits report. Project examples of the CBO ordinance include Herman Kiefer Development and Midtown West. [43] In addition to the Detroit CBO, the City of Ann Arbor has established the Ann Arbor Citizen Participation Ordinance.

Community Development Corporations (CDCs)

These entities are non-profit organizations that have a laser focus on community redevelopment and revitalization, usually in low income, underserved neighborhoods, distressed communities, and those urban core areas that have suffered through significant disinvestment. Many of their activities have centered on affordable housing, but there is a broad range of economic development support in areas including healthcare, streetscaping, neighborhood planning, education, social service, and other projects. The benefits of CDCs are in the empowerment of residents and their community voices in the decision making process, as well as securing anchor institutions and their capital for local economic development projects such as affordable housing, neighborhood redevelopment, and business development. [44] Examples of Michigan CDCs include the Dwelling Place in Grand Rapids (www.dwellingplacegr.org) and the Mexicantown Community Development Corporation (www.mexicantowncdc.org) that spurs economic growth for the Hispanic community in southwest Detroit.

Community Development Financial Institutions (CDFIs)

CDFIs were established through the federal Riegle Community Development and Regulatory Improvement Act and make available capital and resources, such as loans, as well as financial services for low income markets. Additionally, CDFIs offer investment, training, and technical assistance services. These private sector organizations act as financial intermediaries and have community development and revitalization as their mission driven purpose. Frequently, CDFIs complement conventional banks and financial institutions through marketplace strategies, but they are focused only through a lens of underserved neighborhoods and communities including local residents. Conventional banks can invest in

CDFIs to extend market reach and access to local market contributors. [45] CDFIs pay interest rates that usually range between 0% and 4%.

Another option for Individuals and institutions is the opportunity to invest in promissory C Notes that advance funding for small business loans, affordable housing, and community development projects in low income communities through certified CDFIs. Investors can place $1-$500,000 in the C Note Flagship Fund and can earn 2.75% annual returns. Investors have committed $30MM to the C Note program and in 2018, C Note impact created or maintained 1,400 jobs; women owned businesses received $.43 out of every program dollar; and minority owned businesses received $.60 out of every program dollar. [46]

Examples of CDFIs in Michigan include the Detroit Development Fund (www.detroitdevelopmentfund.org) and the Michigan Opportunity Resource Fund which is a non-profit organization that is certified as a CDFI and structured as a revolving loan fund for affordable housing and small business (www.oppfund.org).

One specific example of an exceptional Michigan CDFI is Northern Initiatives.



Northern Initiatives

- Non-profit founded in partnership with Northern Michigan University in 1992 with over 20 employees
- Certified as a CDFI
- Provide business loans and expertise to new/existing businesses that may not qualify -30% women owned, 30% start-ups!
- Financed >$60MM through 1100 loans creating ~5,000 jobs
- Supported by Kellogg Foundation, U.S. Small Business Association, and U.S. Department of Agriculture
- Operate the $30MM Michigan Good Fund serving the underserved communities in Michigan
- Cover 73 of 83 Michigan counties
- Many success stories!:
    - * Superior Culture- Kombucha brewing
    - * Lake Shore Systems- Maritime machinery
    - * Zilke Farm Kitchen- Real food
    - * Reliable Medical Transportation- Door to door mobility services for medically impaired.

Source: www.northerninitiatives.org

Land Trusts and Community Land Trusts (CLTs)

A distinction is being made between Land Trusts and Community Land Trusts, although they function in a similar manner. Both may have a charitable organization that holds land or land interest for a public benefit that covers a broad range of land uses. Land Trusts are usually entities that preserve land, or open space, in its natural state for use and enjoyment by the public and to protect the diversity of the natural environment through the acquisition of open spaces. Focus is on natural habitat and also in agricultural land use. Examples of land trusts in Michigan include the Northern Michigan Land Trust (www.landtrust.org); the

Land Conservancy of West Michigan (www.naturenearby.org); and the Michigan Nature Association (www.michigannature.org).

CLTs are community based non-profit entities that access, acquire, and take care of community land in perpetuity, within a "trust" under certain obligations and responsibilities for focused social impact purposes, such as housing. Residential and commercial tenants who take title to this land own the homes, businesses, and retail stores, through a long term renewable ground lease agreement that is subject to easements. CLTs can be used for many community development activities, but are primarily utilized for the assurance of long term housing affordability. A CLT is able to divide the ownership of the land for commercial and residential purposes, thereby safeguarding public and private investments for the benefit of the community. In essence, the CLT sells the improvements (homes) on the land to low to moderate income home buyers for a price that excludes the value of the land and at a price that is well below the appraised value of the improvements, usually between 60%-70% of the appraised value. The benefits to the community are that the public and private investments are rejuvenated continually and generationally. The buyer agrees to abide by a sales formula if they ever sell the home, and is also able to recoup all of the principle payments as well as improvement costs in some cases. Sellers also agree to limit the appreciation in the property they can recoup in a sale. Key challenges to the CLT are the acquisition cost of the land and the equity ownership of the investments. [47] One strategy to address these concerns is to have a for-profit real estate fund work in collaboration with a CLT.

The largest CLT in the U.S is the Champlain Housing Trust located in northwest Vermont with ~$225MM in assets (www.champlainhousingtrust.org). Additionally, the Detroit Community Land Trust Coalition has been formed to help provide support and assistance for improved neighborhood decision making regarding community land in Detroit, Michigan (www.detroitpeoplesplatform.org).

Cooperatives

Cooperatives are formed as organizations for the purpose of marketing and purchasing the products and services of its members and/or shareholders. The term can apply in several ways, such as a business entity recognized under law or to the internal administration and authority of the entity. Cooperatives are entitled to various taxation benefits such as Section 521 for agricultural cooperatives, Subchapter T for regular cooperatives and Section 501 (c)(12) status for tax exempt cooperatives. They also may refer to a specific type of corporation that is allowed under law. Cooperatives can also be formed as Low Profit Limited Liability Companies (L3Cs), organizations, or as benefit corporations. The principles of a cooperative include voluntary and open membership; democratic control by its members; equitable contribution of capital by its members; self-help, reliance, and sufficiency; and sustainable development best practices and policies for the community at large. Worker cooperative members receive sufficient compensation with surpluses being reinvested in the cooperative for development, as well as setting up reserves. Types of cooperatives can also be structured around service offerings such as food or consumer, producer, worker, and affordable housing initiatives. [48]

Examples of housing cooperatives in Michigan include the Avon Hills Cooperative (www.avonhillscooperative.com), the Kings Mill Cooperative (www.kingsmillcooperative.com), the Concord Cooperative (www.concordco-op.com), and the Commongrounds Cooperative (www.commongrounds.coop).

Low Profit Limited Liability Companies (L3Cs)

Legislation was enacted in 2009 in Michigan that allowed the formation of L3C entities that are essentially a hybrid between a non-profit and for-profit organization. L3C organizations must be formed for social mission driven purposes, such as for charitable or educational objectives. The entities must also be registered through the Michigan Department of Licensing and Regulatory Affairs (LARA). Equity owners may receive profit distributions, as well as an appreciation of value in the organization, but profit motives are not the primary organizational driver. L3C entities are not tax exempt, and to maintain status must provide at least 5% of their assets for charitable uses and purposes. L3Cs are gaining acceptance, especially with the recent use of PRIs which complement L3C strategies very well. [49]

Examples of L3C companies in Michigan include Rising Grinds Café (www.rgcafe.org) and Building Bridges (www.buildingbridgesgr.com) that are part of the Center for Community Transformation (www.grcct.com) in Grand Rapids; and Mission Throttle (www.missionthrottle.com) in Southfield, MI is a mission driven organization that seeks to use market based strategies to create social change through the development of social enterprises.

Real Estate Investment Trusts (REITs)

REITs are essentially holding companies for real estate property. They aggregate capital from investors and use those funds to purchase income producing properties. The investors in return collect dividends or a portion of the REIT's profits. REITs meet strict regulatory guidelines such as having to invest 75% of their capital in real estate and paying out 90% of their profits in dividends. Additional requirements include having a minimum of 100 shareholders; earning at least 75% of its gross income from real estate investments; being a taxable corporation; and investing at least 75% of its assets in real estate and/or cash. Qualified REITs that are either public or private can be either equity or mortgage REIT class. Key investor benefits include saving money on income taxes versus purchasing property directly, as well as depreciation not being incorporated in the taxable part of the dividend. [50]

Examples of REITs in Michigan include Taubman Company (www.taubman.com) and Sun Communities (www.suncommunities.com).

b. Community Capital Strategies

There are also a number of community capital strategies that are now being deployed, such as with the growth of crowdfunding capital sources. These sources of community capital provide important resources for community revitalization projects. Community capital resources are available for community revitalization projects with donated and investment capital that can be generated from both accredited and non-accredited investors.

The Securities and Exchange Commission (SEC) defines an accredited investor as an individual who makes more than $200,000, or $300,000 jointly with a spouse, on an annual basis or who has a net worth of $1MM, excluding the investor's primary residence. Entities may be accredited if they have assets greater than $5MM. Non-accredited investors have less than $1MM in net worth and/or earn less than $200,000 annually. Non-accredited investors make up ~90% of households in America.

The legal framework for community investment was set in place by the Investment Company Act of 1940, which imposed significant regulations on entities and organizations that raise capital from investors and then invest that money into other companies. This mandate regulates mutual funds with the compliance costs being prohibitive for broad scale implementation by community scale funds. However, the Investment Company Act of 1940 has various exemptions and the key is to find an exemption with the amenability to the desired purpose of the community scale fund.

Key Community Revitalization Tools
Community Capital Strategies

- **Business Development Companies (BDCs)** e.g. Hill Capital, Minnesota
- **Charitable Loan Funds** e.g. Working Capital for Community Needs (WCCN); Detroit Community Wealth Fund
- **Crowdsourcing, Crowdfunding and Crowdgranting**
  - **Donations or Rewards Crowdfunding** e.g. Kickstarter; GoFundMe; Detroit Soup
  - **Investment Crowdfunding - Regulation CF** e.g. Localstake; Wefunder; Seedinvest; Tecumseh Brewing
  - **Intrastate Investment Crowdfunding** e.g. MilkMoney; Invest in NC
  - **Crowdgranting** e.g. Public Spaces Community Places
- **Neighborhood Equity Funds** e.g. Healthy Neighborhood Equity Fund, Boston
- **Opportunity Zones (OZs) and Qualified Opportunity Funds (QOFs)** e.g. PNC Opportunity Zone Investment Fund; Detroit Ozone Investment Fund; Affordable Housing Opportunity Fund
- **Real Estate Funds** e.g. Iroquois Valley Farmland REIT

Business Development Companies (BDCs)

Business Development Companies are technically exempt from the Investment Act of 1940, but are still subject to many demanding requirements. BDCs are required to register with the Security Exchange Commission (SEC) under the SEC Act of 1933. These entities, as a CIF, can be established to provide managerial assistance to a portfolio of companies. This type of CIF can provide financial benefits and returns if structured with a state or regional focus, and suited for larger metropolitan cities as well. [51] One example is Hill Capital in Minnesota (www.hillcapitalpartners.com).

BDCs are organizations that invest in small to medium size businesses and act like a closed end investment fund. They are exempt from corporate income taxes and behave like a REIT and must pay out dividends.

Charitable Loan Funds

Of all the Community Investment Funds (CIFs), the Charitable Loan Fund (CLF) is the most common. CLFs must be legitimately charitable, such as 501C3 organizations. Most states have exemptions from securities offering registration, but there are still securities requirements which require the acknowledgement of all material information, risk factors, as well as legal review. CLFs are not suited for cooperatives and or benefit corporations. Assets of the CLF must be used for charitable objectives and only debt investment can be raised, not equity investment, as there is no ownership in a charitable organization. Moreover, profit sharing with investors is outlawed. Most CLFs only construct loan agreements with limited upside for capital appreciation. Low interest rate loans are usually generated for community reinvestment purposes. [51]

Examples of Charitable Loan Funds include Working Capital for Community Needs (www.wccn.org) and the Detroit Community Wealth Fund (www.detroitcommunitywealth.org).

Crowdsourcing, Crowdfunding, and Crowdgranting

Both crowdsourcing and crowdfunding are critically important determinants of future community needs and sources of capital.

- **Crowdsourcing**

  Crowdsourcing enables an organization to gain immediate access to individual thoughts, perspectives, and opinions, especially those of local residents. This information can be obtained through surveys, both in person and online, and provides grassroots feedback and support on community revitalization projects and civic engagement activities.

- **Crowdfunding**

  Crowdfunding, in a similar manner, enables an organization to raise capital and financial resources for local community projects. Think of crowdfunding as raising small amounts of money from lots of individuals, rather than significant amounts of money from only a few people. There are varied types of crowdfunding. There is no expected return for the investor with donation crowdfunding. This conventional crowdfunding is conducted through many online platforms, as well as in person crowdfunding events such as collecting money for community projects. The dollars raised are donated by the investor. There are rewards and pre-sales crowdfunding where contributors obtain a discount reward for the product or service. Examples of donation and rewards crowdfunding include Kickstarter (www.kickstarter.com), GoFundMe (www.gofundme.com), and Detroit Soup (www.detroitsoup.com). Investment and equity crowdfunding are growing in popularity through direct investments by individuals. Examples of investment crowdfunding platforms where individuals can

select individual companies include Localstake (www.localstake.com), Wefunder (www.wefunder.com), and Seedinvest (www.seedinvest.com). One Michigan company that used investment crowdfunding is the Tecumseh Brewery Company (www.tecumsehbrewingco.com). There are also intra-state crowdfunding opportunities that can be pursued as well, whereby investors on a regional basis can take part in the growth of local businesses and community revitalization. Examples include Milk Money in Vermont (www.milkmoneyvt.com) and Invest in NC (www.investinnc.com). [52]

Existing Michigan businesses with audited financials can now apply through the Department of Licensing and Regulatory Affairs (LARA), for a $100 fee, and raise up to $2MM from non-accredited investors. New businesses can access up to $1MM in capital from non-accredited investors. [53] Michigan established the Michigan Public Act 264 in 2013 and became one of four states empowered to develop intra-state investment crowdfunding regulations. Additionally, the Michigan Invests Locally Exemption Act (MILE) was created to catalyze local community investing. The Michigan Municipal League (MML) and the Michigan Economic Development Corporation (MEDC) are working together to further develop crowdfunding resources in Michigan. [54] Today, there are ~20 states with intra-state crowdfunding laws and regulations.

- **Crowdgranting**

  One of the most successful programs in Michigan has been Public Spaces Community Places (PSCP) developed by Patronicity, the MEDC, and the MML. This crowdgranting program secures matching grants for crowdfunded public projects through the Patronicity online platform. Individual dollars raised are supported dollar- for-dollar through a grant from the State of Michigan. The PSCP success rate has been 98% with match funding ranging from $5,000 for smaller community projects to over $100,000 for larger programs. [55] Crowdgranting will see continued growth and interest as investors see a two-fold multiplier for the dollar invested, such as with challenge grants.

Neighborhood Equity Funds

Another type of CIF is a neighborhood equity fund, such as the Healthy Neighborhood Equity Fund (HNEF) that was created out of private equity and co-founded by the Massachusetts Housing Investment Corporation and the Conservation Law Foundation. Both of these organizations, along with public and private partners, are coordinating equity investments and program dollars for community redevelopment in the Boston area. The HNEF (www.hnefund.org) closed its first round of financing with ~$22MM of private equity. The goals of this fund are to bolster moderate to low income housing options around transit locations, create new local jobs, establish healthy neighborhoods, and incorporate streetscape and walkable communities. The blended capital structure for the HNEF includes ~75% social impact investors with a higher rate of return (Class A), ~15% foundation support through PRIs and loan guarantees with a modest return (Class B); and ~5-10% public funds with no return on investment (ROI). The targeted rate of return for Class A private accredited investors is a 6-8% net internal rate of return over the fund life. [56]

Opportunity Zones (OZs) and Qualified Opportunity Funds (QOFs)

Opportunity Zones have recently garnered much community conversation and discussion in Michigan. The stir was all started nationally last year with the new 2017 tax laws that also comprised the Investing in Opportunity Act. The essence of the new tax law allows investors to infuse capital gains into low income markets and projects, easing tax obligations, and enabling the proceeds to grow tax free. The origins of this new tax law date back to 2007 with the United Nations sustainable development activities. Many of the sustainable development activities, such as with the 17 global Sustainable Development Goals (SDGs) of the United Nations, directly apply to our urban core areas as well, and provide a significant upside opportunity for future community and neighborhood investments.

OZs are designed to attract investment and resources to low income markets and communities. The criteria for establishing an OZ was based on state submission of low income census track areas having a population level with at least a 20% poverty rate. Based on eligibility, there were 1,152 census tracts submitted, and with the maximum of 25% approval, 288 OZ areas have been designated in Michigan with 238 in distressed communities. The City of Grand Rapids has 10 OZs, mostly located in the southeast area of the City. There are approximately 8,700 OZs nationally. [57]

The primary vehicle to investing in an OZ is through a QOF, which can be established through a self-certification process. QOFs can be organized as either a corporation or partnership and must contain at least 90% of its assets in an OZ area that can contain both residential and commercial properties. Investments must be made in real estate, businesses, and business related assets that are located in an OZ. Loans are not qualified for tax incentive benefits. There are multiple tax benefits to investors in a QOF including temporary deferral of inclusion in taxable income for capital gains invested; step up basis for capital gains reinvested of 10% if the investor remains in the QOF for 5 years prior to a December 31, 2026 tax event and an additional 5% if the investor has remained in the fund for 7 years as of that date; and permanent inclusion from taxable income of capital gains if the investment is retained for at least 10 years. Currently, there are 105 Qualified Investment Funds in the U.S., with over 70 of these QOFs intended for multi-family housing. [58]

Examples of QOFs include the national Affordable Housing Development Fund (www.opportunitydb.com); the Detroit Ozone Investment Fund (www.opportunity-funds.com); and PNC Bank Opportunity Investment Fund (www.pnc.com).

Real Estate Funds

The concept of Real Estate Funds is growing in importance as part of a portfolio of CIFs that are being developed for a community. In essence, the community at large, including both accredited and non-accredited investors, can invest in a real estate fund that seeks to acquire and redevelop distressed properties in urban core areas for rental or lease. Proceeds may be reinvested for continued community redevelopment initiatives with any leftover profits going to investors. Potential community benefits are significant with increased tax revenues, the attraction of new and retention of existing businesses, and improvement in property values. An interesting strategy is to create an intra-state Direct

Public Offering (DPO) and open up the Real Estate Fund to other accredited and non-accredited investors statewide. [49]

An example of this type of fund is Iroquois Valley Farmland REIT (www.iroquoisvalley.com) that is made up of 50 organic farms covering 12,000 acres of farmland representing $50MM in assets. Also a B Corp, the farmland REIT attracts impact investors that provide capital to the REIT that purchases farmland accessed by farmers who pay lease or mortgage fees to the REIT who in turn provides returns to the impact investors.

c. Local Investment Strategies

Besides traditional economic development and community economic development financing tools and resources, there are a number of emerging local investment strategies for consideration. These local investing strategies are being driven by the assets associated with place based capital, a most important source of capital for community revitalization. Local investing strategies deal with grassroots strategies for the low income market and there are many opportunities for the non-accredited investor to participate.

Key Community Revitalization Tools
Local Investing Strategies

- **Giving Circles** e.g. Women Who Care; Dining for Women; Impact 100
- **Foundations and Donor Advised Funds (DAFs)** e.g. Community Foundation for SE Michigan; Ann Arbor Area Community Foundation; Grand Rapids Community Foundation; National Christian Foundation
- **Investing Strategies**
  - **Angel Investing** e.g. Social Venture Circle; Michigan Angel Fund; Grand Angel Fund; SE Michigan Start-Up Fund
  - **Investment Clubs and LIONS** e.g. SLOW Money; Local Investing Opportunities Network
  - **Direct Public Offerings (DPOs)** e.g. Cutting Edge X; Quimper Mercantile; Sonoma West Publishers
- **Lending Strategies**
  - **Lending Circles** e.g. Mission Alliance Fund
  - **Peer to Peer Lending** e.g. Funding Circle; Prosper Marketplace
- **Local Banks and Credit Unions** e.g. West Michigan Community Bank; One Detroit Credit Union; Lake Michigan Credit Union
- **Social Impact Bonds (SIBs)** e.g. Strong Beginnings, Spectrum Health, PNC Bank

Giving Circles

Simply put, giving circles are individual people that come together as a group, accumulate their money, then decide where to commit those dollars, as well as other resources such as volunteer time etc. The Giving Circle group collectively learns about administration and finance, community needs and wants, and the philanthropy process. Setting up a Giving Circle can either be informal or formal depending on the nature of the group, but there are established guidelines to follow. At the informal end of the spectrum are Giving Circle groups that could meet for a potluck meal and collect contributions that could be given to a

local charity, or to those neighbors and residents in need. Formalized Giving Circles are usually highly organized, may require substantial contributions, and often necessitate years to fully materialize and add long term community value. There are many benefits to Giving Circles including joining other individuals with similar values, demonstrating civic engagement, developing collaborations and partnerships, giving local community members a stronger voice, and investing their local monies strategically. [59]

Since inception, Giving Circles in the U.S. have raised nearly $1.3B and have ~150,000 people engaged, with ~70% of members being women, and represent a more diverse constituency of members and income levels. There are over 1,000 independently run Giving Circle groups, and over 500 national Giving Circle chapters. Michigan is one of 7 states with greater than 50 Giving Circle groups. Human services are the most important issue areas, followed by women and girls and education. [60]

Examples of Giving Circles include the 100 Who Care Alliance (www.100whocarealliance.org) and Dining for Women (www.diningforwomen.org).

Foundations and Donor Advised Funds (DAFs)

Foundations have traditionally been stalwarts in providing grants to local communities. Three foundations top the list in Michigan with each providing annually over $100MM to awarded recipients. Those foundations include the W. K. Kellogg Foundation (www.wkkf.org), the Kresge Foundation (www.kresge.org), and the Charles Stewart Mott Foundations (www.mott.org). The Johnson Center for Philanthropy (www.gvsu.edu/jcp) is a regional source of information and training for non-profit organizations. The Council of Michigan Foundations (www.michiganfoundations.org) provides many resources on a statewide basis as well.

- **Donor Advised Funds**

  Recently, there has been a significant shift in strategy by an increasing number of community and regional foundations to deploy resources toward Community Development Philanthropy (CDP). This strategy enables foundations to focus their capital in local and regional markets to help create new businesses and jobs, as well as provide access to needed community services. [61] One of the drivers for this new direction and resulting programming comes through Donor Advised Funds (DAFs). DAFs are like charitable savings accounts and are becoming popular because of the trend in impact investing. Today, investors expect a visible and realistic social impact return on their investment dollar and DAFs, or charitable donations, are an investment tool worth considering. Large sponsoring institutions may require between $5,000-$25,000 to set up a DAF, while a local community fund may only require $1,000 to establish a DAF. Tax efficiencies can be enjoyed through donation of both marketable and non-marketable assets, such as private stock or property. Tax deductions are based on the fair market value of those assets. Charitable tax deductions can be taken upon receipt and your giving can be directed at a later date. The investor maintains control of the donation through desired recipients, amount given, and timing. With the growth of impact

investing, PRIs can also be made in conjunction with DAFs that may be offered by the foundation. [62]

Examples of Michigan Foundations offering DAF for community development include the Community Foundation for SE Michigan (www.cfsem.org); the Ann Arbor Area Community Foundation (www.aaacf.org); and the Grand Rapids Community Foundation (www.grfoundation.org). There are also several Christian based foundations that offer DAFs including the National Christian Foundation (www.ncfgiving.com) and the Barnabas Foundation (www.barnabasfoundation.com). Both of these foundations have West Michigan chapters.

- **Legatus Memoria®**

  Another emerging philanthropic strategy is being driven by the desires surrounding "paying it forward" and "giving something back." An example of this strategy is Legatus Memoria® (www.giftcoli.com). Enumerable successful corporations and businesses have utilized Corporate Owned Life Insurance (COLI) to establish executive benefit plans. A new Legacy Life Executive Benefit® program has been recently developed that can provide key executives with the capability to self-direct a pre-set amount of charitable contributions by their company to a predetermined charitable organization of their choice. The company can make tax deductible contributions to foundations, non-profit organizations, and other 501C3 organizations in their community.

  This financial strategy enables the company that has "trapped capital" in cash or retained earnings to put these dollars to better use. Using this "trapped capital" the company can place this money in an institutionally priced life insurance contract that enables the earnings to be tax free with usually higher preferable yields. The excess proceeds are received tax free by the company upon death and receive a tax deduction when given to a 501C3 non-profit organization on money they did not work for or earn. This program works because the cost of life insurance is less than the cost of taxes. It increases earnings while maximizing philanthropy. In most cases, as much as 60% of the original deposit into this COLI program can be given to charity with no negative impact to the shareholder.

Investing Strategies

- **Angel Investing**

  Angel Investing is another investment strategy used to create, develop, and grow new and existing businesses in a local market. Angel investors are usually accredited investors. These individuals invest in early stage or startup companies in return for an equity position in that company. Angel Investors usually invest $25,000-$100,000 in an individual company. The Angel Investor typically has several criteria that are critical to their investment decision including; the quality of the management team and their passion, a significant market opportunity, well defined viable business plan, unique or proprietary technology, and appropriate valuations and financing options.[63]

Recently, there has been a growing trend toward social impact investing. An example of this type of investing is the Social Venture Circle (www.svcimpact.org) that attracts impact investors through a membership network. Their goal is to drive the growth of regenerative, ethical, fair, and robust businesses for the next economy.

Michigan has several key Angel Investment funds including the Michigan Angel Fund (www.miangelfund.org); Grand Angels in Grand Rapids (www.grandangels.org); and the Southeast Michigan Startup Fund (www.semichiganstartup.com). At a state level, the Michigan Strategic Fund supports high tech startups, as well as assists growing small businesses, and has also guided additional resources to several statewide capital funds. The Invest Michigan Pre-Seed Fund II provides resources for startups either through equity investments or loan participation. Grow Michigan LLC offers mezzanine style financing options through loans to further develop small businesses. [64]

Local Angel Investment funds have grown substantially in recent years. However, the focus of their investments remains with high growth, cutting edge, innovative companies usually with disruptive proprietary technologies. One potential strategy would be for Angel Investor funds to have a portion of their portfolio invested in social enterprises and supporting social entrepreneurs that will help provide new business growth and employment in core urban areas realizing, however, there will be a smaller return on their investment.

- **Investment Clubs and LIONS**

  There is another type of local investing group besides Angel Investor funds primarily offered for accredited investors. There are grassroots local investor groups that are often run and administered by volunteers. These individuals are usually non-accredited investors and are driven by their passion for the local community in which they reside. This type of citizen led investor group wants to put their dollars and resources to work for local businesses and non-profit organizations in their local community, as well as for overall community revitalization. There are many resources available to tap into the local economy including the local banks and credit unions, and their foundation dollars, as well as the individual investors themselves. Local investment groups can take the form of individual clubs or networks. An interesting network approach is LION, or Local Investment Opportunity Network (www.l2020.org). The mission of LION is to support and develop prosperous and generational local businesses and help them grow using sustainability practices. A pioneering organization in this field is LION of East Jefferson County, WA. There is also a LION for housing initiatives (www.housingsolutionsnetwork.org). So far, the SEC has not required investment clubs to operate under formal guidelines, as long as all investment club members are engaged in all investment decision making activities. [65]

  There is also SLOW Money (www.slowmoney.org), another type of local investing that is focused only on food enterprises, and is organized on a statewide basis. Similar to other local investment groups, SLOW Money gains traction through public meetings, pitch events, trade fairs and other marketing initiatives. The organization provides a range of services including 0% interest microloans to low interest loans. Twenty-seven local

investing groups have contributed $73MM in 752 food enterprises. Presales of food products are also a good way to support local agriculture, such as with Community Supported Agriculture (CSA) shares whereby farmers are prepaid for their work before growing and harvesting, then delivering produce throughout the season.

One key driving force for these investments is the multiplier effect that local independent businesses have on local markets versus chain retailers. Independent local businesses can return and recirculate more than 3X as much money, per dollar, than retail chain stores do, when taking into account direct, indirect, and induced impact effects of this spending. Local businesses provide 48% recirculation of the dollar locally, whereas big box retail stores only recirculate 14% of their dollar locally. [66]

- **Direct Public Offerings (DPOs)**

  Another option for local investing and the non-accredited investor is a DPO in a local business enterprise. Securities law must be taken into consideration first. Securities can include many forms of equity and debt including ownership of shares in the business, loans to the business, revenue sharing agreements and other forms of investment agreements. A local business can offer private placements in a private setting to those that may have an existing relationship with that business. Local business showcases and local business associations are good ways to learn more about these business enterprises. DPOs enable the small business to have a broader reach of potential investors through public advertising campaigns. There must be prior approval by security regulators in one or more states before sales can commence. Cutting Edge Capital has a platform for the DPO marketplace that is also a social enterprise, and provides supporting tools and materials and connects with potential investors (www.cuttingedgex.com). [67] An intrastate DPO may be the simplest DPO and is available where all investors reside in the same state as the issuer. Several examples of this investment strategy include Quimper Mercantile, a community owned business (www.quimpermerc.com), and Sonoma West Publishers (www.sonomawest.com).

Lending Strategies

- **Lending Circles (LCs)**

  Lending Circles offer a great way for non-accredited investors and those with poor credit scores to access loan financing without having to pay exorbitant market rates. LCs can be easily structured. The ground rules are that a small group of individuals meet on a regular basis with agreed upon guidelines and consent to setting aside a certain amount of money each month, maybe $50 to over $100 each month. What is significant is that the monthly payments are reported to credit bureaus, thereby improving the individual's credit scores over time. The pooled money is then lent back out to group members at face value with no interest rate. The actual structure of the loan program varies by the LC. In one instance, each member of the LC group receives a one lump sum 0% loan for a specific amount. The LC group then decides which member gets the first loan, the second, and those thereafter.

The LC program was deployed in 2008 through the Mission Asset Fund, a San Francisco non-profit organization. Over 800 LCs have been part of this program engaging over 7,500 people in over 30 cities nationally. The results of the LC program have been outstanding with few participant defaults and late payments, as well as improved overall credit scores. [68] The Mission Asset Fund helps communities to build LCs in their communities (www.missionassetfund.org).

- **Peer to Peer Lending**

  With the time constraints, and often hardline requirements of the conventional banking system, peer to peer lending has grown significantly in a very short period of time. Known as the person to person or P2P lending marketplace, this type of borrowing is becoming more commonplace. The platforms themselves do not contribute funds on their own, but act as facilitators or intermediaries between borrowers and lenders. The benefits from this type of lending are numerous including access to low interest loans, uncomplicated applications, and prompt responses in decision making. It is anticipated that the P2P market could reach over $150B by 2025. The P2P marketplace has become very competitive and the lending marketplace platforms distinguish themselves from each other based on eligibility, loan rates, loan amounts, and types of offerings. There are a number of specific examples. The Funding Circle (www.fundingcircle.com) focuses solely on small businesses and has funded more than $5B in loans globally. The Prosper Marketplace (www.prosper.com) was the initial P2P lending marketplace platform in the U.S. and offers a wide range of personal loans with a member base reaching nearly 1MM users with funding nearing $15B. The Lending Club (www.lendingclub.com) is one of the top notch gargantuan P2P platforms also focusing on personal, business, and patient financing and loans that total now over $50B. [69]

Local Banks and Credit Unions

Regional and local banks and credit unions are playing an increasingly important and critical community development role. These institutions focus their services on local residents and businesses in core urban areas, as well as communities and neighborhoods that have had overlooked financial needs. By providing these locally needed banking and financial services through marketing and personal relationships, there is a growing shift among residents to these institutions. Many times, larger banks are not able to provide the same attentive level of service for this type of client, and as a result have targeted clients and businesses with more private banking service needs and programs.

An example of this transition is with the ~1100 credit unions in Michigan. Nearly 500 Michigan residents a day are moving their banking needs to credit unions, and there are now over 5MM credit union members statewide. There are also significant savings by using credit unions. At a statewide level it is estimated that credit unions offer members credit cards that cost 5% less, save members an average of $210 in closing costs, and save members an average of $168 in lower interest rates. Totally, it is estimated that credit unions saved Michigan members $423MM in 2018. [70] A very good website that can help locate a local bank or credit union in your community is BankLocal (www.banklocal.com).

Specific examples of these types of Michigan credit unions and banks include West Michigan Community Bank (www.wmcb.org); Lake Michigan Credit Union (www.lmcu.org); and One Detroit Credit Union (www.onedetroitcu.org).

Social Impact Bonds (SIBs)

In 2013, Michigan started down the pathway of developing social impact bonds using a model with technical assistance developed by the Harvard Business School. The Social Impact Bond Technical Assistance Lab (SIB Lab) developed a pay for success model that analyses systemic social issues and is funded through social impact bonds. SIBs represent a new approach to financing the growth and development of needed social services for urban core communities. SIB intermediaries raise capital from the private sector, as well as philanthropies, to support needed preventative and early intervention social service programs that would ordinarily be provided by the federal government. Social service providers then execute pay for success contracts with the SIB. If the social service providers achieve desired results and agreed upon performance targets and metrics, the government compensates the investors through the SIB intermediary with an ROI or bonus. Under the SIB, investors pay for the upfront costs of the service providers, but also face the risk of losing their investment through non-performance. [71]

One example is Strong Beginnings in Grand Rapids, MI, a 15 year old federal Healthy Start program. The organization is a network of West Michigan agencies that provide healthcare services to Black and Latino families (www.strongbeginningskent.org). In partnership with Spectrum Health Healthier Communities as the fiduciary, and Strong Beginnings, PNC recently issued their first social impact bond, and the first of its kind in Michigan. The pay for success model includes specific targets of reducing pre-term births by at least 12%, compared to the controlled population, and reducing instances of rapid repeat pregnancies, or repeat births within 18 months, by at least 7%. [72]

G. Scalable High Impact Community Revitalization Projects

What are scalable types of affordable housing projects that Michigan communities could replicate? One community development project design that is being scaled in many localities is Mixed Income Mixed Use projects that include affordable housing. These types of projects address renter and tenant requirements, as well as retail and commercial needs, and local community and resident issues and concerns. Mixed use projects take on broader scopes and larger schemes for multi-unit urban design and development markets, where total estimated project costs could range from $5-$50MM. The Roosevelt Neighborhood project in Grand Rapids, MI is one of the larger urban development designs. The Commongrounds Cooperative in Traverse City represents a mid-size urban development project design. There are also projects with smaller configurations and scale that configure multi-unit buildings and offer 2,3,4 family units as well as 5-15 small apartment units with estimated projected total costs from $500K-$5MM. [73]

1. **Multi Use Mixed Income Project Examples**

   a. **Roosevelt Park Neighborhood Revitalization Model -** Grand Rapids, Michigan

Development Team

Partner	Contribution
Dwellingplace	• $18 million investment in new affordable rental housing, 48 two and three bedroom apartments • Approx. 5000 square feet of commercial space, 1500 square feet of community space
Habitat for Humanity of Kent County	• $3 million investment in 16 new affordable owner-occupied homes • Site acquisition and development team coordination
GRPS my choice	• $20 million investment in a new dual immersion high school, attracting students in the area back to GRPS
MERCY HEALTH	• $1.5 to $3 million expansion of the existing Clinica Santa Maria on the site. • Expansion to include a new pharmacy

TOTAL CAPITAL INVESTMENT: $42.5 TO $44 Million

Development Team (continued)

Partner	Contribution
FERRIS STATE UNIVERSITY	• Partnership with Mercy Health to place pharmacology students at the Clinica • Potential user of the commercial space developed by Dwelling Place
Grandville Avenue Arts & Humanities	• Neighborhood Engagement through development process • Continuing child programming at the Cook Arts Center • Incorporation of public art for the plaza
HISPANIC CENTER of western michigan	• Neighborhood engagement and cultural competency
ROOSEVELT PARK NEIGHBORHOOD ASSOCIATION	• Neighborhood engagement through development process

RESULT: Better Health, Education and Economic Outcomes for Roosevelt Park

Plaza Roosevelt is one of the most forward looking multi use mixed income projects being developed that includes affordable housing. It has been over 5 years in the planning stages with multiple community stakeholder partner organizations engaged including: the Dwelling Place, Ferris State University, Grand Rapids Public Schools, Hispanic Center, Grandville Avenue Arts and Humanities, Mercy Health, Resident Partners, Roosevelt Park Neighborhood Association, and Habitat for Humanity. What is most significant about this project is the importance of listening to the community voice and empowering residents to help develop and catalyze community redevlopment strategies and resultant social impact change in urban development. The project is also one of the most challenging with the engagement of multi-stakeholder organizations in the project design and development. Successful execution of the project, along with managing all the stakeholder group expectations, is also most demanding. To ensure the best cooperative development project could be envisioned, a "North Star" compass was set establishing stakeholder roles and guidelines of: listening, partnering, advocating, convening, connecting, and contributing. The ~$40-$45MM project is beginning construction in 2019 and serves as a model for using the ABCD process and approach.



Key Project Features

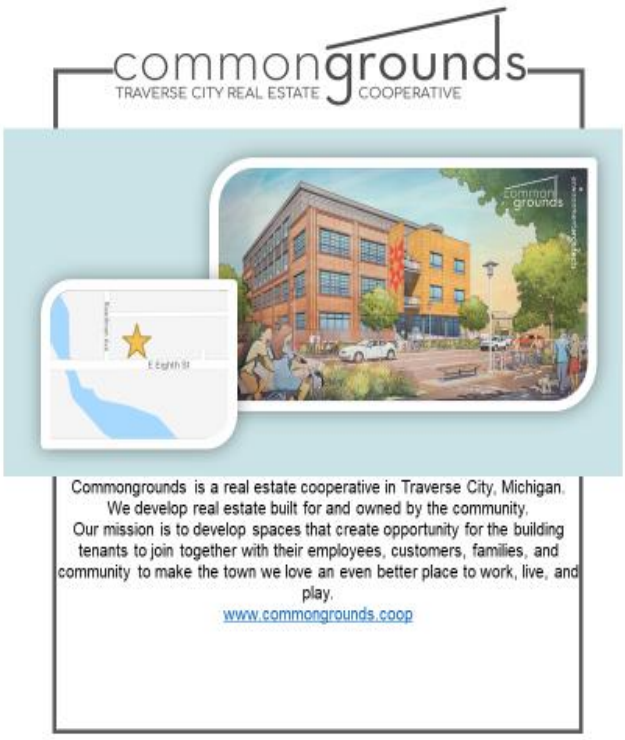
- ~$40-45 MM redevelopment project on 5.5 acres
- 65 affordable housing rental and single/multi family homes @ 80% AMI
- ~$20 MM Grand Rapids Public School with Spanish Immersion
- LEED building construction
- Expansion of healthcare clinic
- Expanded arts and cultural programs
- New city park and neighborhood plaza
- Several residential buildings with 1st floor commercial space
- Collaboration themes: Learning, Living, Creating, Healing, Working, Shopping, Connecting
- Potential sources of equity and funding: Grand Rapids Brownfield Redevelopment Authority; LIHTC; MEDQ grant; PILOT program: PRI; GRPS Bond; City of Grand Rapids

www.plazaroosevelt.org

b. Commongrounds Real Estate Cooperative - Traverse City, Michigan

The Commongrounds Real Estate Cooperative had its roots in another Traverse City organization, Commonplace work spaces started by Kate Redman. She and a group of smaller businesses and proprietorships were trying to find a source of community property where all could enjoy the costs and benefits of a shared work space. Today, there are several Commonplace work space locations in Traverse City, that house over 30 organizations and 50 people. Additional vacant property was purchased, and several

business owners got the idea of building the Commonplace work space platform into a multi-family mixed use mixed income project that enables investors to take equity ownership in the project as well. Commongrounds was born in a unique river setting that enables both a professional and social interaction through childcare, retail, workspace, arts, food and beverage, and housing venues all wrapped into one very innovative project. There are several classes of ownership including both community and tenant owners. Tenant owners can be either commercial or residential. Commercial owners can purchase shares based on specific lease requirements and an established lease per square foot. Shares can be repurchased or bought back with a capped return upon departure by the commercial tenant. Residential tenants have the opportunity to rent affordable housing units starting at $600 per month based on 60%-120% AMI. The ~$14MM project is expected to be completed in 2020. [74]



Key Project Features

- 4 story mixed use building totaling 47,842 sq. ft.
- Underground parking (9,348 sq. ft.)
- 1st and 2nd floors: coffee shop; distillery; preschool program; arts and events center; co-working and office space (20,048 sq. ft.)
- 3rd and 4th floors: 24 residential units offered at 60%-120% AMI (18,086 sq. ft.)
- Sources of equity and funding: land; tenant equity; commercial owner equity; bank loan; MEDC CRP grant; crowdfunding

Source: Kate Redman, Common Grounds Cooperative, kate@commonplacework.org

2. Economic and Financial Benefits of Mixed Use Facilities and Affordable Housing

There are many challenges and concerns, as well as benefits and opportunities that accompany mixed use mixed income type projects. The major challenges and barriers to overcome with this type of project are daunting and encompass:

- Overall project costs including project financing, as the cost of construction raw materials have escalated significantly in recent years
- Need to keep spaces leased and rented at all times
- Related associated issues including waste, odors, and noise concerns
- Availability of parking spaces

- Complexity of management and administration
- Potential increased risk management issues, such as poor architectural design and traffic patterns may raise issues with the culture and heritage of the community
- Zoning ordinance and building code requirements, such as the property may be zoned for low density residential use

Besides these demanding project concerns, there are many upside opportunities associated with mixed used mixed income projects that can be factored into the project scope. First of all, mixed use and mixed income facilities can accommodate many uses, practices, and services such as residential housing, commercial businesses, common workspaces, as well as civic and governmental services such as day care etc. These features and benefits are both tangible and intangible in nature, and can create quantifiable long term project values:

- Mixed use mixed income facilities can have more “curb appeal” and enliven a community and neighborhood setting. This type of project also helps develop a “sense of place” for the local community if properly designed.
- Residents can experience walkability from their residence to a place to eat and even to a place to work.
- Better land use and higher density opportunities can be obtained by layering residential and commercial spaces. Residential, commercial, and civic use spaces can also be optimized for traffic patterns through horizontal design.
- Developers can deploy sustainable development construction best practices and standards by pursuing Leading Energy and Environmental Design (LEED) certification for the building using life cycle cost benefit analysis. Cutting edge technologies offer long term cost savings and avoided cost benefits through efficiencies in many areas including energy, waste, water, maintenance, landscaping, climate, health, and other areas.
- There is also the local multiplier effect for purchasing locally available sustainable certified construction raw materials, such as with wood and insulation products.
- Elevated sales and property taxes can be achieved, which provide a positive impact on local and state government.
- Improved property valuations are possible over time.
- Business attraction and retention offers community economic growth.
- Improved traffic patterns can be achieved through walkability, biking, and other multi-purpose pathways.
- Reduced automobile use can be experienced by optimizing building location and design, and by addressing improved mobility through the proximity of public transit systems and transit oriented development.
- Local job creation is generated through the one time construction, as well as long term employment for newly created businesses.
- There is the reduced need and resultant lower cost for city services.
- Expanded purchasing power of local residents recirculates the flow of local dollars.
- Increased attraction of needed local workers and employment spurs growth.
- Development of other community revitalization project opportunities can take place.
- The concern of foreclosure risk has been minimized.

As indicated, the overall long term benefits of multi use mixed income projects that include affordable housing are both quantifiable and qualifiable. A project lifecycle cost benefit analysis should be undertaken that comprises lifetime avoided costs. Performance measurements can determine the overall economic impact of the project including the value created with positive environmental, social, and economic progress and achievements. Once the appropriate risk analysis and long term economic impact for the urban development project has been determined, multi use mixed income projects can help advance the premise that their community is the "best place to live, learn, work, and play." [75, 76, 77]

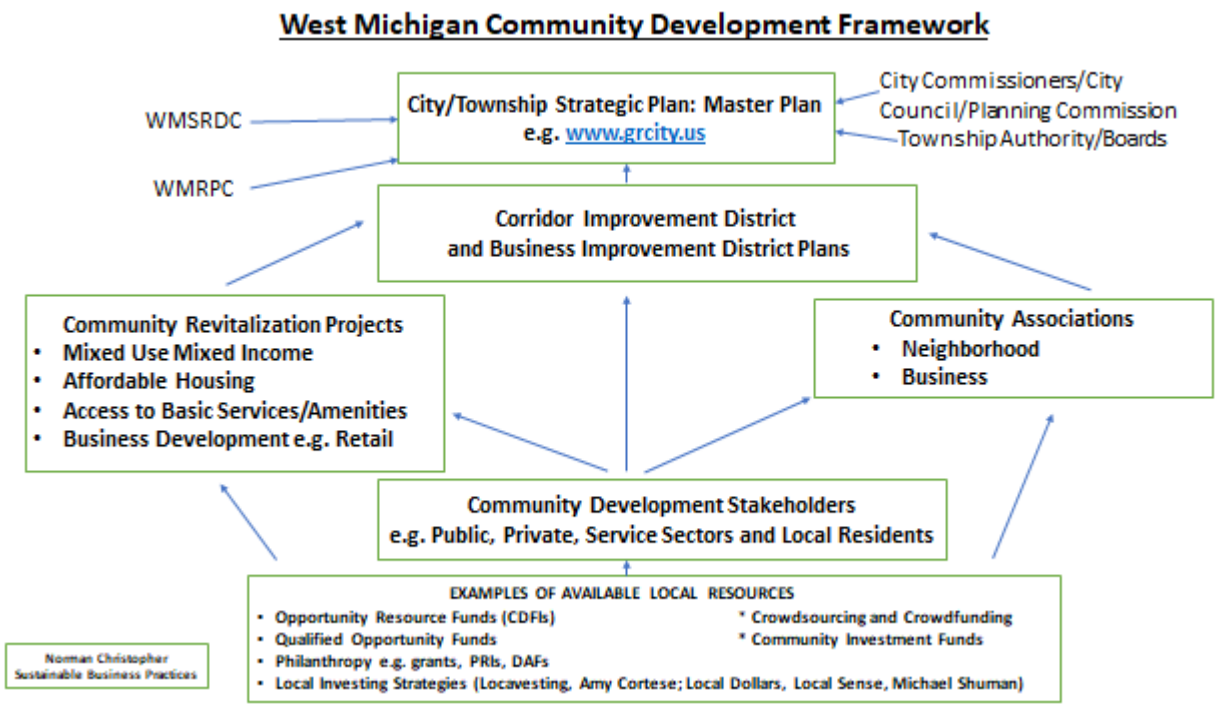
H. A Future Community Development Model for Consideration

Is there a future community development model worth consideration? The answer lies in using both a top-down and bottom-up planning approach. First, access and review the strategic and master plans developed by a city, municipality, or township. What are the goals and objectives for neighborhoods and local communities that have been established? City and municipality strategic and master plans are approved through a variety of checks and balances including city commissioners, planning commissions, township authorities, and regional organizations. Many cities, such as Grand Rapids, MI, also have established Corridor Improvement Authorities (CIAs) and Corridor Improvement Districts (CIDs) and/or Business Improvement Districts (BIDs) that provide planning frameworks and alignment for urban development. An example is the Southtown CID in the southeast area of Grand Rapids along the Division Avenue corridor. This CID also contains a Business Area Specific Plan. CIDs and BIDs have organizational activities and available resources that can be leveraged and used.

Another planning area is the importance of the community development stakeholders that can provide needed grassroots input and place based resources for community revitalization projects. Depending on the nature of the project work, the type of community stakeholder group may change, but residents and local citizens always need to be part of this group for their community voice, leadership, and support. Once the community stakeholder group has been formed, all members should be present and committed at the project outset. Maintaining communications throughout the project planning and development stages is a critical activity.

One more key area for community development project planning is to develop the inventory of available resources and capital that can be used and leveraged at a federal, state, and local level. A great deal of this work can be obtained by conducting an inventory of community assets and developing an ABCD strategy.

The framework for a multi use mixed income community development project in West Michigan is envisioned as an outline for consideration.



Several authors have been pioneers in the development of local investing strategies. Their works include *Locavesting b*y Amy Cortese and *Local Dollars, Local Sense* by Michael Shuman.

I. Building Wealthy and Healthy Communities - The Ultimate Goal!

Community wealth building has become a key focus for long term value creation and successful community revitalization, restoration, and redevelopment. Many of these guiding principles have been identified and discussed during the course of this project work. A review of this framework for community revitalization and community development projects affirms the importance of local investment strategies such as:

- Using local labor sources for project design, engineering, and construction, as well as the startup of new businesses to meet the access to needed services
- Establishing local business and organization equity ownership
- Ensuring an open and democratic civic engagement process for resident and community stakeholders
- Creating the 3X local multiplier effect where more tax and economic development impact is achieved through the purchases of products and services from local businesses, rather than from “big box” retail stores
- Developing local investment and equity strategies for community revitalization, such as through crowdsourcing and crowdfunding, CDFIs, and community loan funds
- Generating the best working relationships and partnerships among residents, community organizations, and stakeholder groups

- Understanding that a sense of place really matters, due to the importance of cultural and community capital resources
- Appreciating that community wealth and equity needs to be built and grown to effectively create positive systemic change and social impact

COMMUNITY WEALTH BUILDING
8 BASIC PRINCIPLES THAT MATTER



- Labor Matters More Than Capital
- Local, Broad Based Ownership Matters
- Active Democratic Ownership and Participation Matters
- Local Economy Multipliers Matter
- Localizing Investment Matters
- Collaboration Matters
- Sense of Place Really Matters
- Community Wealth is Where the Next System Begins



Source: www.democracycollaborative.org

Is there an overall strategy for developing a healthy sustainable community? The answer lies within how residents define an improved quality of life. Those areas of importance are different for each community and included in the Michigan ALICE Report. To establish and construct healthy communities requires a new framework for all stakeholders that embraces complexity, analyzes root causes of social issues, establishes trustful working relationships, deploys sources of community capital, implements multiple well defined projects, manages and reports desired outcomes, and empowers residents while creating local ownership and leadership.

The Healthy Neighbor Equity Fund in Massachusetts has established a vision to transform neighborhoods, strengthen communities, improve environmental health, while promoting regional equity. The solution is to track and monitor performance with key metrics in a number of important areas including safety, economic opportunity, affordable housing, green space, air quality, food access, and displacement. The quadruple bottom line is determined through financial returns, environmental returns, community returns, and health outcomes. [78]



Source: www.clf.org

J. What are the Key Success Factors?

There are a number of key success factors for use in designing, planning, and implementing an urban development project.

1. Use Cocreation Strategies

Successful community revitalization projects require a collaborative cocreation approach when pursuing low income market strategies. First and foremost, all community assets must be leveraged and deployed using an ABCD process. New community capital sources should be evaluated in addition to traditional economic development capital sources. However, there are additional capital and community assets that are accessible for use including knowledge, cultural, experience, creativity, and leadership resources from community stakeholders. [79]



2. Change Mindsets

One of the most difficult hurdles to overcome is the need to change the mindsets of the community stakeholder group including organizations, enterprises, and residents. Creating long term value should be the goal, thereby shifting short term thinking and cost considerations. Data describes one perspective, but it is also critical to connect with the passions and inspirations of those engaged in the community revitalization project. Try to "under promise and over deliver" by remaining lean; taking small steps; staying the course; and exhibiting hard work. Focus on low hanging fruit opportunities and achieving small wins. The results will follow as well as the success of the community revitalization project. [80]

3. Manage Expectations

Another critical success factor that is most difficult to achieve is the challenge of managing expectations within a multi-stakeholder group. These expectations come from the local community at large, local residents, city government, suppliers, non-profits, businesses, partnerships and collaborations, service providers, organizations and employees, and community stakeholders. Each enterprise has its own purpose, mission, and vision which sometimes become a challenge in project leadership and responsibilities. If possible, it is most important to establish a community multi-stakeholder group based on common values and operating principles at the outset. Having frequent communications, asking for feedback, achieving short term wins, demonstrating commitment, exhibiting a positive attitude, and staying the course will all help develop and manage the expectations of the multi-stakeholder community group.



4. Build a Journey of Trust!

The journey of building trust is one if not the most important success factor in the development and execution of a successful community revitalization project. After discussion with many key community stakeholders, including developers, trust is only built over time following a pathway and journey that engages both community stakeholders and local residents. Many times, community revitalization projects are designed with good intent in mind, but without trustful working relationships among all parties involved. Each enterprise or organization brings its own set of values and purpose to the table, with operating strategies that may have worked in their own organization. But a successful community revitalization project requires collective guidelines and mutual strategies that work for the benefit of everyone in the local community. Building trust starts first with conversation and open dialogue. It is developed through deep listening to other parties including residents, sharing experiences, and building consensus. Collaborative working relationships, conviction, mutual confidence, and managing expectations lead the way to partnerships and trust! In many cases this journey takes time in years not months, depending upon project complexity and the community stakeholders involved.

The Journey of Building TRUST!



Source: Norman Christopher, Sustainable Business Practices LLC

K. Conclusion

This project has opened my eyes to the complexity of solving systemic social issues in low income markets with the use of sustainable development best practices, economic development tools, and community capital resources. The interrelated social concerns of housing, healthcare, employment, and education for many residents living in the urban core areas of our Michigan cities represent seemingly insurmountable challenges to improving their quality of life. However, after taking an inventory of available traditional economic development, community development, and local investment strategies, there are a number of available additional capital resources that can be tapped for community development and revitalization projects. The effective use of these financial and capital resources is dependent upon how well we address social issues, exhibit creativity, work together, and demonstrate progress. Some of the collective feedback received provides additional insight:

- Take ownership of social issues because we each have a responsibility to address these concerns and make improved decisions within our own communities.
- Ask insightful questions about social issues to gain better discernment and knowledge about them. Investigate the real issues through the right lens.
- Seek “deep” listening to residents and the local community to gain a better understanding about the complexity of social issues. “Seek first to understand and then to be understood.”
- Take inventory of all the community assets that can be made available for use.
- Determine all the available sustainable development capital sources that can be leveraged for community development projects.
- Bring a stewardship and servanthood leadership perspective to the table. Empower others to help get the job done and treat everyone with respect.
- Build community networks and relationships by acting as a “dot connector.”
- Show creativity by constructively challenging assumptions and viewing other innovative community development solutions in their best light.
- Make contributions to create positive social impact and see desired change. It is time for “all hands on deck.”
- Act with humility and transparency because integrity matters.
- Enjoy the community development process and the journey through short term wins and milestone achievements. Desired social change is accomplished through taking the right collective action steps over time and obtaining community feedback and continuing support along the way.

Although social demands are challenging, the community economic development resources and social and place based capital sources are available to get the job done!

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M. Appendix - Acronyms

ABCD	Asset Based Community Development
ADU	Accessory Dwelling Unit
ALICE	Asset Limited Income Constrained
AMI	Area Median Income
BBB	Better Business Bureau
BID	Business Improvement District
BRA	Brownfield Redevelopment Authority
CBA	Community Benefit Agreement
CBO	Community Benefits Ordinance
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CDE	Community Development Entity
CDF	Community Development Fund
CDFI	Community Development Financial Institution
CDP	Community Development Philanthropy
CIA	Community Improvement Authority
CID	Community Investment District
CIF	Community Investment Fund
CLF	Charitable Loan Fund
CLT	Community Land Trust
COLI	Corporate Owned Life Insurance
CSR	Corporate Social Responsibility
DAF	Donor Advised Fund
DDA	Downtown Development Authority
DPO	Direct Public Offering
EDC	Economic Development Corporation
ESG	Environmental Social Governance
FHA	Federal Housing Administration
HAP	Housing Assistance Payment
HARP	Housing Affordability Refinancing Program

HCV	Housing Choice Voucher
HNEF	Housing Neighborhood Equity Fund
HTC	Historic Tax Credit
HUD	U.S. Department of Housing and Development
ICCF	Inner City Christian Federation
IPO	Initial Public Offering
IRR	Internal Rate of Return
L3C	Low Profit Limited Liability Company
LARA	Michigan Department of Licensing and Regulatory Affairs
LC	Lending Circle
LDFA	Local Development Financing Authority
LIHTC	Low Income Housing Tax Credits
LION	Local Investing Opportunity Network
MCRP	Michigan Community Revitalization Program
MHA	Making Homes Available
MILE	Michigan Invests Locally Exemption Act
MML	Michigan Municipal League
MSHDA	Michigan State Housing Development Authority
NCSHA	National Council State Housing Agencies
NIA	Neighborhood Improvement Authority
NIMBY	Not In My Back Yard
NMTC	New Market Tax Credit
OECD	Organization for Economic Development Cooperation
OPRA	Obsolete Property Rehabilitation Act
OZ	Opportunity Zone
P2P	Person to Person
PBRA	Project Based Rental Assistance
PILOT or PILT	Payment in Lieu of Taxes
PRI	Program Related Investment
PSCP	Public Spaces Community Places

QOF	Qualified Opportunity Fund
QRE	Qualified Rehabilitation Expense
REIT	Real Estate Investment Trust
SDG	Sustainable Development Goal
SIB	Social Impact Bond
SRI	Socially Responsible Investing
TBL	Triple Bottom Line
TIF	Tax Increment Financing
UGLG	Units of General Local Governments
WMRPC	West Michigan Regional Planning Commission
WMSRDC	West Michigan Shoreline Regional Development Commission