

CATALYSTS FOR CHANGE

Twenty-first century philanthropy
and community development



MARIA MARTINEZ-COSIO AND
MIRLE RABINOWITZ BUSSELL

CATALYSTS FOR CHANGE

Philanthropic organizations, or foundations, are a major source of the funding needed in community revitalization efforts, particularly in the USA. *Catalysts for Change* provides new models and new thinking for how philanthropic groups can work to better their communities.

With the current economic climate forcing shrewd spending, foundations need all the guidance they can find on how to appropriately channel their funds in the best way. But how can these sorts of community projects be analyzed for effectiveness? Is there a quantitative rather than qualitative element that can be studied to give real feedback to those investing in projects? Arguing against a one-size-fits-all model, the authors illustrate the importance of context and relationships in the success of these projects.

Filling a gap in the literature on the many ways in which philanthropic organizations and community development intertwine, the authors use their own first-hand experiences and research to forge a new path for academic research in an area where it has been lacking. Drawing first on the history of philanthropic funding, the authors then look at developments in the last 20 years in detail, focusing on four key case studies from across the United States.

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The Community Development Research and Practice Series

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This series serves community developers, planners, public administrators, and others involved in practice and policymaking in the realm of community development. The series provides timely and applied information for researchers, students, and practitioners. Building on a 40-year history of publishing the Community Development Society's journal, *Community Development* (www.comm-dev.org), the book series contributes to a growing and rapidly changing knowledge base as a resource for practitioners and researchers alike.

For additional information please see the series page at www.routledge.com.

Community development as reflected in both theory and practice is continually evolving. This comes as no surprise as our communities and regions constantly change. As a practice focused discipline, change is the only constant in the community development realm. The need to integrate theory, practice, research, teaching, and training is even more pressing now than ever, given uncertain and rapidly transforming economic, social, environmental, and cultural climates. Current and applicable information and insights about effective community development research and practice are needed.

In partnership with Routledge, the Community Development Society is delighted to present this new book series serving community developers, planners, public administrators, citizen activists, and others involved in community development practice, research, and policymaking. The series is designed to integrate innovative thinking on tools, strategies, and experiences as a resource especially well-suited for bridging the gaps between theory, research, and practice. It is our intent that the series will provide timely and useful information for responding to the rapidly changing environment in which community development researchers

and practitioners operate. The Community Development Society was formed in 1970 as a professional association to serve the needs of both researchers and practitioners. That same year, the Society began publishing *Community Development*, its journal promoting exchange of ideas, experiences, and approaches between practice and research. *Community Development Research and Practice* builds on this rich legacy of scholarship by offering contributions to the growing knowledge base.

The Community Development Society actively promotes the continued advancement of the practice and theory of community development. Fundamental to this mission is adherence to the following core Principles of Good Practice. This new book series is a reflection of many of these core principles.

- Promote active and representative participation towards enabling all community members to meaningfully influence the decisions that affect their lives.
- Engage community members in learning about and understanding community issues, and the economic, social, environmental, political, psychological, and other impacts associated with alternative courses of action.
- Incorporate the diverse interest and cultures of the community in the community development process; and disengage from support of any effort that is likely to adversely affect the disadvantaged members of a community.
- Work actively to enhance the leadership capacity of community members, leaders, and groups within the community.
- Be open to using the full range of action strategies to work towards the long-term sustainability and well-being of the community.

Series editor introduction

Catalysts for Change: Twenty-first century philanthropy and community development as a volume in this inaugural year of the new series is an excellent example of the tenets of good practice principles in action. Authors Maria Martinez-Cosio and Mirle Rabinowitz Bussell foster a richer understanding of the scope and context of foundations' community development activities with this original and impactful work. Drawing on case studies as well as analysis of foundations' qualitative and quantitative effects, they find critical indicators of positive work, including the need for meaningful community engagement and collaborative efforts across sectors.

This is an exciting addition to the literature, reflecting changes taking place in strategic approaches to charitable investments. One of the newer trends evidenced in some foundations' community development efforts is that of concentrated interventions—comprehensive community initiatives—seeking to convey greater impact than providing smaller support for numerous philanthropic projects across many areas. One of the recommendations from the authors is that the “goal for private philanthropies is not the transfer of community development models from one underserved community to another; rather, it is a deeper understanding of different approaches to realizing significant community revitalization and the type of innovation that is possible at the local level.” This focus on calibrating the activities

and approaches to local situations and collaborating with community partners is of paramount importance as past efforts for “one-size-fits-all” grants programs have not succeeded. It also reflects a systems theory framework, certainly a paradigm shift in the making. In other words, communities are systems and in order to elicit positive collective impact, developing tailored approaches based on local conditions and relationships is needed for driving complex comprehensive change in communities. Calibrating strategic investments and activities can lead to a host of beneficial outcomes, not least of which is helping foster more engagement, capacity, and community well-being.

The role of foundations in community development is an area that has not been explored in much depth—until now. This book responds with a comprehensive and constructive analysis with significant implications for community development. I invite you to fully delve into this volume, as I think you will find it both beneficial and inspiring. Further, continue to explore the series as new volumes are added, and we do hope you will find it a valuable resource for supporting community development research and practice.

Rhonda G. Phillips
Editor, *Community Development Research and Practice Series*

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Twenty-first century
philanthropy and
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*Maria Martinez-Cosio and
Mirle Rabinowitz Bussell*

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ABBREVIATIONS

AHP	Affordable Housing Program
CalEndow	California Endowment
Caltrans	California State Transportation Department
CAN	Community Action Network
CBP	Community Building in Partnership
CCBI	Cleveland Community Building Initiative
CCC	Center for Community Change
CCE	Center for Community Engagement
CCI	comprehensive community initiatives
CCRP	Comprehensive Community Revitalization Program
CDBG	Community Development Block Grants
CDC	community development corporation
CNC	Coalition of Neighborhood Councils
COS	charity organization society
DART	Dallas Area Rapid Transit
DSNI	Dudley Street Neighborhood Initiative
EEI	Environmental Enterprise Initiative
EIS	Elementary Institute of Science
FCE	Foundation for Community Empowerment
GAO	General Accounting Office
GCCB	Germantown Community Collaborative Board
GIFT	Giving Indiana Funds for Tomorrow
HCZ	Harlem Children's Zone
HUD	U.S. Department of Housing and Urban Development
IPO	initial public offering
IRS	Internal Revenue Service
JCNI	Jacobs Center for Neighborhood Innovation
KKK	Ku Klux Klan
LAUF	Los Angeles Urban Funders
LISC	Local Initiatives Support Corporation

LLC	limited liability corporations
NCDI	National Community Development Initiative
NCP	New Communities Program
NCRP	National Committee for Responsive Philanthropy
NFI	Neighborhood and Family Initiative
NII	Neighborhood Improvement Initiative
NPI	Neighborhood Partners Initiative
NSP	Neighborhood Strategies Project
NTC	Neighborhood Transformation Center
OCS	Office of Community Services
OMDC	Orange Mound Development Corporation
OMG	Organization and Management Group
RCI	Rebuilding Communities Initiative
SCAP	Southern California Association for Philanthropy
SDSU	San Diego State University
SDUSD	San Diego Unified School District
SEDC	Southeastern Economic Development Corporation
TAP	The Atlanta Project
VOCAL	Voices of Community at All Levels

PREFACE

The funding landscape for community development in low-income neighborhoods is at crisis levels. The continued ripple effects of the 2008 global recession have exacerbated a pre-existing pattern of federal, state, and local retrenchment, particularly in distressed urban neighborhoods that lack the political clout and networks needed to direct attention, and resources, to the numerous challenges they face. Across the country people are struggling on a daily basis to improve the physical, economic, and social infrastructure of their communities. Piecemeal efforts to cobble together funding sources are often ineffective and time consuming, but what are the alternatives? This book investigates a growing effort spearheaded by philanthropic entities seeking to catalyze comprehensive community development. Often working on the ground with the communities they fund, these foundations are exploring new approaches to maximizing their investment and effecting change. The results have been mixed, and measuring success is difficult. By presenting an overview of these innovative approaches, this book provides an analysis of foundation-driven comprehensive community initiatives (CCIs) across the country. Larger trends are explored and then elucidated by a series of detailed case studies that investigate the inner-workings, challenges, and positive outcomes that have been realized to date. We know from the historical record that there is no magic bullet for community development in underserved urban neighborhoods, but nonetheless it is imperative for the internal stakeholders—residents, nonprofits, and community organizations in these communities—as well as the external stakeholders—local and state governments, education agencies, and the business community—to add to their toolkits of interventions and approaches. The research presented in this book focuses on one such tool.

As researchers with more than 20 years of experience in observing and analyzing community change, we still struggle to present a balanced view of the newest efforts to disrupt the dynamics that led to the decline of urban neighborhoods. There are no easy answers to improving the quality of life in poor communities, and good intentions abound. But in the end, those most impacted by the newest revitalization iteration are the residents that call that community home.

CCIs that seek to integrate public and private partners with residents to address the multiple challenges of a declining community and improve the quality of life, present a promising approach to a balanced, and more just, process of neighborhood revitalization. By balanced, we mean programs that recognize the role of residents as equal participants in decision-making; balanced by incorporating social justice as a key element in understanding the decline of these neighborhoods; balanced through the spreading of financial risk among a variety of collaborative funders; and balanced in recognizing the complex nature of low-income communities within the context of the broader economic, cultural, social, and political systems that impact them.

The role of foundations in activating these endeavors cannot be underestimated. Private and public foundations offer the type of funding, technical skills sets, long-term commitment, and risk-taking that leads to innovation in responding to the disinvestment and neglect that contributed to the decline of low-income neighborhoods across the country. Many foundations, both large and small, are convening strategic partnerships involving public partners, the corporate community, scholars, nonprofits, and other foundations to more effectively address the complex problems that keep residents in low-income neighborhoods, particularly children, from achieving success.

The challenge for these CCIs remains effectively engaging low-income residents as equal partners. While those of us involved in this type of work are paid to attend meetings, read up on the latest scholarship on CCIs, and attend conferences to learn about the newest community interventions, residents often do not face these advantages. Poverty-level wages, lack of health care, inadequate childcare, threats to safety including gangs, language differences, and a distrust of government and institutional forces are formidable obstacles for attaining true partnerships for achieving comprehensive change. Throughout this volume we offer many innovative approaches to bridging this divide and catalyzing systems-wide changes at the neighborhood level.

Many people generously provided their assistance and support during the research and writing of this book. The biggest thanks of all goes to the people who live, work, and genuinely care about City Heights and southeastern San Diego. Their graciousness and honesty was crucial to the completion of this book. Of particular note, for Maria Martinez-Cosio, the parents in the Rosa Parks Parent Room generously welcomed her and answered her many questions. Residents invited her into their homes and took her to their celebrations. For Mirle Rabinowitz Bussell, the members of the housing team at Jacobs Center for Neighborhood Innovation (JCNI) accepted her into the fold. The residents' eloquent articulation of their community knowledge was a powerful reminder of the necessity of collaborative planning.

We offer a heartfelt thanks to the residents, nonprofit staff members, city of San Diego staff members, and volunteers who continue to advocate for the betterment of these two unique communities. The residents of City Heights and the Diamond Neighborhoods in southeastern San Diego are clearly co-authors of this effort, and

we are cognizant of the role we play in accurately representing residents' views. This is a profound responsibility. As one City Heights parent shared with us, "we are tired of being guinea pigs" as new interventions continue to target this community. We hope we do justice to their trust in us.

We received invaluable guidance and insights from numerous other individuals. Rhonda Phillips was a constant champion of the book and provided early and continuous encouragement. Bud Mehan, Professor Emeritus at UC San Diego, deserves special recognition for his unwavering support. Amy Bridges provided sage advice at an early stage in the process that helped guide the direction of our work. Stuart Henry, Director of the School of Urban Affairs at San Diego State University (SDSU), provided a visiting scholar position to Maria Martinez-Cosio during a semester research leave granted by Barbara Becker, Dean at the School of Urban and Public Affairs at UT Arlington. A grant from the Lincoln Institute of Land Policy afforded us access to resources and a community of scholars that provided instrumental insights and served as the starting point for this volume. Ann Foss, Steven Rogers, and Kathy Tran served as very capable research assistants.

We are also thankful for the candid comments and access to information we received from current and former staff and board members at Price Charities and JCNI. We value all of these relationships on many different levels, but ultimately we take complete responsibility for the work presented in this volume.

This effort could not have been completed without the endless patience and support of our loved ones. While Lynn Rabinowitz sadly passed away before the project was completed, we know that she believed in our work and would be immensely proud of the final volume. We thank our families—Steve, Sofia, and Daniel, and Stuart, Dalia, and Noah. We now have a reply to the oft-repeated question in both of our households—yes, the book is finally done.

Maria Martinez-Cosio
Mirle Rabinowitz Bussell
September 2012

PART I

The scope and scale
of philanthropic
investment in community
development

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1

THE CHANGING LANDSCAPE OF FOUNDATION-LED COMMUNITY DEVELOPMENT

On a warm evening in 2006, hundreds of people filled a large portable tent set up in the parking lot of an old strip mall in southeastern San Diego. Men, women, and children of different racial and ethnic backgrounds eagerly awaited the start of the meeting. The excitement was palpable. Everyone was in attendance to learn about a proposal to provide this low-income community with opportunities for affordable homeownership. This was big news in a community that had not seen new housing built in many years. The meeting was not convened by a public agency, redevelopment authority, or community development corporation (CDC), the typical developers of affordable housing. Rather, a private family foundation, the Jacobs Family Foundation, was spearheading the effort as part of a larger comprehensive plan: it was preparing to catalyze comprehensive community redevelopment in this neighborhood five miles east of downtown San Diego. The foundation was driven by a clearly defined mission that emphasized resident engagement in community development and, ultimately, resident ownership of community assets. In a community known for a historical legacy of neglect, nominal public investment, and a weak infrastructure of nonprofit social service organizations, the Jacobs Family Foundation offered some a glimmer of hope that perhaps the time had finally come to elevate the quality of life for the 85,000 residents who lived in this section of southeastern San Diego. Others expressed skepticism and questioned whether or not a foundation lacking historical ties to the community could or should successfully undertake such an ambitious and potentially transformative plan.

Four miles to the north, a similar scenario was playing out. The City Heights neighborhood, often referred to as San Diego's "Ellis Island" due to the large number of immigrants and refugees who reside there, was in the midst of its own renewal. Facing similar challenges of neglect, aging infrastructure, and low levels of public investment, City Heights was undergoing comprehensive community

4 Philanthropic investment in community development

redevelopment spearheaded by another San Diego private family foundation, Price Charities. This plan emphasized large-scale physical renewal and economic development. Similar to the Jacobs Family Foundation, Price Charities had its detractors along with its supporters.

Fast forward six years and both City Heights and southeastern San Diego look physically different. Both communities now have urban villages that contain large grocery stores, nationally franchised restaurants, community facilities, and the ubiquitous Starbucks. These villages were completed in large measure due to the efforts of the two family foundations that worked in partnership with these neighborhoods. These physical accomplishments are only part of the story, though, and while they certainly give the neighborhoods the appearance of “successful” redevelopment, the outcomes are much more complex. The two foundations’ best intentions did not always match the needs of the low-income residents that reside in the respective communities. The reasons are complex and challenging to evaluate but are critically important in this time of continued federal retrenchment and limited local resources. The landscape of local community development is on a trajectory of change and partnerships are critical.

Three generations after urban renewal and two generations after the demise of the War on Poverty, philanthropic entities, namely public and private foundations, have increasingly taken on the continuing challenge of revitalizing poor communities in our cities. Their admirable intentions—like those of federal and local governments—have encountered division, controversy, and sometimes protest. This book traces these community development efforts from initial intent through the complex path of implementation, presenting key findings that provide important lessons through an analysis of multiple case studies reflecting the broad scope of foundational engagement in community development.

We were introduced to these two San Diego neighborhoods, these two foundations, and each other, over ten years ago. Contacts we made opened doors to local schools, community stakeholders, public sector employees, and city hall. The Spanish-speaking fluency of one of us provided an opportunity for Spanish-speaking residents in City Heights to share their hope for change as they struggled to keep their children out of gangs. Professional relationships forged with staff and board members at both foundations provided opportunities to witness first hand the challenges and rewards of this unique type of work. One of the first questions we asked of each other was whether or not what we were observing in San Diego was unique or part of a larger trend. We wanted to know how many other family foundations were engaged in this type of deeply engaged place-based community revitalization. We knew from the academic literature that large foundations such as Ford had played a pivotal role in supporting community development over the second half of the twentieth century and on into the New Millennium, but the efforts in San Diego appeared different. Price Charities and the Jacobs Family Foundation had embedded themselves in their target neighborhoods and, rather than dictating policy from afar, staff members and often board members, too, were on the ground in the community on a daily basis partnering with networks of