

Battle Creek Housing and Community Development Ecosystem Assessment

Final report

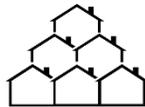
Prepared for the City of Battle Creek, Michigan

by

PFate & Associates, LLC

and the

Affordable Housing Institute



Affordable Housing Institute

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1. Executive Summary

Introduction and Purview

The City of Battle Creek engaged the consulting team to assess the housing and community development ecosystem in the city. The purview of this assignment included the following topics for review and analysis:

- Current market, housing, and community development ecosystem conditions;
- Strengths and gaps in the housing and neighborhoods strategy;
- National best practices for creating vital cities;
- The state of non-profit capacity and identification of opportunities for expanded impact; and,
- Recommendations for strengthening the ecosystem and building a more vital community.

The work program and methodology for this assignment included a thorough desk review of key literature and documents and a primary field work mission to Battle Creek and Lansing interviewing key stakeholders from across the community, government, and business sectors. The team developed an Interim Report and submitted this mid-way through the consulting period. A second trip was made to Battle Creek for follow-up interviews and additional trips were made to two “benchmark cities” (Grand Rapids, MI and Eau Claire, WI) for comparative purposes. The consultant team also developed a Best Practices Report drawing on our own experience and other sources.¹ The team debriefed with the City of Battle Creek lead staff on both reports and these discussions informed the content of this Final Report.

The development of this report comes at a time when Battle Creek is undergoing a full review of its economic development strategy, especially in the areas of small business development, workforce development, and commercial real estate. As part of this process, housing and residential strategies have emerged as priority areas of concern. This paper, while focusing on housing and neighborhoods, also attempts to anticipate the importance of developing strategies that effectively integrate housing and economic development for both downtown Battle Creek and in the neighborhoods.

It is important to recognize that Battle Creek is not alone. The city can be considered part of a category called smaller “legacy cities,” as defined by the Greater Ohio Policy Center (GOPC). GOPC’s work builds upon research done on larger legacy cities at the Lincoln Institute of Land Policy. GOPC conducted impressive longitudinal research on 24 small legacy cities across seven Midwestern and New England states that once had thriving manufacturing-based economies and were instrumental in fostering good job opportunities, a solid middle-class lifestyle, and vibrant communities. Many have subsequently struggled with poverty, neighborhood disinvestment, and a labor force that does not always match employer needs. Many are also in the very exciting process of economically and socially reinventing their communities into vital places to live, work, and play. We draw on lessons learned from other

¹ See Appendix 7.6.

legacy cities when we discuss best practices in this report. Battle Creek faces many challenges, but has embarked on a promising path to be a vibrant and inclusive community.

Gaps in the Housing and Community Development Ecosystem

The research conducted into the housing and community development ecosystem for Battle Creek has elevated the following challenges that the consultant team addresses in its recommendations.

1. **Weak housing demand.** The longer-term trend of population decline is indicative of this weak demand. Too often new employees of companies based in Battle Creek choose to live in nearby towns. Locals cite newer homes, better schools, and access to other community amenities as contributing factors. Additionally, some employers have chosen to locate elsewhere due to quality of life considerations including housing choices and access to a vibrant downtown.
2. **Limited new supply.** Data suggests that there has been very little new housing development in the city of Battle Creek. Yet, market studies and many observers suggest that there is a strong demand for housing at certain price points that is not met by suppliers. Promising efforts to revitalize the downtown including residential investments should help the city to attract new residents, especially empty nesters and millennials.
3. **Limited delivery system capacity.** There are many fine organizations with competent leaders working on various aspects of housing and community development. The system would benefit from the presence of one or more housing development organizations with a social enterprise ethos, organizations that are both mission driven and business-like, with the ability to attract and deploy new capital and work at scale.
4. **Need to maximize access to public and private resources for housing and community development.** The limited nonprofit capacity in the city means that Battle Creek is not sufficiently leveraging regional and national resources. This includes Low-Income Housing Tax Credits, New Markets Tax Credits, Community Development Financial Institution grants and loans, Capital Magnet Fund grants, and others. Successful capture of these resources often leverages other tandem private, market-rate capital.
5. **Limited capacity means limited access to innovation in the field.** There are many innovations occurring in housing and community development practice. With increased capacity, Battle Creek would have increased opportunities to tap these innovations. Examples include: path-breaking cross-sector partnerships, the public housing rental assistance demonstration (RAD), federal Opportunity Zones, and new ventures in the intersection of health and housing.

Best Practices for Vital Cities

There is no definitive, agreed upon standard for best practices in community development and urban revitalization. Successful strategies differ from place to place and are a function of community context: conditions, leadership, needs and access to resources. At the same time, there are some key ingredients for building vital cities across contexts.

In developing these 10 best practices, the consultant team drew heavily from GOPC's legacy city research as well as path-breaking work on comeback cities by award winning journalist James Fallows

and his wife, Deborah. The Fallows spent several years visiting smaller successful comeback cities across the country and distilled those key ingredients that they observed are central to creating and sustaining vital communities. The consulting team also drew on its more than 30 years of experience working in this space.

Ten Best Practices for Creating Vital Communities

1. Invest in Leadership and Talent
2. Foster Social Capital
3. Encourage Authentic Cross-Sector Partnerships
4. Build a Strong Downtown
5. Stabilize Distressed Neighborhoods
6. Activate Anchor Institutions
7. Practice Placemaking and Elevate Existing Assets
8. Provide Housing Choices and Promote Equity
9. Create a Culture of Welcome and Inclusion
10. Incubate and Support Strong Nonprofits as Community Catalysts

This report also provides examples of these best practices from two selected benchmark cities: Eau Claire, Wisconsin and Grand Rapids, Michigan. Both of these small cities have demonstrated compelling resurgences in community and economic vitality. Grand Rapids was also one of the small legacy cities reviewed by GOPC.

Nonprofit Capacity

The City of Battle Creek requested that the consulting team review the current capacity of existing nonprofits in Battle Creek, especially those engaged in some aspects of housing and neighborhood revitalization. We identified eight organizations for high-level assessment (not detailed organizational assessments) with an eye toward each organization's ability to expand its capacity to deliver greater impact in the city.

The consulting team determined that Battle Creek needs a high-performing social enterprise with a focus on housing and neighborhoods. This entity would be heavily engaged in single-family housing activities including homeowner counseling and financial coaching, single-family real estate development, strategic smaller scale rental developments, home repairs, and community engagement. The team also determined that Battle Creek would benefit from a separate "curator" function to help lead and coordinate larger scale residential, mixed-use and mixed-income developments in downtown Battle Creek and in targeted contiguous neighborhoods. The "curator" function would also work to attract: additional federal and state housing and community development resources; various non-traditional sources of patient capital and private, for-profit capital sources. Finally the curator would

work closely with strong regional and national nonprofit developers and community development financial institutions and a range of for-profit enterprises and business leaders.

There certainly are strong non-profit leaders and organizations in the Battle Creek community doing important and impactful work, but these existing entities are not well-suited for expanding their capacities to deliver the transformative housing and neighborhood work Battle Creek needs. Many of the organizations reviewed will undoubtedly be key partners for a new or realigned entity focused on housing and neighborhoods as well as the curator.

Core Recommendations

Five core recommendations are provided for consideration and action.

Recommendation 1: Assure the presence of high-performing non-profit capacity to deliver in the single-family housing development and neighborhood revitalization space. The consulting team highly recommends that the City of Battle Creek, the W. K. Kellogg Foundation and other local funders and partners take actions to assure that this capacity exists in the community.

Recommendation 2: Create a “curator” function to lead and manage larger-scale residential and mixed-use developments in downtown and targeted contiguous neighborhoods. The curator would undertake a set of functions distinct from the housing and neighborhoods capacity. This entity would not serve as a real estate developer itself, but as the quarterback for a team of cross-sector partners in the identification, prioritization, and execution of a strategic residential and mixed use real estate pipeline.

Recommendation 3: Work to attract strong, high-capacity nonprofits working in Michigan to come to Battle Creek. There are many strong nonprofit housing and community development organizations working across the state of Michigan. With some incentives, the City and partners could potentially encourage these organizations to bring their capacities and resources to bear in addressing Battle Creek’s housing and community development needs.

Recommendation 4: Evaluate its policies and practices with the goal of stimulating the private market and encouraging private residential investment. The City should undertake an evaluation of its policies and practices to assess if there are changes it could make to stimulate increased housing investment in Battle Creek. This would include an assessment and adoption of various demand side and supply side changes in policy and practice.

Recommendation 5: Add a broader citizen and neighborhood engagement action plan to efforts to stimulate development. In conjunction with its efforts to stimulate new housing and community development and bring in more outside public and private capital, the City should implement a broad-based citizen and neighborhood engagement action plan.

2. The Housing and Community Development Ecosystem in Battle Creek

2.1. Overview

Battle Creek is a city with an important history and many community assets and leaders and institutions that care about its future. Like many smaller cities across the country, Battle Creek has had to adapt and adjust after changes in global manufacturing supply chains, disruptions in the retail sector, and the impacts of the Great Recession. Over the last several decades, manufacturing jobs have declined and wages have been suppressed by international competition. Downtown retail was battered by the advent of suburban shopping malls and by the arrival of big box stores. Online competition is once again reshaping retail. Added to these challenges are the lingering effects of the Great Recession that triggered foreclosures and housing vacancies, depressed property values, and suppressed new investment in the housing stock. These macro-economic changes have led to population loss in smaller cities, underinvestment in the existing physical stock of residential and commercial properties, and lessened community cohesion and the workforce's attachment to place. All of these changes have affected Battle Creek.

The City of Battle Creek has somewhat fallen behind in applying those best practices for revitalizing small cities that are occurring across the country. In many places, local leaders are creating elements of place where people want to settle, live, and raise a family. We consistently heard throughout our work that many, especially higher-income households, working jobs in Battle Creek choose to live in nearby towns for better schools, newer homes, and lifestyle amenities. Seventy-five percent of the workers in Battle Creek commute from somewhere outside the city. City leaders have recognized the need to advance quality of life broadly, to revitalize the downtown area as a center of community life, and develop more quality housing and housing choices as critical to bringing more private investment and high quality jobs to Battle Creek. Battle Creek's economic development consultants are working with the City to put in place an economic development approach that will leverage the city's many assets.

This paper explores strategies that the City of Battle Creek might take to advance housing and community development in ways that will complement the emerging economic development and downtown revitalization strategies. This includes a review of the nonprofit sector's capacity to support and catalyze the needed housing and community development work. This section of the report provides our observations on the Battle Creek housing and community development ecosystem, reviewing some of the demographic, economic, and housing-specific data, and reflects on the roles and contributions of institutional players in the ecosystem.

2.2. Demographics

Battle Creek is a small city with a population just above 50,000 people. One of the most important demographic facts when thinking about the health of the housing market is that the population has declined by about 1,000 people since 2010 and has been in a slow decline since the population stood at 53,540 in the 1990 Census, the first census after the mergers of the City of Battle Creek and Battle Creek Township in 1983. Declining population constrains housing demand and investment.

Table 2.2.1 Population, demographics, and basic data for Battle Creek, MI

	<u>Battle Creek</u>	<u>USA</u>
Population (July 2017)	51,286	-
Population (April 2010)	52,392	-
Population change (2010-2017)	-2%	6%
Land area (mi²)	43	-
Population per mi²	1,227	87
<u>Demographics</u>		
White	72%	77%
Black	19%	13%
Asian	3%	6%
Native American	<1%	1%
Native Hawaiian	<1%	<1%
Two or more races	6%	3%
Hispanic/Latino	7%	18%
Over 65	14%	16%
Disability	13%	9%
With BA or higher	22%	31%
Median income	\$39,700	\$57,700
Percent in poverty	23%	12%
Total households	20,606	-
Owner occupied	60%	64%
Rental	40%	36%
Median home value	\$80,700	\$193,500
Median gross rent	\$719	\$982

Source: US Census

Battle Creek’s population is increasingly diverse. According to PolicyLink’s *Equity Profile of Battle Creek*, the demographic mix of the city’s population has shifted from 13% people of color in 1980, to 33% people of color in 2014.² With the total population relatively stable, this statistic also reflects a departure of White families. At 18.7%, Battle Creek’s African American population is higher than the national percentage (13.4% in 2017). Battle Creek’s population identifying as Latino or Hispanic was measured at 6.5%, in contrast to 18.1% for the U.S. Though the data shows the percentage of the Battle Creek population that is Asian at 2.8% -- much less than the U.S. as a whole – our research identifies the importance of people of Asian descent in the community. Japanese families, many of whom have come

² An *Equity Profile of Battle Creek*, <https://www.policylink.org/resources-tools/equity-profile-battle-creek>, p. 5. Note that PolicyLink’s 33% percent “people of color” differs from the Census data showing 72% White (28% people of color) is likely because the Census Bureau treats “Latino or Hispanic” as an ethnicity rather than a race.

in with the businesses located at the Fort Custer Industrial Park, have made Battle Creek home to the fifth largest community of Japanese nationals in Michigan. And, one person we interviewed estimated that there were 3,800 Burmese immigrants in Battle Creek, a population growing in prominence. PolicyLink reports that immigrants and refugees comprise 6% of the city's total population. Immigrants and refugees are less than 1% of the White and African American populations, about 27% of Hispanic/Latino population, and 86% of the Asian population.³

The poverty rate in the city of Battle Creek (22.6%) is almost twice the national average. Data from the United Way also shows that the population of households who are technically above the poverty threshold but Asset Limited, Income Constrained and Employed (ALICE) is very high. More than 20,000 households in Battle Creek – 52% – are either in poverty or fall below the ALICE household survival budget threshold. Racial disparities are present within this data. PolicyLink reported that black unemployment was 21% and 45% of black children are living in poverty.⁴ The implications, of course, are that the high-level of households with low-incomes and low assets, limits the effective demand for higher quality housing and the ability of the existing population to invest in the housing stock. Strategies to increase housing investment and improve housing choices will need to include a strong affordability component and an equity lens. It also points to the importance of fostering good paying jobs as well as educational advancement opportunities as pathways to greater prosperity for lower income people.

2.3. Housing data and needs

Data from the American Communities Survey (ACS, Table 2.3.2) shows that Battle Creek had 23,861 homes in 2017. Homeowners occupied 60% of the units and renters the other 40%. The homeownership rate for Battle Creek is only slightly below the national average of 63%. Three percent of the homeowner units were vacant while 8.1% of the rental units were vacant. Sixty-six percent of houses are detached single-family homes and nearly 90% of the housing stock are properties of fewer than 20 units. Other notable data points are the age of the housing stock, the negligible development of new units since 2014, and the relatively low median home values.

The age of the housing stock is apparent as one drives around the city's neighborhoods. The data suggests that 84% of the housing was built at least 28 years ago and almost 30% of housing is more than 80 years old. The concentration of the stock in older structures raises questions about the city's ability to attract new development and investment that will replenish and modernize the stock and to keep up with standards of consumer demands. Remarkably, the ACS data shows that no new homes have been built since 2017, or so few that the number effectively represents 0%.

In stakeholder interviews, REALTORS and builders confirmed that there is very little new construction going on in the city of Battle Creek. One person we interviewed said that there were custom homes

³ *ibid.*, p. 16. One of the effects of the city's increasing diversity is an increasing interest in equitable policies and practices. During the period of this study, Richard Rothstein, author of *The Color of Law*, a book on US housing policies and how they led to racial wealth and income inequalities, came to speak in Battle Creek and attracted over 250 people.

⁴ *ibid.*, p. 24.

being built on demand, but that there was little speculative building and no new developments in the city. A download of the housing data from the city's *Mi-BattleCreek.dynamocity* site shows a total of 86 homes built from 2010 to 2017, an average of just over ten per year.

Table 2.3.2 Housing Data for Battle Creek and the United States

	<u>Battle Creek</u>	<u>United States</u>
Total units	23,861	135,393,564
Homeowner Occupant	60.0%	63.8%
Rental Occupant	40.0%	36.2%
<u>Composition of the Stock</u>		
Homeowner vacant	3.0%	1.7%
Renter vacant	8.1%	6.1%
SF detached	66.8%	61.7%
SF attached	1.7%	5.8%
SF 2-4 units	7.8%	8.8%
MF 5-19 units	10.0%	9.2%
MF 20 or more units	11.1%	8.8%
Manufactured housing	2.6%	6.3%
<u>Year built</u>		
After 2014	0.0%	0.9%
After 1990	16.0%	31.7%
Before 1990	84.0%	68.3%
Before 1939	29.1%	29.1%
Median home value	\$80,700	\$193,500
Mortgaged	59.8%	63.5%
No mortgage	40.2%	36.5%
Gross rent	\$719	\$982
Burdened (Gross rent > 30% Inc.)	53.7%	50.6%

Source: American Community Survey, 2017

The census data shows that the median value of a home in city of Battle Creek has declined from \$95,700 in 2010 to \$80,700 in 2017, a decline of more than 15%. Sales data from the REALTORS Association for 2018 shows that the median sales price for 2018 was \$97,900. In 2018, there were 800 properties listed for sale and 591 properties (73.9%) sold for less than \$150,000.

Table 2.3.3. displays Battle Creek (MSA) Home Mortgage Disclosure Act (HMDA) home purchase mortgage origination data for the 2014 to 2017 period. The data covers Calhoun County so it is reported here as illustrative of housing activity in the region and is not necessarily specific to the city of Battle Creek. The total dollar value of home purchase mortgages increased each year over the time period.

Table 2.3.3 First mortgages by year and borrower race, 2014-2017 (in millions of \$)

Year	2014	2015	2016	2017	Total
White	107	124	153	160	543
Asian	5.1	6.8	8.2	8.4	28.5
Black	3.4	4.0	5.2	7.8	20.3
Native American	.47	1.4	1.4	.89	4.0
Native Hawaiian/Pacific Islander	.78	.55	.30	1.5	3.1
Missing race data	7.2	6.5	9.2	13.5	37

Source: Home Mortgage Disclosure Act, HMDA

As many in the Battle Creek community are moving to adopt an equity lens, the HMDA data is an instructive source of information about the flow of mortgage capital to home buyers in Battle Creek and the region. More than 90% of the mortgages originated and mortgage loan dollars between 2014 and 2017 (for which borrower race is available) were made to White borrowers. As the city explores strategies for increasing housing investment, it will also want to apply an equity lens.

The other important aspect of the American Communities Survey (ACS) data and information from other sources is the status of housing affordability in Battle Creek. The ACS data reports that 53.7% of the households in Battle Creek are paying more than 30% of their incomes on housing. The housing community considers families with rental housing payments above 30% of income as “rent burdened.” PolicyLink also reported that 29% of the households in Battle Creek are paying more than 50% of their incomes for rent. Households paying more than 50% of income for rent are “severely rent burdened.” These statistics are troubling but are also consistent with national trends. Nationally, 52% of all renters pay more than 30% of income for rent and 27% of all renters pay more than 50% of income.⁵

2.4. Downtown improvements, economic revitalization and housing

A subset of the assessment of the housing and community ecosystem in Battle Creek is related to the efforts to revitalize the downtown area. A 2015 study of the potential residential market in downtown Battle Creek by Zimmerman Volk concluded: “There are insufficient opportunities for households interested in housing near retail and amenities, especially in the Central Business District and its immediate surroundings.”⁶ The researchers estimated that the market could “absorb between 375 and 455 new rental and for-purchase market-rate dwelling units created through new construction or adaptive re-use of existing buildings over the next five years.” They suggest that new rental development would be most appropriate in the core downtown and homeownership more appropriate in contiguous neighborhoods.⁷

Since the Zimmerman Volk study, the City, the W. K. Kellogg Foundation, and the Michigan Economic Development Corporation (MEDC) have partnered with a developer to revitalize the downtown

⁵ Ibid., p. 67

⁶ “An Analysis of Residential Market Potential: The target market study area.” The City of Battle Creek, Calhoun County, Michigan. Zimmerman/Volk Associates, Inc. February, 2015.

⁷ Ibid., p. 6.

landmark Heritage Tower into a mixed-used property with market rate residential units. The development has been well received and is spurring new business development and other investment.

The Zimmerman Volk analysis starts with an estimate of 4,900 new residents city-wide over the five-year period and calculated that 1,200 of these households would be interested in purchasing or renting in the downtown area. Of the 1,200 households, half would have incomes greater than 80% of area median income – meaning half of the projected demand would have incomes below this level.

Some in the community have questioned whether the Heritage Tower and other commercial and residential development in the downtown will benefit low-income families living in the city. Battle Creek will want to strike a balance between its need to attract new businesses and higher-income households to increase the tax base while also serving people of lower incomes. Downtown revitalization will include mixed-use developments and should include mixed-income approaches. In trying to achieve a balance, Battle Creek would benefit from the presence of nonprofit developers skilled in creating mixed-income housing which includes Low-Income Housing Tax Credits (LIHTC) to produce affordable housing at or below 60% of area median income.

2.5. Federal housing resources in Battle Creek

The federal housing and community development resources regularly available to Battle Creek are limited. In 2018, the City received a Community Development Block Grant (CDBG) allocation of \$1.2 million and a HOME grant of \$300,750. The City uses these funds for a variety of activities including code enforcement, housing rehabilitation, demolition, rental assistance, planning, and administration.

The Battle Creek Housing Commission (BCHC) owns and manages 320 units of public housing and has 54 single-family properties for lease-to-purchase. BCHC also manages 678 Section 8 housing choice vouchers, 590 for Battle Creek and the remainder for nearby Portage and Albion.

Battle Creek also receives funds through the Calhoun County Continuum of Care to serve the homeless population. In 2017, Continuum of Care grants to organizations based in Battle Creek totaled just over \$311,000. The City of Battle Creek does not administer the Continuum of Care dollars, but coordinates closely with the effort and participates on its steering committee.

There are also a number of housing developments in the city that were developed as affordable housing using federal grants, mortgages, rental assistance, or low-income housing tax credits. Our research identified as many as 31 affordable housing developments with more than 2,600 units serving seniors, families, people with disabilities, and homeless veterans.⁸ The list of properties is provided in Appendix 7.4. Local involvement with these affordable housing resources is an issue. Much of this affordable housing inventory is owned by investors and managed by property management companies located outside of Battle Creek. For properties that receive federal rental assistance payments, these funds would typically flow from the Michigan State Housing and Community Development Authority (MSHDA)

⁸ Some of the data from the various sources was contradictory. More research is probably needed to validate the actual number of properties and units subject to some form of federal or state affordability requirements.

or from HUD, directly to the owner/manager. In the case of the LIHTC properties, affordability requirements are administered by MSHDA. More City involvement in those properties that receive federal housing subsidies could help it to manage against losing the affordable housing to market pressures when affordability restrictions expire. It could also help in guiding the location and type of future affordable housing developments in the city.

There are also some modest funds to support housing-related activities from other federal resources that flow through the Community Action Agency of South Central Michigan and used for housing rehabilitation activities like energy conservation, weatherization, and lead-based paint removal.

As a small city, the leadership of the different organizations involved in managing federal grant resources knows one another and the evidence indicates strong communication and collaboration among the City staff, BCHC, and Continuum of Care. The review of federal housing resources in the Battle Creek housing and community development ecosystem raised the question, however, of whether the City could better coordinate the delivery of these resources to increase leverage and impact. For example, while it is by no means a universal practice, in some cities the public housing agency and the city housing programs share common leadership and staff to facilitate coordination and reduce overhead. Another common form of collaboration between a city and the PHA are the project-basing of housing vouchers to support new development and facilitate mixed-income housing.

2.6. The housing and community development delivery system

Throughout the course of our work in Battle Creek, we had the opportunity to meet with many strong leaders in the housing and community development delivery system whose organizations are providing essential services. Many of these leaders could increase their organizational impacts if there were more operating and program subsidy resources available.

A key investigative question of this inquiry was finding out if existing entities have the capacity to serve in a larger, more comprehensive role to lead housing and community development strategies. We look more closely at several organizations in more detail in Section 3 below and profile each of them in Appendix 7.1.

As one contrasts the housing and community development ecosystem in Battle Creek to other communities, there is a noticeable lack of active high-capacity nonprofit housing development entities. Strong nonprofits are important players in the housing and community development ecosystem because they are typically mission-aligned with the public sector, but often have flexibilities and capacities not available to public entities.

Typically, development organizations specialize in either single-family or multifamily housing. There is no mission-oriented multifamily rental developer active in Battle Creek. Volunteers of America, one of the largest affordable housing nonprofits in the United States, owns a property on Carl Road, but does not seem otherwise active in south central Michigan. The Hope Network of Grand Rapids owns and manages an 8-unit Section 8/202 property for people with chronic mental illnesses.

Single-family housing development is also limited. In recent years, most of the affordable single-family housing development in Battle Creek has been led by City staff, deploying CDBG, HOME, and Neighborhood Stabilization Program subsidies. Over its history, Neighborhoods, Inc. has developed single-family housing and currently owns and leases an inventory of approximately 50 homes. Habitat for Humanity produces several homes per year through its volunteer model and has expanded a program to make housing more accessible with ramp additions. The Calhoun County Land Bank has partnered with the City and others to foster development. In total, the collective annual impact in terms of nonprofit housing production is relatively small compared to the city's needs. Across the country there are examples of strong nonprofits engaged in higher production of single-family homes. Appendix 7.5 profiles the features of exemplary single-family housing nonprofits.

The Battle Creek Housing Commission (BCHC) manages 320 units of public housing, 54 single-family homes in a rent-to-own program, and 590 vouchers in Battle Creek. Public housing agencies (PHAs) across the country have been underfunded by the federal government for many years. Nationwide, there is a backlog of public housing property maintenance needs and voucher portfolios have shrunk as the resources do not keep up with rental inflation and lower tenant rent contributions. To adapt, some PHAs have created nonprofit housing development affiliates that develop affordable housing using LIHTC. The PHA community has sought more efficient program management through a "Moving to Work" program that allows resource and rule flexibilities. More recently, PHAs are recapitalizing traditional public housing through the "Rental Assistance Demonstration (RAD)" by securing LIHTC subsidies and changing the rental assistance to a Section 8 contract. To survive and thrive, some PHAs have merged or formed regional consortia to create economies of scale. BCHC is notably managing voucher programs in Albion and Portage and, presumably through a larger scale, gaining some administrative efficiencies. Battle Creek might benefit by considering bringing more of these types of innovations into the community.

Community building and engagement (CB&E) is also a common business line in the housing and community development ecosystem. Unlike the real estate businesses, CB&E programs do not have an identifiable earned revenue stream, so the cost of these programs is borne by public and/or charitable contributions. The oral history of community development in Battle Creek suggests that there has been a diminution over time of CB&E capacity in the city. The Neighborhood Planning Councils provide some resident engagement, as do many of the nonprofits particularly those that are faith and community based, such as New Level Sports.

Community Development Financial Institution (CDFI) capacity is also noticeably lacking in Battle Creek. CDFIs are typically a source of loan and equity capital across an array of community development activities including housing, public facilities, commercial development, small businesses, and consumer lending. The Opportunity Finance Network – the preeminent national trade association for CDFIs – does not show any members in Battle Creek. The CDFI Coalition, another CDFI membership organization, lists Neighborhoods, Inc. and Omni Credit Union as Battle Creek-based members. The Department of Treasury's data on its grantees shows that the last CDFI grants to Neighborhoods, Inc. were in 1996 (\$1.35 million) and in 2000 (\$1.6 million) A positive new addition to the ecosystem occurred last June, when the W. K. Kellogg Foundation announced a partnership with Northern Initiatives, a Marquette,

Michigan-based CDFI that specializes in small business lending and established an office in Battle Creek. CDFIs represent a significant method of accessing federal resources and leveraging private capital as well.

Nationwide, as many as 60 CDFIs have joined the Federal Home Bank (FHLB) System, which theoretically gives them access to FHLB advances and to Affordable Housing Program (AHP) grants. Neighborhoods, Inc. has been a member of the Federal Home Loan Bank of Indianapolis since 2015. FHLB Indianapolis has several AHP programs supporting down payment assistance and neighborhood improvement grants. Neighborhoods, Inc. apparently secured \$240,000 in grants from the Federal Home Loan Bank of Indianapolis in 2018.

2.7. Business sector role in the ecosystem

The business sector is a key player in a healthy and robust housing and community development ecosystem. Of course, the multitude of housing industry players – developers, home builders and contractors, building supply companies, REALTORS, lenders, title companies and property insurers, lawyers, and architects – are providing fundamental capital, services, and economic activity that creates housing opportunities and strengthens the market. The broader business community contributes to the housing and community development ecosystem with its investment, hiring and employment practices, and its relationships with suppliers and customers.

The business community also supports the housing and community development ecosystem as good corporate citizens that give back to the place in which they do business and where its employees and their families live, work, attend school, and play. This manifests in companies and their employees giving money and volunteering their time by sitting on boards, working in mentoring programs, and participating in community service activities.

The United Way of the Battle Creek and Kalamazoo Region, which raises most of its money from the business community, invested \$7.2 million through its community impact portfolio in 2017 and counted 1,600 volunteers in 85 Days of Caring. The United Way's grant making focuses on four strategy areas: education, income, health, and basic needs. Its housing-related giving falls under income and basic needs. In 2018, United Way invested \$1.2 million toward stable and affordable housing, with seven grants to five different groups in Kalamazoo and three grants to two organizations working in Battle Creek. United Way also provided a variety of housing and homelessness related grants under its support for basic needs.

The United Way grant list reinforces the case for greater housing and community development nonprofit capacity in the city of Battle Creek. The United Way list of its housing-related grantees in Kalamazoo, for example, included a multiplicity of nonprofit housing organizations. Arguably, stronger organizations in Battle Creek could attract similar, though proportionate, investments.

There are greater opportunities for the business sector to support the housing and community ecosystem in Battle Creek. Across the country, large companies are adopting corporate social responsibility goals, nonprofit hospitals are expanding their programming under their community

benefits requirements, and financial institutions have gone beyond the minimum requirements of the Community Reinvestment Act to expand lending and investing in low-income communities. Businesses are examining their hiring practices, their supplier decisions, and their corporate investment to seek double and triple-bottom line impacts in the communities where they are located.

There is an opportunity for corporate engagement in the housing and community development ecosystem in Battle Creek through an expansion of employer-assisted housing programs. Companies could help to boost the market and attract more housing investment by encouraging employees to “live near your work.” With housing-related incentives, employers could make progress in attracting and retaining talent to the region. In one of the benchmark cities, Eau Claire, Wisconsin, for example, two prominent employers, the Mayo Clinic and Jamf, are providing housing benefits to their employees. In neighboring Kalamazoo, Bronson has put in place an employer-assisted housing program. These initiatives tend to work best when they are framed and understood to be mutually beneficial to the business and the community.

2.8. Philanthropic sector and housing

Battle Creek benefits uniquely from the presence of the W.K. Kellogg Foundation. The Foundation Center listed Kellogg at 7th largest foundation in the U.S. by assets and the 22nd largest foundation by the amount of its giving in 2014. The W. K. Kellogg Foundation mission is to “support children, families and communities as they strengthen and create conditions that propel vulnerable children to achieve success as individuals and as contributors to the larger community and society.” The Foundation’s grant-making priority areas are thriving children, working families, and equitable communities with Michigan as one of its priority locations. A scan of its grant-making data base shows that the Kellogg Foundation has concentrations of grant making in Detroit and Grand Rapids, in addition to Battle Creek.

Among the notable recent grants and investments by the Kellogg Foundation in Battle Creek have been the following:

- a \$50 million plus investment in the public schools – better schools will greatly enhance housing demand;
- investment in the Heritage Tower development which will bring housing to downtown and stimulate other investments;
- sponsorship of a small business loan fund with Northern Initiatives and grants supporting minority business development with Second Muse;
- grants to the Community Foundation and the BC Vision initiative; and,
- support for restructuring and building the economic development strategy for Battle Creek.

The W. K. Kellogg Foundation has also provided grants to New Level Sports and Community Action of South Central Michigan for community engagement and early childhood work, and to Inspire Community Credit Union for financial self-sufficiency for low-income residents.

The Battle Creek Community Foundation (BCCF) is also prominent in its support of the community development sector through its focus on education, health, and livable communities. Its annual report

for the year ending March 31, 2016 shows that the foundation had \$112.7 million in assets and spent \$6.9 million that year on grants, scholarships, and special projects. Importantly, BCCF has been leading and facilitating the BC Vision planning work underway since 2015. Among its most recent grants highlighted on its website and most relevant to community development were funding to S.A.F.E, Haven of Rest, New Level Sports, and a community branding effort in the Kirkpatrick Knolls neighborhood and various public art projects.

The other Battle Creek foundation that showed up in the housing and community development ecosystem was the Miller Foundation. One nonprofit leader praised Miller for its role in providing support to building the capacity of nonprofit boards. On its 2014 Form 990 PF filed with the IRS – the most recent data we found – the Miller Foundation showed assets of approximately \$25 million and grants of approximately \$830,000. The Foundation had a set-back in 2016 with the financial collapse of Miller College which it heavily supported. This has likely affected its grant making activities.

2.9. Gaps in the housing and community development ecosystem

Research into the housing and community development ecosystem for Battle Creek revealed the following challenges. These are addressed in the recommendations section of this report.

Weak housing demand. There are many factors affecting the weak demand for housing in Battle Creek. The longer-term trend of population decline is central. Businesses are not choosing to locate in Battle Creek due to quality of life issues for their employees, including greater housing choices and a vibrant downtown, limiting an influx of new residents who could boost housing demand and investment. Too often, new employees of the companies that are already based in Battle Creek choose to live in other nearby towns. Locals cite newer homes, better schools, and access to community amenities for this phenomenon. And, the prevalence of poor and lower-income households in the city of Battle Creek and surrounding Calhoun County limits the amount of housing demand and investment.

Limited new supply. Data suggests that there has been very little new housing development in the city of Battle Creek. The factors limiting demand for new housing cited above certainly play into an unwillingness of builders to create new supply. Yet, many observers suggest that there is a strong demand for housing at certain price points that is not met by suppliers. Promising efforts to revitalize the downtown should help the city to attract new residents – empty nesters and millennials – who are seeking a more urbanized lifestyle with walking access to coffee shops, restaurants, breweries, nightlife, and cultural attractions. This, in turn, should stimulate some new investment in housing options near downtown. We collected some feedback that the City of Battle Creek should evaluate its policies and practices to assess if these affect the willingness of developers to build within the city limits.

Limited delivery system capacity: There are many organizations with competent leaders working on aspects of the housing and community development needs in Battle Creek. Their collective abilities to have bigger impacts are limited by available resources. The system would benefit from the presence of one or more high performing social enterprise housing development nonprofits with business models that rely less on grants for operating support.

Not maximizing access to public and private resources: Limited nonprofit capacity means that the city is noticeably underperforming in attracting resources that are available for advancing a housing and community revitalization effort. Strong nonprofits elsewhere are competing successfully for federal housing and community development tools like the Low-Income Housing Tax Credit, the New Markets Tax Credit, Community Development Financial Institution financial assistance grants, Federal Home Loan Bank Affordable Housing Program grants, and Capital Magnet Funds. Successful capture of these types of resources can build sustainable capacity and allows the city and nonprofits to leverage private capital.

Limited capacity also means limited access to housing and community development innovations:

Across the field of housing and community development, there are many promising innovations advancing the practice. With increased capacity in the city, Battle Creek would have more opportunity to tap into these innovations. Among the innovations that could benefit the city are an increased emphasis on cross-sector collaboration, new investments in federal Opportunity Zones, pay for performance social impact capital, and the public housing rental assistance demonstration (RAD).

3. Best Practices of Vital and Revitalized Cities

We recognize that successful urban revitalization strategies differ from place to place and are a function of community context including local conditions, local leadership, local need, and access to resources. At the same time, the team thinks that there are key ingredients for successful community development and urban revitalization practice that consistently emerge. This section of the paper provides our list of the top ten elements for success in building vital communities and mechanisms for achieving these.⁹

Ten Best Practices for Creating Vital Communities

1. Invest in Leadership and Talent
2. Foster Social Capital
3. Encourage Authentic Cross-Sector Partnerships
4. Build a Strong Downtown
5. Stabilize Distressed Neighborhoods
6. Activate Anchor Institutions
7. Practice Placemaking and Elevate Existing Assets
8. Provide Housing Choices and Promote Equity
9. Create a Culture of Welcome and Inclusion
10. Incubate and Support Strong Nonprofits as Community Catalysts

Battle Creek falls into the category of a smaller “legacy city” as defined by the Greater Ohio Policy Center (GOPC), whose work builds upon research by Allan Mallach and Lavea Brachman on larger legacy cities sponsored by the Lincoln Institute of Land Policy. GOPC’s study, “Strategies for Postindustrial Success from Gary to Lowell,” analyzes 24 smaller legacy cities across seven Midwestern and New England states. These cities once had thriving manufacturing-based economies and were instrumental in fostering good job opportunities, a solid middle-class lifestyle, and vibrant communities.

Macroeconomic changes in global manufacturing supply chains and the rapid disruption of retail shopping markets were among the factors that led to these cities’ declines. Many have struggled with increased poverty, neighborhood disinvestment, and a labor force that does not always match employer needs. Battle Creek’s solution set exists inside this context.

As we outline best practices in the housing and community development field, we also draw on our own experience and a variety of other sources.¹⁰ The top 10 best practices list draws significantly from the analytical research by the GOPC and the Lincoln Institute of Land Policy, as well as the writings of James

⁹ Appendix 7.6 provides a more detailed compendium of resources and strategies available that are making a difference across the country. It also provides an outline of the roles and responsibilities of different levels of government as well as for private sector partners.

¹⁰ A bibliography of these sources can be found in Appendix 7.3.

and Deborah Fallows. Jim Fallows, an award-winning writer and editor at *The Atlantic*, and his wife, Deborah, spent more than three years traveling by small plane to visit successful comeback communities across the country. They have described the key ingredients central to creating and sustaining vital communities in their book *Our Towns: A 100,000 Mile Journey into the Heart of America*. The Fallows distill the key elements of comeback communities in an article for *The Atlantic*, “Eleven Signs a City Will Succeed.” This combination of the GOPC’s more analytical, data-driven approach and the Fallows’ journalistic approach provides a powerful combination. It is interesting to recognize that the two approaches overlap in their conclusions about the primary ingredients for success.

3.1. Ten best practices for creating vital communities

1. Invest in leadership and talent

Crafting bold new strategies for revitalization requires talented civic leaders. The identification and development of leaders should draw on both the public and private sectors and also be open to newcomers. Fallows identified “civic governance,” “local patriots,” and “returning talent” as important elements in successful comeback cities. He also writes about how important it is to have civic leaders able to clearly articulate a positive, shared, and compelling “civic story” about the community. GOPC observed that “[s]mall and mid-size legacy cities must focus on retaining local talent while also drawing new leaders from outside to fill critical roles such as city manager, economic development director, and head of a major anchor institution.” Importantly, cities need to consider how they can attract and groom talented young professionals for the next generation of civic leadership.

2. Foster social capital

Strong communities have strong social capital. It’s about civic pride and the connectivity of common roots through social institutions like churches, civic groups, parent teacher associations, fan clubs, neighborhood groups, and community diners. A first exposition of the importance of social capital was in Robert Putnam’s book, *Bowling Alone*, published in 2000. Putnam’s study articulated a decline in social capital in the U.S. The importance of fostering social capital is underscored in the highly academic, big data-driven work of Dr. Raj Chetty, who has identified this as one of the five critical factors in communities of opportunity, places where kids have the greater chance of growing up and succeeding economically. Likewise, the Fallows highlight engagement and connection in their observations on the successful small cities they visited.

3. Encourage authentic cross-sector partnerships

The challenges facing communities like Battle Creek are complex and require comprehensive solutions that draw on the best of each of the sectors. Active, focused leadership from the governmental, business, philanthropic, nonprofit, and community sectors working collaboratively on a common vision provides the best chance for impactful and sustainable urban revitalization. These various sectors and perspectives must engage in defining a vision, setting and staging priorities, determining implementation partners and developing metrics of success. One successful cross-sector partnership often leads to another, and vibrant cities can typically point to a series of successful cross-sector

partnerships. Authentic resident and grass-roots engagement in the work is a critical element in successful cross-sector partnerships.

4. Build a strong downtown

Vibrant cities have vibrant downtowns as the public face of a community. GOPC comments that “numerous studies have found that strong regions are built around strong central cities, and strong cities are built around strong downtowns.” The elements of a vibrant downtown are changing as technology, work and office patterns, and shopping habits change. Cities must reinvent their downtowns to be relevant to changing demographics and consumer demands. America is re-urbanizing as young millennials and older empty nesters move to cities for urban amenities, including walkability, diversity, retail options, entertainment, restaurants, coffee shops, and bars. Fallows observes that cities on their way back inevitably have craft breweries that attract an important brand of entrepreneur and a ready supply of young people. In our visits to benchmark cities as part of this report, Eau Claire stood out for its success with downtown revitalization. It has used arts and culture to build community connections, attract visitors, and garner the business community’s support in the downtown’s success.

5. Stabilize distressed neighborhoods

With losses in manufacturing jobs, many small legacy cities have lost population. With the loss of housing demand, neighborhood decline follows. The increase in vacant homes and vacant land led to an overall decline in quality of life not just for the neighborhoods, but across entire cities. Positive interventions to reverse this pattern include:

- Returning vacant stock to productive uses and/or demolishing obsolete housing;
- Taking advantage of opportunities to repair homes, rehabilitate vacant homes, and construct infill housing on vacant land;
- Converting vacant land to intentional green space and community gardens; and,
- Stabilizing the community and building new demand through resident engagement, foreclosure prevention, new homebuyer education, and neighborhood marketing.

Across the country there are many examples of cities and high-performing nonprofits that are critical implementation partners performing these roles.

6. Activate anchor institutions

Every city has anchor institutions that are vital to the social and economic fabric of the city and region. Anchor institutions are typically among the largest employers and their large capital investments in facilities have fixed them in that place. Research supports the mutual benefits and impacts when anchor institutions are active in broader civic engagement. Their human resources, investment, and treasury decisions can have a big impact on their communities and a bigger impact if applied in partnership with others in the community. Medical and educational institutions are the most heavily researched and provide some of the most compelling case studies, but large private commercial employers can and do have the same positive effects. Some examples of positive anchor institution contributions include:

- Large employers deploying employer-assisted housing benefits to support employees buying homes in the community;
- Community colleges working with area employers to develop workforce training opportunities that prepare students for actual jobs in that community; and,
- Health care providers investing in housing and social services strategies that combat homelessness and curtail emergency room visits and overall health care costs.

7. Elevate existing assets for placemaking

Intentional placemaking typically builds on assets “like historic neighborhoods, compact and walkable downtowns, and legacy institutions.” Placemaking-oriented communities are constantly taking an inventory of their community assets and lifting them up as important features of civic life. Community assets can include a place’s history as well as its new attractions and innovations. They can include its natural features and its human resources. Creative placemaking is a particular application that emphasizes culture and the arts as a focus of attention. Many successful community revitalization efforts have led with arts and culture, creating arts districts and artist housing. The conscientious branding that accompanies placemaking helps to build civic pride and pride in place. It is also a fundamental strategy for retaining young people and attracting new residents.

8. Provide housing choices and promote equity

Healthy communities provide a variety of housing choices, homeownership and rental, across a variety of price points. The presence of housing choices deepens ties to the community by allowing people to live and work in the same place. A place like Battle Creek surely needs to attract and retain young people and people with disposal incomes. Vibrant communities also take into account the housing needs of hard-working lower-income households and the needs of the most vulnerable. Strong housing and community development strategies emphasize the importance of inclusion and equity across incomes and racial/ethnic backgrounds.

9. Create a culture of welcome and inclusion

Jim Fallows writes convincingly about the importance of trying to attract and welcome new people to a community. Done right, it is also helpful in retaining or drawing back natives: “The same emphasis on inclusion that makes a town attractive to talented outsiders increases its draw to its own natives.” Much urban revitalization has begun with the attraction of the “creative class,” meaning not just artists but also entrepreneurs innovating to start new businesses. Newcomers from immigrant and refugee populations bring a work ethic and entrepreneurial ethos that can fire up a place and attract those interested in experiencing cultural diversity. Success is dependent upon the newcomers feeling actively welcomed. Signs of insularity or provinciality will often give newcomers pause.

10. Incubate and support strong nonprofits as community catalysts

Strong nonprofits are an important piece of the housing and community development delivery system. They are, by definition, well-managed social enterprises with sustainable business models and the

capacity to deliver on sophisticated housing and real estate partnerships and participate in or lead cross-sector partnerships. They are mission-aligned with the public and philanthropic sectors and know how to engage the business community, including the ability to attract and deploy private capital. They understand the importance of authentic civic engagement as well as the importance of being results-oriented.

3.2. Benchmark city findings

The consultants chose two “benchmark cities” for comparative purposes, Eau Claire, Wisconsin and Grand Rapids, Michigan. Both small cities have demonstrated compelling resurgences in community and economic vitality. Grand Rapids was one of the 24 smaller legacy cities reviewed by the Greater Ohio Policy Center. The consulting team also thought it was important to look at least one city in Michigan that operates under the same state legal structures and program opportunities. Eau Claire is very similar in size and another Upper Midwest small city that has experienced a resurgence and, at the same time, struggles with some of the same challenges as Battle Creek.

The intent of this exercise was to describe compelling features of the housing and community development ecosystems in other cities and identify tangible examples of “best practices” that may be applicable for Battle Creek. Appendix 7.3 provides tables comparing Eau Claire, Grand Rapids and Battle Creek across basic demographic and housing statistics. Included in the appendix are more fulsome narrative summaries on the two benchmark cities based on readings and visits taken to each place.

Neither city is a perfect analog to Battle Creek from a demographic or economic perspective. The benchmark cities have the ability to leverage particular assets that are not necessarily available to Battle Creek. At the same time, Battle Creek has resources that are not available to Grand Rapids or Eau Claire. All three communities have faced substantial challenges in what it means to build community vitality and civic pride. The benchmarking exercise has served to elevate and reinforce several best practices highlighted in this report.

- **Foster social capital** through community engagement. Eau Claire’s arts programs are a critical piece of building a civic culture and community engagement. Weekly summer concerts in the park and numerous events throughout the year are reportedly well attended. In Grand Rapids, LINC-Up serves to build social capital in the Southtown neighborhood by sponsoring as many as 85 events for the community each year.
- **Encourage authentic cross-sector partnerships** to tackle particularly complex community challenges, bringing diverse perspectives to problem solving, synergies in the application of expertise and resources, and comprehensive responses. Both Grand Rapids and Eau Claire participated in the Robert Wood Johnson Foundation’s Invest Health initiative where the cities put together cross-sector teams to address some aspect of the social determinants of health.
- **Build a strong downtown** through comprehensive planning, business community leadership, new investments, and robust programming. The revitalization of Eau Claire’s downtown is remarkable. The business community’s involvement in Downtown Eau Claire, Inc. (DECI), major investments by

Jamf and the University of Wisconsin Eau Claire, and the use of arts programming are making a difference. Grand Rapids, too, is bringing back downtown neighborhoods using housing for artists and encouraging amenities like breweries and coffee shops. The comprehensive GR Forward plan administered by Downtown Grand Rapids, Inc. received positive reviews in the evaluation of the city's Invest Health work.

- ***Cultivate comprehensive community development approaches for placemaking.*** In Grand Rapids, Habitat for Humanity of Kent County is leading on community engagement and partnering with Dwelling Place, Mercy Health, and Ferris University to bring housing, health, and education opportunities to the low-income community of Roosevelt Park.
- ***Activate anchor institutions*** whose participation reinforces community development goals. In Eau Claire, the University of Wisconsin Eau Claire has invested in a new housing development that has helped to bring back the downtown and it has participated in the Invest Health initiative to support the residents of Randall Park. In Grand Rapids, Spectrum Health is a partner with LINC-Up in Southtown. Spectrum is also working with the Democracy Collaborative to identify ways it can leverage its hiring, procurements, and treasury investments to make a difference in the community.
- ***Incubate high-capacity nonprofit housing and community development entities*** that partner effectively with the city and the broader community to catalyze investment. The nonprofit housing development community in Grand Rapids has several very strong nonprofit players. These organizations are leading comprehensive community revitalization efforts and leveraging substantial investments to create an array of housing choices. The community also benefits from multiple CDFIs providing loan and equity capital resources.

3.3. Implications for Battle Creek

Certainly the context for the housing and community development work in Grand Rapids and Eau Claire is different than that for Battle Creek. As a larger city, Grand Rapids benefits from having more assets. It has a greater number of large employers located there and it receives more in federal grants. Battle Creek could learn from the ways in which Grand Rapids benefits in having a robust nonprofit community development sector. And, clearly the City of Eau Claire benefits from having a large 10,700 student university inside its borders. A university is a classic anchor institution and Eau Claire benefits from the University of Wisconsin Eau Claire's particular engagement in the community. Battle Creek could learn from Eau Claire's successful approach to downtown revitalization.

4. Existing Nonprofit Capacity in Battle Creek

4.1. Overview

The City of Battle Creek requested that the consulting team review the current capacity of existing nonprofits in Battle Creek, especially those engaged in aspects of housing and neighborhood revitalization and human services. We jointly identified eight organizations to review: Battle Creek Housing Commission, Battle Creek Unlimited, Calhoun County Land Bank Authority, Community Action Agency of South Central Michigan, Battle Creek Area Habitat for Humanity, Haven of Rest Ministries, Neighborhoods, Inc., and New Level Sports. These reviews were not intended to be in-depth organizational assessments but rather high-level reviews with an eye toward the ability of each organization to expand its capacity to deliver greater impact in housing and community development and lead the implementation of a neighborhood revitalization strategy.

4.2. Organizations

The consulting team did desk reviews of available documents on each organization and conducted interviews with the executives from each of these eight nonprofits. Interviews with other stakeholders also provided insights on the individual organizations and other nonprofit capacity in Battle Creek, both existing and what is needed going forward. The following section includes summary assessments of the eight organizations. Appendix 7.1 includes additional narrative and summary background material on each of these organizations.

Neighborhoods, Inc.

Neighborhoods, Inc. was once considered a high performer but has been underperforming for several years. The organization has lost its institutional support from both NeighborWorks America and the W. K. Kellogg Foundation. NeighborWorks, a respected national nonprofit intermediary, has pulled the organization's charter; it only decommissions member organizations when performance has fallen precipitously over time. Interviews with key stakeholders across Battle Creek confirmed the loss of standing in the community. We detected no desire in the community to reconstitute the organization with the current staff and board. The organization has remaining assets including 80 outstanding loans and title on 50 homes but these will likely be burned off without a rapid change in leadership and approach.

There is a critical need for a high-performing organization with a focus on neighborhood-based development. Its mission would include many of the services that Neighborhoods, Inc. performed in its heyday: homebuyer education and counseling; single-family development including both new construction and substantial rehabilitation; resident engagement and community building; strategic rental development; and, housing-plus-services strategies. It will be important for this replacement entity to have a well-articulated business plan with clear metrics including targets for earned income and impact in the community. This entity will also need to know how to extend its reach through partnering effectively with developers, lenders, service providers, and funders.

Calhoun County Land Bank Authority

The Calhoun County Land Bank Authority was created in 2007 to address vacancy and blight and to assist with the disposition of an increasing number of tax foreclosed properties. Initially, the Calhoun County Land Bank Authority acted as a repository for properties that went unsold at the tax-foreclosure auctions and also demolished a handful of blighted structures. As part of the Neighborhood Stabilization Program (NSP2), the Calhoun County Land Bank Authority took on a larger role in the community as staff managed the demolition of more than 200 blighted residential structures, oversaw the acquisition of properties, and supported the City in its effort to renovate 35 single-family homes and construct five new homes.¹¹

The Land Bank is doing impressive work and could be leveraged to expand its purview. Its leadership capacity and impact in the community are evidenced by the following: success with NSP2; innovative programs such as the Side Lot Program; excellent reviews by partners and key stakeholders; and, its strong Executive Director, Krista Trout-Edwards, who serves as the president of the state-wide association of land banks.

Certainly, through its control of public assets, the Land Bank can serve as a strategic partner for a new residential development entity through the sale or transfer of assets and/or having an economic interest in developments on land it controls. The Land Bank could potentially expand its own capacity to do direct development. However, its status as a county-wide organization limits its ability to house an initiative focused solely on Battle Creek's housing stock and neighborhood needs. It would also likely be considered mission creep to have the Land Bank expand into some of the functions required to be successful in the envisioned neighborhood revitalization role.

Battle Creek Unlimited

Battle Creek Unlimited (BCU) was created in 1972 to market and manage the conversion of a 3,000-acre parcel of land which had been part of the Fort Custer military base. This work was done under contract with the City of Battle Creek and resulted in the highly successful development of the Fort Custer Industrial Park (FCIP). Many innovations were introduced in the development process including the creation of the first Tax Increment Finance Authority (TIFA) in the state of Michigan. The TIFA provides an ongoing funding stream that supports BCU's operations, infrastructure, and other economic development activities in the community. Primary services provided currently include the following: job creation, capital investment, lead development, company attraction, business retention, land development, foreign trade zone assistance, direct investment funding, community development projects, and talent/workforce development.¹²

BCU has increased its engagement beyond the industrial park to include economic and community development work in the downtown district of Battle Creek. The City of Battle Creek and BCU have

¹¹ "2016 Annual Report," Calhoun County Land Bank Authority.

¹² "Strategic Plan 2018-2023," Battle Creek Unlimited, pg. 4.

been working together on downtown development strategies and recently created a “deal team” to prioritize and execute on development opportunities.

BCU seems very well respected for its work. Unlike many nonprofits, it does not need to do extensive fundraising to support its capacity given the ongoing funding stream from the TIFA. This funding base could be leveraged to expand its purview. We did also learn, however, that BCU’s current TIFA stream will be phased back significantly over time and the organization is in the process of strategically identifying other sources of flexible capital.

BCU is a logical entity to house the expertise needed to encourage investments in Battle Creek’s designated Opportunity Zones. With the proper commitment to collaboration and cross-sector partnership, they could be an option to house a “curator” function for larger scale residential and mixed-use development in downtown and targeted contiguous neighborhoods. Finally, BCU should be encouraged to leverage Fort Custer Industrial Park businesses to be more engaged with the larger community. However, they do not seem like a logical fit to lead single family oriented housing and community development strategies in the neighborhoods.

Community Action Agency of South Central Michigan

Community Action of South Central Michigan is a private, 501(c)3 human services organization founded in 1966. It is a comprehensive human services organization that serves Barry, Branch, Calhoun, Kalamazoo, and St. Joseph counties. They just recently acquired the operations of the troubled Community Action Agency of Kalamazoo County). It is one of 33 Community Action Agencies (CAAs) in the state of Michigan. The CAAs were spawned with the Economic Opportunity Act of 1964 and were the centerpiece of the Great Society’s War on Poverty campaign. There are over 1,000 CAAs in existence across the country today.

Community Action of South Central Michigan serves very low-income families and individuals with a wide array of programs and services: Head Start and Early Head Start; Foster Grandparents with seniors serving as tutors and mentors; Fatherhood & Male Involvement; Housing Support Services; Transportation Services; and Food and Nutritional Services. The work of Community Action is very important for building access and equity in the communities it serves. Its Housing Support Services include emergency energy assistance, weatherization, home rehabilitation, and home repair programs. The organization does an excellent job tracking its impact and providing financial information about its work in the community.

By all accounts, the CAA appears to be a high-performing organization. However, the team thinks that a deeper dive into the kind of concentrated housing and neighborhoods work needed in Battle Creek could be a distraction from its core mission of service to very low-income people. It would be especially challenging given their five county service area and the array of services Community Action is already providing. They will likely be a critical service partner for neighborhood-based, housing-plus strategies in Battle Creek.

Battle Creek Housing Commission

The Battle Creek Housing Commission (BCHC) keeps a relatively low profile in the community. It is difficult to find much on-line information about the history and impact of the commission. In our interview with the executive director and review of existing third-party reports, we learned that the BCHC owns and manages 320 units of housing and has built over 200 homes for homeownership since the 1960s. They manage approximately 678 Section 8 vouchers in Battle Creek, Albion, and Portage, and 100 VASH vouchers for veterans. They have not developed much in-house capacity for human services programming but do have some limited partnerships with human services organizations administering to their residents.

The commission manages its inventory of properties and vouchers adequately, but does not demonstrate much innovation or creativity in maximizing its impact in the community. High-performing public housing agencies across the country are generally leveraging physical assets to bring in private tax credit investments to upgrade their stock (Rental Assistance Demonstration), project-basing their housing vouchers or using vouchers for homeownership to support critical developments, and creating opportunities for very low-income residents to live in areas with better opportunities by partnering with schools, hospitals, and family self-sufficiency programs to improve life outcomes.

The consultant team concluded that the Housing Commission is an important partner, but it is not well-positioned to take on expanded responsibilities for housing development and related services in targeted neighborhoods.

Haven of Rest

Haven of Rest was established in 1943 as a faith-based organization focused on serving the homeless and disenfranchised of Battle Creek, beginning in a small storefront on North Howard Street before constructing a new building with a clinic for those suffering from alcohol abuse in 1952. Over time it has expanded into serving women and children and has built a separate facility for these purposes. Today, the core services of Haven of Rest are: emergency services, women's ministry, men's ministry, education and career development, community outreach, and alumni programs.

Daniel Jones, the current executive director, struck us as an effective leader of an organization doing important work to bring homeless individuals in from the cold, support homeless veterans, and address addiction. Haven of Rest's focus on an extremely low-income homeless population probably limits its ability and willingness to expand into a neighborhood development-focused entity, and the organization did not seem strategically positioned to become a developer, even though there is a need for permanent supportive housing to serve much of its client base.

Battle Creek Area Habitat for Humanity

The Battle Creek Habitat for Humanity affiliate was started in 1989. It has served three small cities across Calhoun County including Battle Creek, Marshall, and Albion. Through 2014, Battle Area Habitat for Humanity has built or rehabbed a total of 110 homes. It has also completed 25 critical home repairs

and installed 40 wheelchair ramps during this 25-year period. According to our interviews, in recent years the organization has gone through some challenging times both in its leadership and finances. Beverly Kelley took over as executive director in 2015. The consultant team heard excellent reviews on her leadership at the helm of this affiliate. She has been successfully rebuilding relationships and trust in the community. Beverly has established good working relationships with the City and with partners like the Calhoun County Land Bank Authority. With a recent announcement of the executive director's retirement, leadership remains an open question for the future of the Battle Creek Area Habitat for Humanity.

The Habitat affiliate currently has a staff of three FTEs comprised of the construction manager, a construction assistant, and the executive director¹³. They have modest goals to do three to four builds or substantial rehabs a year as well as increase the number of ramps they are doing in the community. Their ReStore, which is focused on selling recycled building materials, has been quite successful and is reported to cover 70% of the organization's overhead costs.

Membership in Habitat International brings resources to its local affiliates, both brand value and sometimes financial resources, loan resources, and new program innovations. Some affiliates across the country have expanded into a broader array of housing services including homebuyer education and counseling, innovative financing, and production of housing at much higher volumes. The Habitat for Humanity of Kent County Michigan, for example, has broadened its work to lead in a comprehensive community development effort in a low-income neighborhood. We salute the current leadership for stabilizing an ailing affiliate and rebuilding its standing, trust, and respect. That said, the affiliate is having a relatively small impact on the larger market, doing good, solid work in the traditional Habitat volunteer-build model. We do not see this organization as a logical fit for expansion into intensive housing and neighborhood-based development work.

New Level Sports

New Level Sports (NLS) was started in 2000. Pastor Chris McCoy's ministry began after he participated in a research study and discovered that many Battle Creek area athletes were ineligible for collegiate athletic scholarships because of their poor performance in Battle Creek public schools. The study concluded that area schools often did not place enough emphasis on the athlete's educational performance.

The mission of NLS is to "maximize and balance the intellectual, spiritual, mental, and physical elements of all participating student athletes." Their work cuts across physical development and fitness, academic success and personal growth. NLF uses sports to engage kids and help them focus on integrity, character, and academic success.

¹³ This is according to the Executive Director from our interview with her. The Battle Creek Area Habitat for Humanity website lists seven staff. We believe the difference may be the presence of volunteer staff and/or a distinction between housing staff and Restore employees.

The NLS facility was packed on the afternoon the consulting team visited and its various sports programs are well subscribed. NLS currently sponsors 30 football teams involving 900 kids across several communities.

The organization is clearly engaging youth from the community and leveraging community volunteers. Pastor McCoy and his organization have an impressive base in the African American community and a distinct vision to create a Youth Village on the western edge of downtown Battle Creek to expand on its mission. NLS has commissioned a design study for the community surrounding its base facility and is acquiring adjacent land for development. Pastor McCoy and his staff could be engaged to do more. The consultant team thinks that NLS should be seen as an important partner for either one of the two housing development entities that we recommend in this report.

4.3. Nonprofit sector findings

While most of the entities we reviewed have strong leaders and are doing important work in the community there are distinct limits to the ability of these organizations to take on the new responsibilities envisioned in this report's recommendations. Some are constrained by their small scale and management capacity. Some have governance and missions focused on county-wide or multi-county service areas that would likely limit their ability to have sufficient focus on Battle Creek's housing and neighborhoods strategy.

We concluded that none of these eight entities is the right home for expanded capacity to deliver what is needed in the housing and neighborhood revitalization effort.

5. Recommendations

Recommendation 1: Assure the presence of high- performing nonprofit capacity to deliver in the single-family housing development and neighborhood revitalization space.

The consulting team highly recommends that leadership at the City of Battle Creek, the Kellogg Foundation, and other local funders and partners take actions to assure that high-performing nonprofit capacity exists in the community to execute on a single-family development and neighborhood revitalization strategy. The entity would include the capacity to lead homeownership strategies including homebuyer education, down payment assistance programs, partnerships with mortgage lenders, and single-family housing development. Appendix 7.5 provides examples of successful business models in this space.

Options for creating this capacity include:

1. Rebuilding the existing Neighborhoods Inc. organization with an infusion of new staff and board leadership and potentially a new brand;
2. Starting a *de novo* entity that is locally based, with a new staff and board, organizational structure, and brand; or,
3. Merging the remaining assets at Neighborhoods, Inc. into a similar regional organization in close proximity to Battle Creek with the most likely merger candidate being Kalamazoo Neighborhood Housing Services (KNHS).

We would recommend that the City and its partners pursue the merger with KNHS. KNHS already manages most of these types of programs that would benefit Battle Creek’s neighborhoods and, with some additional support, it could take over management of the remaining Neighborhoods, Inc. assets. KNHS retains the highest rating possible (“exemplary”) from NeighborWorks America, giving them access to grants, training, technical assistance, and pilot program resources. Members in good standing with NeighborWorks America are also part of a national network of peer institutions that foster best practices, peer learning, and rapid dissemination and adoption of innovation. KNHS is already in the process of expanding its larger geographic footprint and changing its name. The City and its partners will need to be prepared to drive a merger/acquisition plan that assures proper staffing and attention for Battle Creek and also assure that the funding for a successful transition is put in place.

Recommendation 2: Create a “curator” function to lead and manage larger-scale residential and mixed-use developments in downtown and targeted contiguous neighborhoods.

The consulting team also determined that Battle Creek needs to increase its capacity to develop larger-scale multifamily and mixed-use real estate developments in the downtown and targeted contiguous neighborhoods. This includes taking more strategic advantage of Low-Income Housing Tax Credits and other housing and community development tools and resources. It also implied the successful leveraging of the private capital markets for financing and funding. To achieve this, we recommend that the City create a “curator” function, distinct from the neighborhoods and housing capacity.

This curator would not serve as a real estate developer itself but would be the quarterback in leading a team of cross-sector partners in the identification, prioritization, and delivery of a strategic residential real estate pipeline and complement other commercial development efforts. The curator entity would also provide seasoned leadership in the identification and leveraging of funding and financing resources for larger-scale projects.

We recommend that the City and its partners consider housing the curator function with an entity that can provide sufficient start-up and ongoing funding to assure excellent leadership and management capacity for this role. It would also be helpful if this entity has complementary real estate and financing capacity. Most likely, the City and its partners will need to fund the start-up and ongoing operational costs for this curator role while building in clear metrics for impact in the community.

Recommendation 3: The City should work to attract strong, high-capacity nonprofits working in Michigan to come to Battle Creek.

There are many strong nonprofit housing and community development organizations working in the state of Michigan. With some incentives, the City could potentially encourage these organizations to bring their capacities and resources to bear in addressing Battle Creek's housing and community development needs.

Among the groups to consider approaching is Dwelling Place, a high-capacity nonprofit developer based in Grand Rapids. Dwelling Place is skilled at securing LIHTC allocations from MSHDA and is involved in using its development expertise for broader community revitalization. It has a collaborative approach, partnering effectively with other nonprofits and service providers. Dwelling Place has considered development projects in Battle Creek in the past.

City leaders should also attempt to leverage the financial resources that are available to CDFIs and housing and community development intermediaries. The recent creation of a loan fund with Northern Initiatives is a great example of an approach for bringing in additional capacity. Other CDFIs and intermediaries can bring mission-oriented debt and equity capital for community investments for child care centers, public facilities, healthy food options, and affordable housing. There are multiple, large-scale, high-capacity CDFIs operating in Michigan. Cinnaire is based in Lansing and has the advantage of strong ties to the state of Michigan and deep presence in the state's affordable housing community as a LIHTC syndicator. Cinnaire has been successful in securing New Markets Tax Credit allocations, Capital Magnet Fund Grants, and State of Michigan business development funds.

Other potential CDFI partners include:

- IFF, which is one of the five largest CDFIs in the country with activities across the Midwest. They are currently working in the state of Michigan and have partnered with W. K. Kellogg on early childhood efforts.
- Capital Impact Partners is another of the nation's largest CDFIs already working in Michigan. It, too, is a W. F. Kellogg partner with whom it has worked to provide healthy food options.

- LISC is a national nonprofit intermediary with long-standing program roots in Michigan. They have staff in both Detroit and Kalamazoo. The organization has one of the largest nonprofit LIHTC syndication businesses, it manages a CDFI, and it is skilled at securing other resources for innovative community development approaches. LISC has worked in Battle Creek on a community-based crime reduction program.
- Artspace, Inc. is a national leader in the development of artist live-work space and has worked in cities across the country. They can be an important piece of the puzzle in creative place-making and have worked successfully in both downtowns and neighborhoods. They are based in the Twin Cities.

One of the key roles for the curator would be to work with and support the development activities of these new players. Each of these potential partners would need to assess the business opportunities available to them to justify their investment of time and resources. They would likely want to have some assurances from the City and the philanthropic community of support for set-up costs and potential access to working capital as they establish their businesses.

Recommendation 4: The City of Battle Creek should evaluate its policies and practices with the goal of stimulating the private market and encouraging private residential investment.

We would recommend that the City evaluate its policies and practices to identify ways in which it could encourage housing development and new private investment.

The policy and practices review should consider both demand and supply side interventions. On the demand side, the City could prioritize encouraging local employers to adopt “live near your work” policies. It could also work with the state and the Federal Home Loan Banks, among other sources, to bring in lower-interest mortgages and down payment assistance resources to encourage home buying. The high-performing nonprofit capacity described in Recommendation 1 should lead some of the demand creating work and the ability to capture and deploy these mortgage and down payment subsidies.

With limited grant and concessionary capital resources, cities can stimulate housing development by:

- Expediting approvals;
- Making city-owned land available for development for free or at a very low cost;
- Changing zoning rules to allow density;
- Providing infrastructure or utility access improvements at reduced cost;
- Providing credit enhancements; and,
- And reducing or deferring taxes fee waivers.

Recommendation 5: Add a broader citizen and neighborhood engagement action plan to development efforts.

In conjunction with its efforts to stimulate new housing and community development and bring in more outside public and private capital, the City should, at the same time, implement a broad-based citizen and neighborhood engagement action plan.

The values of an investment in this area are several. Primarily, the City would benefit from an increase in social capital and civic engagement. Further, the strategy can also serve as a prophylactic to the effects of potential gentrification. The paradox of community development is that success leads to rises in home prices, rents and land value, potentially displacing the people the efforts are designed to help. A key part of a major revitalization push, then, is to lock in existing affordable rental housing so that renters can have tenure security and create more homeownership in the communities so existing residents can benefit when prices rise.

Citizens across the neighborhoods perceive that a public and philanthropic focus on downtown revitalization is draining resources that could otherwise revitalize their neighborhoods and bring opportunities to existing residents. A strong community focused nonprofit with community engagement skills working on neighborhood revitalization and delivering homebuyer education and pre-purchase resources can help alleviate this.

A broader community engagement strategy might include more intentionality. Battle Creek should consider approaching community organizing groups such as LINC-Up from Grand Rapids or Building Blocks from Kalamazoo, both of which are experienced in working alongside developers in low-income communities. LINC-Up is already a W. K. Kellogg partner. In 2017 it received a \$1.95 million grant from the foundation to “address structural inequality and improve economic stability for vulnerable families” in the Southtown section of Grand Rapids “focusing on engaging residents on civic issues and providing connections to employment and training opportunities.”

Another part of the community engagement strategy is to consider investment in the work of New Level Sports. The organization is clearly demonstrating value to the community and has other assets like increasing control of the land surrounding its main facilities. The organization will need capacity building and seasoned development partners to realize its community development aspirations. One possible approach would be to foster a peer relationship between New Level Sports and an organization like Better Family Life in St. Louis. Better Family Life is a high-capacity nonprofit working in the African American communities in and around St. Louis. Its programs for housing, workforce development, arts and culture, and anti-violence are quite impactful.

6. Way Forward

The consulting team thanks the City of Battle Creek for allowing us to learn more about the city and its people. It is a place with a rich history and a promising future. We have been very impressed with the quality, talent and commitment of the City leadership with whom we have worked.

In our work in Battle Creek, we have identified some gaps in the housing and community development ecosystem and have made some recommendations for steps the City might take to fill those gaps. Most notably we have outlined the need for the City to bring in new nonprofit housing and community development capacity to partner with the City on residential development and complement its economic development strategy.

The city is also blessed to have many fine leaders working in the housing and community sector who represent significant assets to be leveraged in putting a housing and community development strategy in place and in implementing that strategy. We are grateful to the many people who gave of their time to meet with us and whose insights have provided the foundation for this report.

The authors look forward to discussing our findings with the City and other stakeholders and stand ready to contribute to any follow up work to this report if we can be helpful.

7. Appendices

7.1. Profiles and Assessments of Existing Battle Creek-area Nonprofits

Appendix 7.1.1 Profiles and assessments of existing Battle Creek-area nonprofits Battle Creek Area Habitat for Humanity¹⁴

Organizational snapshot

- | | |
|--|--|
| <p>1. Organization: Battle Creek Area Habitat for Humanity
Established: 1989
Address:
286 Capital Ave NE
Battle Creek, MI
(269) 966-2502</p> <p>Structure: 501(c)(3) Nonprofit</p> | <p>2. Mission & vision: Provide sustainable homeownership to committed and qualified families in Calhoun County.</p> <p>Everyone in Calhoun County has the opportunity to own a safe and affordable home.</p> |
| <p>3. Primary functions and business lines:
Homeownership housing development, home repair, modifications for seniors and disabled persons, nonprofit home improvement store (ReStore)</p> | <p>4. Staff: 7
Senior positions: Beverly Kelley, (Executive Director). (Beverly has announced her retirement in the near future). Its other critical positions are the manager of the ReStore and its construction and volunteer managers.</p> |
| <p>5. Board composition: 14 members
The Battle Creek Area HFH is comprised of local leaders from government, higher education, small business, and religious organizations. Housing finance technical expertise is present as well as one member is involved in mortgage lending at Chemical Bank. HFH's Board includes resident representatives that allowed the City to provide it with Comprehensive Housing Development Organization (CHDO) status.</p> | <p>6. Strategic/ business planning
Current strategic plan: N/A
Dashboard available: Included in annual report
Annual outcome review: 2018
Major themes and comments:
We were unable to find the organization's strategic plan on its website. Its 2018 annual report shows that the BC Area Habitat for Humanity's core impacts are through its volunteer build and major rehabilitation programs and its program providing seniors and others with disabilities housing access by building ramps. In 2018, it completed two homes and deployed 15,950 volunteer hours.</p> |

¹⁴ <https://habitatbc.org/>

Organizational snapshot

7. Financials

Year 990 last filed: 2017¹⁵
Total revenue: \$851,000
Contributions and grants: \$281,170
Program service revenue: \$120,000
Investment income: \$14,000
Revenue less expenses: \$25,150
Total assets: \$2.7 million
Net assets: \$2.3 million

8. Distinctive organizational assets or liabilities

Habitat for Humanity International is a great brand. Its model, implemented by its affiliates, of leveraging volunteer labor to create homeownership opportunities is unsurpassed. And, the local affiliate's ReStore, is providing approximately three quarters of its revenues.

Comments and observations

Like most Habitat for Humanity affiliates across the U.S., the Battle Creek Area Habitat for Humanity is providing important housing services to the low-income people in the region. The volunteer engagement that is at the core of the Habitat for Humanity model also benefits the community by providing opportunities for service, creating social capital. And, the local affiliates' connection with Habitat for Humanity international provides a strong brand for fund-raising purposes and potential access to capital resources from Habitat for Humanity Michigan's loan fund or from grant resources managed by Habitat for Humanity International.

The Battle Creek Habitat for Humanity is in the process of its second leadership change since 2015. With the leadership change, its geographic focus on Calhoun County, and its current limited staff capacity, we concluded that the organization is not currently positioned to take on the larger role in a Battle Creek housing and neighborhoods strategy at this time, but will continue to serve as an important partner.

¹⁵ <https://projects.propublica.org/nonprofits/organizations/382846821>

Appendix 7.1.2. Profiles and assessments of existing Battle Creek-area nonprofits Battle Creek Housing Commission¹⁶

Organizational snapshot

- | | |
|--|---|
| <p>1. Organization: Battle Creek Housing Commission
Established: Unknown
Address: 250 Champion St
Battle Creek, MI 49037</p> <p>Structure: Public housing agency</p> | <p>2. Mission & vision: N/A</p> |
| <p>3. Primary functions and business lines: Public housing authority. BCHC owns and/or manages: 320 public housing units for families, seniors, and people with disabilities; 54 scattered-site homes available for qualified homeownership program (rent with option to purchase); 678 Housing Choice Vouchers, including 590 in Battle Creek and the rest in Albion and Portage; and HUD-VASH vouchers (with the Silver Star property).</p> | <p>4. Staff: ~8
Senior positions: Lee Talmage (Executive Director)</p> |
| <p>5. Board composition: The Mayor appoints the BCHC Board with the approval of the Battle Creek City Council. The City’s website lists the BCHC Board Members as Will Muse, Helen Guzzo (Calhoun County Senior Services), Sheila Smith (Public schools; deceased 2/20/19), Marcia Casey, and Jeffery Dinkins (Northcentral Neighborhood Planning Council #2).</p> | <p>6. Strategic/ business planning:
Current strategic plan: N/A online
Dashboard available: N/A online
Annual outcome review: N/A online
Major themes and comments: There are no documents online that share the BCHC’s strategic planning or innovative program development efforts.</p> |
| <p>7. Financials:
Year 990 last filed: N/A
Total revenue: N/A
Contributions and grants: N/A
Program service revenue: N/A
Investment income: N/A
Revenue less expenses: N/A
Total assets: Approximately 375 units of housing
Net assets: N/A</p> | <p>8. Distinctive organizational assets or liabilities:
As a PHA, the BCHC receives annual federal housing subsidies from HUD to support its operations and its public housing and housing voucher programs. Federal housing policy is a curse and an opportunity: a) federal resources have been shrinking, PHA operations are underfunded; and b) federal rules are changing to allow PHAs to leverage private capital and increase rent revenues.</p> |

Comments and observations

The Battle Creek Housing Commission (BCHC) seems to be managing its properties and vouchers adequately and doing good work. And, at the same time, it does not compare well to the high-performing and innovative public

¹⁶ <http://battlecreekhousing.org/default.aspx>

housing agencies (PHAs) that have emerged across the country. The strong, high-performing PHAs are: leveraging their deep housing subsidy resources and their physical assets to bring more private housing investment into the community; using their subsidies to create inclusive, mixed-income communities; and/or serving the severe housing needs in the community in partnership with service providers. Many PHAs are attracting Low-Income Housing Tax Credit investments to upgrade their stock (Rental Assistance Demonstration); project-basing housing vouchers to support critical developments; creating opportunities for very low-income residents to live in places of better opportunity; and partnering with schools, hospitals, and family self-sufficiency programs to improve life outcomes in those places where public housing residents live.

BCHC is not currently positioned to grow into a bigger role working on neighborhood revitalization or larger scale residential development in Battle Creek. In fairness, the public housing funding environment is so constrained, it makes it hard for many PHAs, especially those in smaller communities, to take on many of these more innovative and aspirational approaches outlined above. With its deep subsidy resources, it is an important partner. The City should explore approaches to better leverage its affordable housing subsidy resources as part of the larger affordable housing and community development strategy.

**Appendix 7.1.3. Profiles and assessments of existing Battle Creek-area nonprofits
Battle Creek Unlimited¹⁷**

Organizational snapshot

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|---|---|
| <p>1. Organization: Battle Creek Unlimited (BCU)
Established: 1972
Address:
4950 W. Dickman Rd
Battle Creek, MI 49037</p> <p>Structure: 501(c)(3) nonprofit</p> | <p>2. Mission & vision:
Build a strong community by driving strategic investment and job creation.</p> <p>Engage the community to meet the opportunities and challenges of the future.</p> |
| <p>3. Primary functions and business lines: Business attraction; site selection; redevelopment assistance; financing; business retention; workforce research assistance; after services for companies locating in BC; overall marketing and management of the Fort Custer Industrial Park.</p> | <p>4. Staff: 11
Senior positions: Joe Sobieralski, (President & CEO); Robert Corder, (VP of Attraction); Shabaka Gibson (VP of Retention); Bridgette Jones, (VP of Operations); Adam Reid, (Special Projects); Lori Schroll, (Controller); Brenda Whited, (Business Development)</p> |
| <p>5. Board composition: 15 members
Executive leadership from major partner entities in business, government, higher education, and philanthropy: Gallagher Uniform, Michigan, Prairie Farms Dairy, Western Michigan University, Michigan State Building Construction Trades Council, Denso Manufacturing, Kellogg Co., City of Battle Creek, CTS Telecom, Duncan Aviation, Kellogg Community College, Stewart Industries, Miller Foundation, W. K. Kellogg Foundation</p> | <p>6. Strategic/ business planning
Current strategic plan: 2018-2023
Dashboard available: Yes
Annual outcome review: Yes
Major themes and comments: Clear, comprehensive, targeted plan focused on growth sectors: automotive and OEM supply chain, aviation and defense, food and beverage, logistics, and energy storage.
Tracks 12 metrics over 5-year period.
Provides evidence of past impact and intended outcomes.
Articulates an “intentional overlap between economic development, community development, and workforce development, along with the call to raise private capital.”</p> |

¹⁷ <https://bcunlimited.org/>

Organizational snapshot

7. Financials

Year 990 last filed: 2018
Total revenue: \$3.8 million
Contributions and grants: \$3.0 million
Program service revenue: \$520,000
Investment income: \$190,000
Revenue less expenses: \$860,000
Total assets: \$14.0 million
Net assets: \$12.0 million

8. Distinctive organizational assets or liabilities

BCU markets and manages Michigan’s largest state-certified industrial park, home to over 80 companies and over 13,000 employees.

BCU manages a Tax Increment Finance Authority, the first TIFA in Michigan and, as a result, has a steady, substantial stream of annual revenues and flexible investment capital.

Comments and observations

Battle Creek Unlimited (BCU) is a high-functioning, nonprofit corporation. BCU has a specific mandate for business and economic development activities related to the Fort Custer Industrial Park. With a dedicated annual revenue stream, it has financial support for its operating budget available to only stronger nonprofits. The organization does face a phased reduction in its stream of tax increment financing in the near term.

There is a clear role for BCU on economic and community development initiatives in Battle Creek. It serves as a key member of the “deal team.” BCU has extended its purview beyond the industrial park and is involved in transactions in the downtown and in other parts of the city. While BCU does not seem to have existing expertise in market-rate multifamily housing and affordable housing development at this time, it is involved in downtown development that includes housing and, as a local player in real estate development decisions it is also in conversations with residential developers considering development in the city.

BCU’s leadership has recognized that its success in attracting new businesses to the industrial park or the broader Battle Creek community hinges on a revitalized downtown and a proliferation of housing choices for the employees of new and existing businesses across a range of incomes. Many of the deals that will revitalize the downtown will include residential real estate. With the proper orientation towards collaboration and cross-sector partnership, BCU’s management infrastructure and real estate finance expertise could position it to add more multifamily housing expertise and create synergies with its core economic development work.

Appendix 7.1.4 Profiles and assessments of existing Battle Creek-area nonprofits Calhoun County Land Bank Authority¹⁸

Organizational snapshot

- 1. Organization:** Calhoun County Land Bank Authority
Established: 2007
Address: 315 West Green St
Marshall, MI 49068
Phone: (269) 781-0777

Structure: Public authority
- 2. Mission & vision:** Support local neighborhood and business district revitalization by acquiring, holding, and disposing of blighted or abandoned properties within Calhoun County.

Improve housing values and overall market conditions through a reduction in the number of publicly-owned properties and tax foreclosures, removal of blighted properties, and creation of additional economic development opportunities.
- 3. Primary functions and business lines:** Acquisition, use, and disposition of tax reverted, vacant, and abandoned properties, neighborhood stabilization
- 4. Staff:** 3
Senior positions: Krista Trout-Edwards (Executive Director), Amy Rose Robinson (Property and Project Coordinator), Angela Whitesell (Office and Program Coordinator)
- 5. Board composition:** 7 members
The Board is comprised of local leaders, five of whom are currently public officials. The Board Chair is Brian Wensauer, the Calhoun County Treasurer. The Vice Chair, Lynn Ward Gray, sits on the Battle Creek City Commission. The two at large members are John Hart, who is a contractor to the City of Battle Creek working on downtown and commercial revitalization, and Jack Reed, who is a Vice President for mortgages at Chemical Bank.
- 6. Strategic/ business planning¹⁹**
Current strategic plan: 2014-2017
Dashboard available: Yes, 4 categories, 23 metrics
Annual outcome review: Last published 2016
Major themes and comments: The land bank's website only has the strategic plan covering 2014-2017 and annual reviews through 2016.
- 7. Financials**
Year 990 last filed: N/A
Total revenue: N/A
Contributions and grants: N/A
Program service revenue: N/A
Investment income: N/A
Revenue less expenses: N/A
Total assets: N/A
Net assets: N/A
- 8. Distinctive organizational assets or liabilities**
The Calhoun County Land Bank used NSP2 dollars to great effect addressing issues of blight and vacancies in the aftermath of the financial crisis. Its programs such as Neighborhood Mow and Maintenance are simple, yet essential, programs for managing vacant land. The Transform this Home program is a signature program providing properties for acquisition and rehabilitation in partnership with a local financial institution.

¹⁸ <https://calhounlandbank.org/>

¹⁹ [2014-217 Strategic Plan](#), [2016 Annual Report](#)

Comments and observations

The Calhoun County Land Bank (CCLB) has performed extensive, necessary work with respect to demolition and upkeep of assets acquired by the County through tax foreclosures. CCLB has demonstrated the ability to effectively manage the NSP2 funds and to partner with the City of Battle Creek on a program of demolitions, housing renovations, and infill housing development. The staff seems very skilled and, with more resources, the Land Bank could likely expand its purview to do more with the assets it acquires, including participating in developments in which it has an economic interest and direct control rehabilitation for resale while taking some risk.

Despite the capacities that reside at the CCLB, given its governance – comprised of public officials from across the county – we do not recommend locating either of the proposed entities charged with revitalizing Battle Creek’s downtown and/or neighborhoods within the CCLB’s purview. Certainly, through its control of public assets and the skills of the team, the Land Bank will continue to serve as a strategic partner for new residential development and other forms of development in the City of Battle Creek.

Appendix 7.1.5 Profiles and assessments of existing Battle Creek-area nonprofits Community Action Agency of South Central Michigan²⁰

Organizational snapshot

1. **Organization:** Community Action Agency of South Central Michigan
Established: 1960s
Address:
175 Main St
Battle Creek, MI 49014
(877) 422-2726

Structure: Quasi-public nonprofit
2. **Mission & vision:** Dedicated to helping people achieve and maintain independence.
3. **Primary functions and business lines:** Community Action Agency has a wide range of community service programs, including running the Head Start program, senior services, and home repair and weatherization.
4. **Staff:** ~300
Senior positions: Michelle Williamson (CEO)
5. **Board composition:** 8 members
The board is comprised of members from county governments, local organizations, and a regional bank.
6. **Strategic/ business planning**
Current strategic plan: N/A
Dashboard available: Yes
Annual outcome review: Yes, 2017²¹
Major themes and comments:
CAA demonstrates consistent effective deployment of funds to meet the service needs of its beneficiaries.
7. **Financials**
Year 990 last filed: 2018²²
Total revenue: \$13.5 million
Contributions and grants: \$13.5 million
Program service revenue: \$18,000
Investment income: -\$1,240
Revenue less expenses: -\$303,000
Total assets: \$5.6 million
Net assets: \$3.8 million
8. **Distinctive organizational assets or liabilities**
Its large service area includes Barry, Branch, Calhoun, Kalamazoo, and St. Joseph's counties. The acquisition of the Kalamazoo Community Action Agency is a recent occurrence.

²⁰ <https://www.caascm.org/>

²¹ [Annual Report 2017](#), [Head Start Annual Report 2017](#),

²² <https://www.caascm.org/filelibrary/5%202017%20-%20990%20-%20Full%20copy.pdf>

Comments and observations

The Community Action Agency of South Central Michigan stands out for the wide array of programs and services it is providing for the lowest-income families in its service area. Its services – food programs, early childhood education, health-related interventions, and social inclusion transportation for seniors – are important to the fabric of an equitable community. Its effective management of the grant resources it receives gives it the ability to continue tapping into state and federal funding streams and make an impact in the community.

The Community Action Agency also has some housing-related expertise. It manages weatherization and energy conservation programs help lower resident utility costs and stabilize household budgets. These programs also modestly improve homes and thereby help home values.

The Community Action Agency of South Central Michigan recently acquired the operations of the troubled community action agency in Kalamazoo County, expanding its service area to five counties.

While initial impressions are of a high-performing organization that also has some housing-related experience, we concluded that Battle Creek's need for housing development capacity that will provide housing choices across a variety of income levels might be outside of the Community Action Agency's mission focus on providing services to very low-income households. Of course, one can expect that the Community Action Agency will remain a strong partner to the City in its housing strategy by providing wrap around or complementary services when needed.

**Appendix 7.1.6 Profiles and assessment of existing Battle Creek-area nonprofits
The Haven of Rest Ministries²³**

Organizational snapshot

- | | |
|--|---|
| <p>1. Organization: The Haven of Rest Ministries
Established: 1956
Address:
11 Green St
Battle Creek, MI 49014
(269) 965-1148</p> <p>Structure: Private, faith-based nonprofit</p> | <p>2. Mission & vision: “Clothe, feed, and shelter the homeless in the name of Christ.”</p> |
| <p>3. Primary functions and business lines: Homeless shelter, meals, emergency assistance, substance abuse counseling and recovery assistance, transitional housing, inmate counseling ministry</p> | <p>4. Staff: N/A
Senior positions: Dan Jones (Executive Director)</p> |
| <p>5. Board composition: Officers: Carlton Lartigue, (President), George Smith, (Vice President), Kristina Herman (Treasurer), Barbara Burrill (Secretary)</p> | <p>6. Strategic/ business planning
Current strategic plan: N/A
Dashboard available: N/A
Annual outcome review: N/A
Major themes and comments: N/A</p> |
| <p>7. Financials
Year 990 last filed: N/A
Total revenue: N/A
Contributions and grants: N/A
Program service revenue: N/A
Investment income: N/A
Revenue less expenses: N/A
Total assets: N/A
Net assets: N/A</p> | <p>8. Distinctive organizational assets or liabilities
Haven for Rest is the only provider of emergency shelter to homeless men, women, and families in Battle Creek. It provides a diverse suite of programs for emergency and transitional services. Haven of Rest participates in the Calhoun County Continuum of Care.</p> |

Comments and observations

Haven of Rest provides a diversity of critical services to many of the poorest citizens of Battle Creek. The Haven provides emergency shelter for homeless men, women, and families in Battle Creek, manages feeding programs for the homeless, provides transitional housing, and provides case management and counseling. Dan Jones seems like a skilled and committed leader. The Haven’s facilities are excellent. We were not able to review The Haven’s financials or meet other staff there, but came away with an impression of a well-run operation that could clearly utilize more resources to better serve homeless people is also clear that the city would benefit from having more supportive housing options for The Haven’s clients. The Haven’s staffing and service model does not seem positioned to take on the development roles recommended, though the organization may likely be a good partner to a supportive housing provider in working with resident populations.

²³ <http://www.thehavenbc.org/>

Appendix 7.1.7 Profiles and assessments of existing Battle Creek-area nonprofits Neighborhoods, Inc.²⁴

Organizational snapshot

- | | |
|---|--|
| <p>1. Organization: Neighborhoods, Inc.
Established: 1970s
Address:
47 North Washington Ave,
Battle Creek, MI 49037
(269) 968.1113
neighbor@nibc.org</p> <p>Structure: 501(c)(3) Nonprofit</p> | <p>2. Mission & vision: To promote stable, healthy homes and neighborhoods by providing services and educational programs focused on low to moderate income families in the greater Battle Creek area.</p> <p>For all families to have healthy, stable homes and neighborhoods.</p> |
| <p>3. Primary functions and business lines: Community Development Financial Institution (CDFI); homebuyer education & counseling, housing services, and community engagement.</p> | <p>4. Staff: 6
Senior positions: Nancy Walker (CEO), Penny Beemer (Asset Management)</p> |
| <p>5. Board composition: 11 members
Neighborhoods, Inc. is “governed by a Board of Directors selected from engaged residents, community leaders, government officials, and private sector business people.” Board members include a city commissioner, a real estate agent, and personnel from the public school system.</p> | <p>6. Strategic/ business planning
Current strategic plan: N/A
Dashboard available: N/A
Annual outcome review: N/A
Major themes and comments: Neighborhoods, Inc. does not have publicly-available a strategic plan or impact metrics.</p> |
| <p>7. Financials
Year 990 last filed: 2017²⁵
Total revenue: \$1.3 million
Contributions and grants: \$989,000
Program service revenue: \$326,000
Investment income: -\$7,400
Revenue less expenses: -\$24,400
Total assets: \$4.8 million
Net assets: \$4.3 million</p> | <p>8. Distinctive organizational assets or liabilities
Neighborhoods, Inc. asset include an inventory of about 50 homes and approximately 80 loans.</p> <p>It is a Treasury-certified CDFI and a member of the Federal Home Loan Bank of Indianapolis.</p> <p>NeighborWorks America recently revoked Neighborhoods, Inc.’s charter.</p> |

Comments and observations

Neighborhoods, Inc. has been struggling for years. Its programs and capacities have diminished considerably from its peak years. In recent years it has lost its institutional support from NeighborWorks America and from the W. K. Kellogg Foundation and it was difficult to discern how the organization would replace the lost revenues.

²⁴ <http://www.nibc.org/>

²⁵ <https://projects.propublica.org/nonprofits/organizations/382375773>

Neighborhoods, Inc. has some assets – 80 outstanding loans and title on 50 homes. We feared that the diminished capacity of the organization would put the viability of these assets in jeopardy and/or require the organization to liquidate the assets to pay staff. It is hard to imagine infusing the organization, with its current capacities and in its current configuration, with new responsibilities and resources to carry out a comprehensive housing and neighborhoods strategy.

Appendix 7.1.7 Profiles and assessments of existing Battle Creek-area nonprofits New Level Sports Ministries²⁶

Organizational snapshot

- 1. Organization:** New Level Sports Ministries
Established: 2001
Address:
400 Michigan Avenue West
Battle Creek, MI 49037

Structure: 501(c)(3) Nonprofit
- 2. Mission & vision:** “Maximize and balance the intellectual, spiritual, mental and physical elements of all participating student-athletes.”
New Level Sports “is committed to assisting... student athletes to develop purpose driven lives through participation in educational enrichment, personal growth and physical development activities.
- 3. Primary functions and business lines:** Academic enrichment, personal growth programs, sports business & entrepreneurship, physical development and fitness training for youth aged 8-18 in the Battle Creek Area and elsewhere.
- 4. Staff:** 10
Senior positions: Chris McCoy (Executive Director), Katie Watkins (Director of Programs)
- 5. Board composition:** 18 members: Gregory Dotson (Chair), Garry Dotson (Vice Chair), Sandra Kennedy (Secretary) (from 2016 990; may not be current)
- 6. Strategic/ business planning**
Current strategic plan: N/A
Dashboard available: N/A
Annual outcome review: N/A
Major themes and comments: Reverend McCoy has commissioned an impressive plan for a Youth Village surrounding his central community facility with architectural drawings.
- 7. Financials**
Year 990 last filed: 2016²⁷
Total revenue: \$223,178
Contributions and grants: \$176,270
Program service revenue: \$46,908
Investment income: \$0
Revenue less expenses: -\$19,292
Total assets: \$241,318
Net assets: \$241,318
- 8. Distinctive organizational assets or liabilities**
NLSM is located on a large property on the edge of downtown Battle Creek with a large indoor community space and sports fields surrounding the building. NLSM is also assembling surrounding lots consistent with the Youth Village vision. NLSM has strong engagement with the African American community.

Comments and observations

New Level Sports Ministries (NLSM) is an impressive organization – especially with the scale of its outreach to and impacts on African-American youth in the Battle Creek area. NLSM programs and services offered for Battle Creek

²⁶ <https://newlevelsports.org/>

²⁷ <https://projects.propublica.org/nonprofits/organizations/10582339>

youth are supplementing the education system and help address issues of equity and inclusion, a growing community priority.

Its leader has also put together a compelling vision for a Youth Village, complete with architectural drawings. And, the organization is making progress with land assembly around the Youth Village site – the first step to development. We expect, however, that NLSM will require capital and a skilled development partner to fulfill the vision. We would anticipate that the organization would benefit from technical assistance and capacity building to enhance its management systems, financial controls, and governance in order to raise the capital needed and work effectively with seasoned development partners.

7.2. Profiles and Assessments of Other Potential Nonprofit Partners

Appendix 7.2.1 Profiles and assessments of other potential nonprofit partners

Cinnaire²⁸

Benefit to Battle Creek

Cinnaire is a full service, Michigan-based Low Income Housing Tax Credit (LIHTC) syndicator and Community Development Financial Institution (CDFI) with business activities across the Upper Midwest and the Mid-Atlantic region. It has multiple areas of experience that can benefit Battle Creek’s community development and affordable housing initiatives. It, for example, has a housing development business line that will develop in places where this work does not compete with the developers who utilize its tax credit services. Cinnaire has worked in Battle Creek in the past; it was involved as the syndicator for the Silver Star veteran’s project.

Cinnaire regularly wins allocations of federal discretionary capital such as new CDFI capital, New Markets Tax Credits (NMTC), and Capital Magnet Fund grants. The organization has strong ties to the state of Michigan – it administers a pool of business development funds for the state of Michigan and to the Federal Home Loan Bank of Indianapolis and Chicago. And, as a Michigan-based LIHTC syndicator, Cinnaire is involved in many the successful applications for the state’s tax credit allocations. It also has very strong relationships with primary private market investors and lenders.

Cinnaire is also a member of the Housing Partnership Network, bringing the national expertise and resources of 100 high-capacity nonprofit affordable housing organizations to their work.

Organizational snapshot

- | | |
|--|---|
| 1. Organization: Cinnaire | 2. 1118 South Washington
Lansing, MI 48910
(517)-482-8555 |
| 3. Established: 1993 | 4. Private/public/quasi: Private |
| 5. Primary functions: Full service CDFI, affordable housing investor and fund manager, and developer. Has operations in Michigan, Indiana, Illinois, Wisconsin, Minnesota, Delaware, Pennsylvania, New Jersey, and Maryland. | 6. Total Staff: >100 |
| 7. Board of directors: | Wendell Johns (Chairman)
Michael J. Taylor (Secretary/treasurer)
James W. Stretz (Vice-chair) |
| 8. Key staff: | Mark McDaniel (President and CEO)
Christopher Cox (CFO)
James Logue III (Chief Public Policy Officer)
Keith Broadnax (SVP Business Development)
Tom Edmiston (SVP Business Development) |

²⁸ <https://cinnaire.com/>

- 9. Services:
 - Development
 - Investment
 - Technical assistance/ consulting
- 10. Financials:
 - Last available 990: 2016
 - Total revenue: \$18.5 million
 - Contributions and grants: N/A
 - Program service revenue: \$18.5 million
 - Investment income: \$1.16 million
 - Revenue less expenses: - \$1 million
 - Total assets: \$60.5 million
 - Net assets: \$29.0 million

Programs and services	Description and overview
1. Lending	<p>Cinnaire’s loan products include: pre-development loans, acquisition financing, permanent financing and flexible financing for community development and affordable housing projects. Since inception, “Cinnaire has underwritten over \$300 million in 280 community development loans.” Cinnaire is a member of the Federal Home Loan Bank of Chicago (FHLBC) and also operates through Develop Michigan, Inc. (DMI), which is a development finance organization in partnership with the Michigan Economic Development Corporation (MEDC), Cinnaire, and the Development Finance Group (DFG). DMI “has invested more than \$69 million in 20 developments across Michigan.”</p>
2. Investment	<p>Cinnaire is a “double bottom line” investor in community development and affordable housing. Since 1993, Cinnaire has directed around \$4.0 billion to more than 700 projects, helping to create 47,000 affordable housing units, 65,000 jobs, and leverage over \$7 billion “in overall community impact.”</p> <p>Cinnaire has experience with federal and investment tools that encourage private investment such as LIHTC, NMTC, Historic Tax Credits, and the Treasury Department’s Capital Magnet Fund (CMF).</p>
3. Development	<p>Through Cinnaire Solutions, Cinnaire offers developers multiple ways to partner with a nonprofit on community development projects. Cinnaire’s work for developers includes “experience in adaptive reuse, acquisition and rehabilitation, mixed-use, technical consultation, LIHTCs, and market rate developments serving target populations.”</p> <p>Cinnaire Development is a full-service financial partner that supports community and economic development initiatives,” offering products in Michigan such as senior debt financing, bridge lending, and mezzanine capital.</p>

Appendix 7.2.2 Profiles and assessments of other potential nonprofit partners Dwelling Place²⁹

Benefit to Battle Creek

Dwelling Place is a high-capacity Grand Rapids-based nonprofit affordable housing developer with a keen focus on supportive services and neighborhood revitalization. Stemming from its roots in urban revitalization, Dwelling Place is now a scaled regional developer working in Kent County and three other surrounding Western Michigan counties. Dwelling Place has great partnership skills and has proven success winning LIHTC resources and other public monies.

Organizational snapshot

- | | |
|--|--|
| 1. Organization: Dwelling Place | 2. 101 Sheldon Blvd. SE, Suite 2
Grand Rapids, MI 49503
(616) 456-0928 |
| 3. Established: 1980 | 4. 501(c)(3) Nonprofit |
| 5. Primary functions: Developer/ Owner/
Manager of affordable housing with
community development and services
focus | 6. Total Staff: 80 |
| 7. Board of directors: | Annamarie Buller (Chair)
David Byers (Vice Chair & Treasurer)
Francine Gatson (Secretary) |
| 8. Key staff: | Denny Sturtevant (CEO)
Chris Bennett (Director, Housing & Community
Development) |
| 9. Services: | Affordable housing
Property management
Neighborhood revitalization
Essential support services |

²⁹ Websites: <http://www.dwellingplacegr.org/>; <https://dwellingplacegrstaging.blog/>
Financials: <https://projects.propublica.org/nonprofits/organizations/382313832>
Reports: [Annual Report 2016, Community Report 2017](#)

10. Financials:

- Last available 990: 2017
- Total revenue: \$6.7 million
- Contributions and grants: \$2 million
- Program service revenue: \$4 million
- Investment income: \$462,000
- Revenue less expenses: \$3.2 million
- Total assets: \$123 million
- Net assets: \$81 million

Programs and services	Description and overview
1. Affordable housing	<p>Dwelling Place owns or manages around 1,400 units in more than 30 properties in West Michigan. Dwelling Place also engages in joint ventures with for profit developers and does third party property management of about 350 units of permanent supportive housing.</p>
2. Neighborhood Revitalization	<p>Dwelling Place engages in neighborhood revitalization through bringing in profitable businesses, blight transformation, façade improvements and rehab. These efforts are delivered through commercial property leasing and Dwelling Place’s Mainstreet Program.</p> <p>It markets and manages more than 40 business and retail spaces located within Dwelling Place residential properties. The Mainstreet program works in two Grand Rapids neighborhoods with jobs initiatives, streetscape improvements, adaptive reuse, and other programs such as live/work spaces for artists.</p>
3. Essential support services	<p>Dwelling Place is able to offer wrap-around supportive services through its team of on-site resident services coordinators. In 2017, they provided around 300 residents with supportive services with the goal of increasing housing stability.</p> <p>Supportive services al include neighborhood building and engagement programs activities such as community/ resident gardens</p>

Appendix 7.2.3 Profiles and assessments of other potential nonprofit partners

IFF³⁰

Benefit to Battle Creek

IFF is high-capacity CDFI and one of the largest in the country. It is currently working in the state of Michigan in various locations. Key skills embedded within the organization are lending on big capital projects – housing, public facilities, charter schools – and in making loans and TA available to nonprofits. Engagement with IFF can lead to better access to CDFI capital, Federal Home Loan Bank advances, and New Markets Tax Credits. IFF is a member of the Housing Partnership Network.

Organizational snapshot

- | | |
|--|---|
| 1. Organization: IFF | 2. 3011 W. Grand Blvd, Suite 1715
Detroit, MI 48202
(313) 309-7825 |
| 3. Established: 1988 | 4. 501 (c)(3) Nonprofit |
| 5. Primary functions: Lender, real estate consultant, and developer operating in the low-income, mixed income and disabilities spaces. | 6. Total Staff: ~100 |
| 7. Board of directors: | John Sassaris (Chair)
Deborah Kasemeiyer (Vice Chair)
George Surgeon (Treasurer) |
| 8. Key staff: | Joe Neri (CEO)
Kirby Burkholder (Social Impact Accelerator)
Dana Lieberman (Senior VP, Capital Solutions)
Matthew Roth (President, Core Business Solutions)
Eden Hurd-Smith (Comprehensive Place-based Initiatives)
Lettice Crawford (Senior Lender, Michigan) |
| 9. Services: | Capital solutions
Real estate solutions
Social impact accelerator
Research and evaluation |

³⁰ Websites: <https://iff.org/>

Financials: <https://projects.propublica.org/nonprofits/organizations/363656836>

Reports: [Annual Report 2018](#)

10. Financials:

- Last available 990: 2017
- Total revenue: \$46.6 million
- Contributions and grants: \$20.0 million
- Program service revenue: \$26.0 million
- Investment income: \$466,000
- Revenue less expenses: \$11.75 million
- Total assets: \$442.0 million
- Net assets: \$95.4 million

Programs and services	Description and overview
1. Capital solutions	Plan, finance, and build facilities to fulfil community goals through loan products. Clients include “human service agencies, affordable housing and supportive housing providers, schools, health clinics, and community arts and cultural centers.” Loan products can range from \$10,000 to \$2.0 million with 15-year terms. IFF lending products include: facility loans, facility improvement loans, equipment and vehicle loans, affordable housing, and more.
2. Real estate solutions	IFF has completed real estate consulting projects for “over 700 projects for nonprofit clients as well as state and local governments.” IFF offers real estate consulting services that include: feasibility assessment, facility assessment, strategic facilities plan, facility search and evaluation services, owner’s representative services and other technical assistance services. ³¹
3. Social impact accelerator	The combination of the following are considered IFF’s “social impact accelerator:” ³² <ul style="list-style-type: none"> • Research and data aggregation • Turnkey development • Convening on vital services • Comprehensive place-based initiatives
4. Research and evaluation	IFF has produced reports on a number of subjects that are useful to nonprofits and governments including: early child care and education, schools, and the nonprofit sector. ³³

³¹ [IFF Real Estate consulting services](#). Previous clients for IFF real estate consulting services in Michigan include: Allied Media Projects, American Indian Health and Family Services, Coalition on Temporary Shelter (COTS), Covenant Community Care, Detroit Hispanic Development Corporation, Development Centers, Don Bosco Hall, Focus: HOPE, Garage Cultural, New Center Community Services, New Paradigm for Education, Radmoor Montessori, Renaissance Head Start, The Boggs School, The Order of the Fishermen Ministry Head Start, United Children and Family Head Start, Wellspring, YWCA of Flint.

³² [Social Impact Accelerator](#)

³³ [IFF Studies](#)

Appendix 7.2.4 Profiles and assessments of other potential nonprofit partners Kalamazoo Neighborhood Housing Services³⁴

Benefit to Battle Creek

Kalamazoo Neighborhood Housing Services (KNHS) is a strong nonprofit housing organization working in the city of Kalamazoo. It is skilled in implementing homeownership strategies including homeownership counseling and single-family rehabilitation and development. KNHS would bring the capacities to Battle Creek that are consistent with the city's need to support its neighborhoods and reinvest in its housing stock. KNHS would bring experience, program management capacity, and other resources. As a NeighborWorks America network member, KNHS has access to grants, training, technical assistance, peer exchange, and other capacity-enhancing resources. KNHS enjoys an exemplary rating from NeighborWorks.

Organizational snapshot

- | | |
|--|---|
| 1. Organization: Kalamazoo Neighborhood Housing Services | 2. 1219 S. Park St
Kalamazoo, MI 49001
(269) 385-2916
rasheeda@knhs.org |
| 3. Established: 1981 | 4. 501(c)(3) Nonprofit |
| 5. Primary functions: Community Development Company (CDC), nonprofit lender and financial education/ counseling services, low and moderate income affordable homeownership | 6. Total Staff: 11 |
| 7. Board of directors: | John Werme (President)
Greg Milliken (VP)
Jaclyn Schmidt (Treasurer)
Tammy Taylor (Secretary) |
| 8. Key staff: | Matt Lager (Executive Director)
Sharilyn Parsons (Deputy Director)
Stacey Banks (Homeownership Center Manager)
Talana Calvin (Homeownership Financial Coach) |
| 9. Services: | Home buyer education
Affordable realtor
Financial assistance
Home rehab and repair
Foreclosure prevention |

³⁴ Websites: <http://knhs.org/>

Financials: <https://projects.propublica.org/nonprofits/organizations/382391442>

Reports: N/A

10. Financials:

Last available 990: 2017
 Total revenue: \$1.3 million
 Contributions and grants: \$1.0 million
 Program service revenue: \$230,000
 Investment income: \$8,150
 Revenue less expenses: \$190,000
 Total assets: \$3.9 million
 Net assets: \$3.0 million

Programs and services	Description and overview
1. Home buyer education	<p>KNHS offers home buyer education classes that help potential homeowners: qualify for mortgage programs, understand credit, improve credit, avoid common home buying mistakes, and more.</p> <p>KNHS also helps with financial readiness through workshops and classes.</p>
2. Affordable realtor	<p>KNHS partners with eHome America for online homebuyer education.³⁵ KNHS is involved in the rehabilitation, renovation, and sale of homes in areas of Kalamazoo.</p>
3. Financial assistance	<p>KNHS can assist with helping income-eligible home buyers qualify for financial assistance.³⁶</p>
4. Home rehab and repair	<p>The KNHS home rehab and repair program provides loans to fund the “maintenance of homes to ensure safe and livable conditions for low-income and underserved homeowners.”</p> <p>KNHS performs property inspections, assessments, helps with procurement, referrals, and project monitoring through its construction management team.</p> <p>Common home repair jobs include:</p> <ul style="list-style-type: none"> • Roof replacement • Plumbing, heating, cooling, and electrical systems • Accessibility updates • Siding and windows • Eliminate health or safety hazards <p>This program is limited to existing homeowners of single-family homes, townhomes, and condos.³⁷</p>
5. Foreclosure prevention	<p>KNHS provides assistance and negotiation services for homeowners who are at risk of foreclosure.³⁸</p>

³⁵ <http://knhs.org/buying-a-home/>

³⁶ <http://knhs.org/buying-a-home/>

³⁷ <http://knhs.org/fix-your-home/>

³⁸ <http://knhs.org/keep-your-home/>

Appendix 7.2.5 Profiles and assessment of other potential nonprofit partners Local Initiatives Support Organization (LISC)³⁹

Benefit to Battle Creek

LISC is a national nonprofit intermediary whose core business lines are community development, LIHTC syndication, and CDFI lending. LISC and its local offices have invested an immense amount of money through its affiliates for community development and community building initiatives. LISC brings decades of experience and resources supporting CDCs and local community development organizations in housing and urban revitalization interventions through financing, grants, technical assistance, and more.

Organizational snapshot

- | | |
|--|--|
| 1. Organization: LISC, LISC Michigan, and LISC Detroit | 2. 201 W. Kalamazoo Ave, Room 310
Kalamazoo, MI 49007
(904) 459-4120
3031 W. Grand Blvd, Suite 560
Detroit, MI 48202
(313) 265-2819 |
| 3. Established: 1979 | 4. Private/public/quasi: Private |
| 5. Primary functions: Support local community development organizations through investment, financial products, and technical assistance | 6. Total Staff: LISC Michigan: 9; LISC Detroit: 8 |
| 7. Board of directors: ⁴⁰ | Kalamazoo LAB: Joe Agonstonelli, Jeff Chamberlain, Andrew Haan, Laura Lam, Chris Sargent, Scott Schrum, Michael S. Way

Flint LAB: Suzanne Wilcox, Michelle Wildman

Detroit LAB: Burney Johnson, Benjamin S. Kennedy, Jason Paulateer, John Van Camp, Ray Waters

National LISC: Lisa Cashin, Michelle de la UZ, Rip Rapson, Randy Oostra |
| 8. Key staff: | Michigan LISC: Chuck Vliek (VP, National LISC/Executive Director)

LISC Detroit: Tahirih Ziegler (Executive Director) |

³⁹ Websites: <http://www.lisc.org/>; <http://www.lisc.org/michigan/>; <http://www.lisc.org/detroit/>

Financials: <https://projects.propublica.org/nonprofits/organizations/382391442>
Reports: [Detroit LISC Impact Report 2010-2016](#); [National LISC Annual Report 2017](#);

⁴⁰ Local LISC offices have what are called “Local Advisory Boards” (LABs). In the case of LISC Michigan, they have LABs in Kalamazoo and Flint. LISC Detroit’s LAB is, of course, in Detroit.

9. Services: Financing
 Investment
 Grants
 Technical Assistance
10. Financials: Last available 990: 2017⁴¹
 Total revenue: \$154.6 million
 Contributions and grants: \$106.4 million
 Program service revenue: \$46.0 million
 Investment income: \$2.0 million
 Revenue less expenses: \$8.5 million
 Total assets: \$732.4 million
 Net assets: \$287.6 million

Programs and services ⁴²	Description and overview
1. Affordable housing	LISC supports affordable housing development and urban revitalization of various types for multiple populations through grants, loans, and equity through various stages including feasibility, pre-development, closing, and construction, acquisition, and renovation/new construction. LISC, in partnership with its affiliate the National Equity Fund, offers “technical assistance, data and mapping tools to community-based organizations working to improve the supply and condition of affordable housing in their neighborhoods.”
2. Financial products	LISC offers a range of financial products for projects and local organizations: <ul style="list-style-type: none"> • Affordable housing • Economic development loans • Kiva crowdfunded loans • Maker space loans • Commercial real estate loans • Health care • Healthy foods • Education
3. Pay for Success	“Pay for Success leverages upfront philanthropic and other private dollars to fund social service programs that demonstrate success through measurable outcomes.”
4. Economic development	“LISC has financed 2.9 million square feet of commercial, retail, and community space” through local economy investments, commercial corridor revitalization, and financial literacy programs. LISC moves capital through some of its investment company subsidiaries such as New Markets Support Company and the National Equity Fund.
5. TA and capacity building	LISC provides “operating grants and working capital, training programs for staff and leadership at partner groups, and AmeriCorp members.”

⁴¹ [National LISC financials](#)

Appendix 7.2.6 Profiles and assessments of other potential nonprofit partners **Artspace⁴³**

Benefit to Battle Creek

Commitment to the arts and reviving artist communities is a common feature of small-medium sized municipalities making a comeback in the US. Artspace’s highly regarded reputation and its combination of real estate development skills and providing opportunities for low-income artists could play a role in reviving the downtown and contiguous neighborhoods in Battle Creek.

Organizational snapshot

- | | |
|---|--|
| 1. Organization: Artspace | 2. 250 Third Ave North, Suite 400
Minneapolis, MN 55401
612.333.9012 |
| 3. Established: 1972 | 4. Private nonprofit |
| 5. Primary functions: developer and manager of artist live/work spaces, support for equitable, artist-led community development | 6. Total Staff: 44 |
| 7. Board of directors: | Mary Margaret MacMillan (Chair)
Cynthia J. Newsom (Vice Chair)
Jeol Ronning (Secretary)
Marie Feely (Treasurer)
Terrance R. Dolan (Past Chair) |
| 8. Key staff: | Kelley Lindquist (President)
Will Law (COO)
Mark Conrad (CFO)
Heidi Zimmer (Senior VP, Properties)
Greg Handberg (Senior VP, Properties)
Wendy Holmes (Senior VP, Consulting & Strategic Partnership) |
| 9. Services: | Development (new construction & restoration)
Property management
Consulting
Capacity building
Community development |

⁴³ <https://www.artspace.org/>

10. Financials:

- Last available 990: 2017 (FY2016)
- Total revenue: \$29.8 million
- Contributions and grants: \$14.8 million
- Program service revenue: \$15 million
- Investment income: \$0
- Revenue less expenses: \$ -6 million
- Total assets: \$60 million
- Net assets: \$21 million

Programs and services	Description and overview ⁴⁴
1. Development	<p>“Artspace uses the tools of real estate development to construct or restore places where artists can affordably live and work.”</p> <ul style="list-style-type: none"> • 1,500 active live/work units • 270 units in development • 632,000 ft² of community space • 445 commercial tenants • \$3.2 million of rent subsidy to low-income artists • 41 properties in operation • 11 properties in development
2. Consulting	<p>Artspace’s consulting services include:</p> <ul style="list-style-type: none"> • Preliminary feasibility visits • Arts market survey • Creative spaces consulting visit • Sustainable facilities assessment • Customized consulting • Speaking engagements • “Artspace immersion” • 122 project inquiries • 35 consulting projects
3. Preserve	<p>Artspace is committed to long-term affordability for low-income artists using income restrictions and subsidized rents.</p>

⁴⁴ From Artspace [Annual Report 2017](https://www.artspace.org/sites/default/files/downloads/ASI_AnnualReport2017_Small_DigitalRelease_20Aug18%20%281%29_2.pdf), https://www.artspace.org/sites/default/files/downloads/ASI_AnnualReport2017_Small_DigitalRelease_20Aug18%20%281%29_2.pdf <https://www.artspace.org/what-we-do>.

7.3. Benchmark Cities Report

Appendix 7.3 Benchmark Cities Report

Introduction

As part of this project, the consultants identified two cities in the Upper Midwest for additional study against which we could compare the Battle Creek affordable housing and community development ecosystem. The intent is to describe positive features of the housing and community development ecosystems in these other cities and identify examples of community development “best practices” that may be applicable in the Battle Creek context.

The team selected the cities of Grand Rapids, Michigan and Eau Claire, Wisconsin as the benchmark cities. In the case of Grand Rapids, we sought to pick a small city in Michigan that operates under the same state legal structures and program opportunities. In the case of Eau Claire, we were looking for city with a comparable population size and regional similarities. Each had good reputations for recent resurgences.

Neither benchmark city is a perfect analog to Battle Creek from a demographic or economic perspective. And, as the write up below will show, these other places may have access to assets not available to Battle Creek. Nevertheless, each of the benchmark cities demonstrates features of good community development practices that potentially provide the leadership in Battle Creek with ideas on how it might enhance its approach.

Comparative Data

A. Demographic Data

Comparative demographic data for benchmark cities and US (2017)

	<u>Battle Creek</u>	<u>Eau Claire</u>	<u>Grand Rapids</u>	<u>USA</u>
Population (July 2017)	51,286	68,587	198,829	-
Population (April 2010)	52,392	66,220	188,040	-
Population change (2010-2017)	-2%	4%	6%	6%
Land area (mi²)	43	32	44	-
Population per mi²	1,227	2,056	4,236	87
<u>Demographics</u>				
White	72%	91%	68%	77%
Black	19%	1%	20%	13%
Asian	3%	5%	2%	6%
Native American	<1%	>1%	>1%	1%
Native Hawaiian	<1%	>1%	>1%	<1%
Two or more races	6%	5%	5%	3%
Hispanic/Latino	7%	15%	15%	18%
Over 65	14%	13%	12%	16%
Disability	13%	9%	11%	9%
With BA or higher	22%	32%	35%	31%

	<u>Battle Creek</u>	<u>Eau Claire</u>	<u>Grand Rapids</u>	<u>USA</u>
Median income	\$39,700	\$47,660	44,370	\$57,700
Percent in poverty	23%	17%	23%	12%
Total households	20,606	27,402	73,434	-
Owner occupied	60%	54%	54%	64%
Rental	40%	46%	46%	36%
Median home value	\$80,700	\$143,200	\$121,800	\$193,500
Median gross rent	\$719	\$789	\$854	\$982

Source: US Census Quick Facts (2017)

Table 1 above highlights demographic commonalities and differences across the three focus cities. Grand Rapids has a much larger population, nearly four times larger than the similarly sized Battle Creek and Eau Claire. Grand Rapids is also considerably denser than the other two cities with 4,235 people per square mile, twice the density of Eau Claire and over three times the density of Battle Creek. From a housing perspective, the most important difference among the three cities is that Battle Creek has lost population since 2010 while the other two cities have added population.

Eau Claire is less diverse than Grand Rapids and Battle Creek. More than 90% of its population is White while only 1% of its population is black. Grand Rapids and Battle Creek have higher minority populations than the nation as a whole. The percentage of black households is comparable in these latter two cities at around 18%-19% and higher than that for the nation as a whole. Grand Rapids stands out among the three cities for its considerably higher percentage (15.3%) of those identifying as Hispanic or Latino.

All three cities have very high poverty rates, well above the national average.

B. Housing Data

Comparative housing data for Battle Creek and benchmark cities (2017)

	<u>Battle Creek</u>	<u>Eau Claire</u>	<u>Grand Rapids</u>
Total units	23,861	28,790	79,785
Homeowner Occupant	3%	2%	2%
Rental Occupant	8%	9%	4%
<u>Composition of the Stock</u>			
SF detached	67%	54%	58%
SF attached	2%	8%	6%
SF 2-4 units	8%	20%	16%
MF 5-19 units	10%	9%	9%
MF 20 or more units	11%	7%	10%
Manufactured housing	3%	1%	>1%
<u>Year built</u>			
After 2014	0%	10%	30%
After 1990	16%	27%	12%

	<u>Battle Creek</u>	<u>Eau Claire</u>	<u>Grand Rapids</u>
Before 1990	84%	74%	89%
Before 1939	29%	17%	37%
Median home value	\$80,700	\$143,200	\$121,800
Mortgaged	60%	69%	66%
No mortgage	40%	31%	34%
Gross rent	\$719	\$789	\$854
Burdened (Gross rent > 30% Inc.)	54%	48%	54%

Source: American Community Survey, 2017

When looking at the three cities’ comparative housing data from the 2017 American Community Survey presented in Table 2, several facts stand out. Battle Creek has a higher homeownership rate (60%) compared to the other cities (less than 55%). It has a higher percentage of single-family detached homes, and a higher percentage of homes with no mortgage. Battle Creek also stands out amongst the group of cities for the relatively lower median home value and a very small number of homes built since 2014. In all three cities, the vast majority of the housing stock was built more than 25 years ago. In Battle Creek and Grand Rapids, a large portion of the stock is more than 75 years old.

Observations on the Benchmark Cities

The following section provides some observations on the housing and community development ecosystems in the benchmark cities. The material presented below is based on limited desk research that included reading each of the cities’ consolidated plans and an evaluation of the Robert Wood Johnson Foundation’s Invest Health initiative in which both benchmark cities were participants. Much of the material relies on interviews we conducted with local leaders during a one-day visit to each community.

A. Eau Claire, Wisconsin

Interviews. During our visit to Eau Claire we were able to meet with the City Manager, the Director of the Housing Office and the Public Housing Agency, and the Director for Government Relations at the regional association of REALTORS.

Housing needs. Eau Claire’s consolidated plan highlights its aging housing stock and its increasing diversity as particular drivers of the plan’s priorities. Forty-seven percent of the population in Eau Claire is in poverty or is characterized as asset limited, income constrained, and employed (ALICE). Affordable housing is a big need.

Federal Grants. With respect to its housing and community development ecosystem, Eau Claire is in a very similar place to Battle Creek and in some ways lags Battle Creek. In 2018 Eau Claire combined a \$552,000 Community Development Block Grant (CDBG), \$100,000 in CDBG program income, and \$411,000 from the HOME program to put together its annual community development budget of just over \$1 million. Its programs and activities are similar to those in Battle Creek. Eau Claire is using the housing and community development funds for code compliance, low-income homeownership, rental rehabilitation, homelessness, rental assistance, and connections to services.

Public housing. The Eau Claire public housing agency (PHA) is small with one traditional public housing property, a project-based Section 8 development, a transitional shelter, some town homes, and owner-restricted and

scattered-site rental housing for a total of 304 units under management. In Eau Claire the PHA and the City's housing department are co-located. The PHA's executive director, Keith Jonathan, is also a director in the City's Office of Housing. With small administrative budgets these kinds of synergies make sense from a cost efficiency perspective. Several years ago, the PHA made the decision to discontinue its management of the Eau Claire housing voucher program because the administrative fees were insufficient to cover the costs of running the program. The voucher program shifted to the Wisconsin Housing and Economic Development Authority (WHEDA). WHEDA has contracted with the Western Dairyland Community Action Agency to operate the program in Eau Claire.

Low-Income Housing Tax Credits. A scan of the HUD LIHTC data base identifies only 5 tax credit developments in Eau Claire with a total of 267 units. There are two other HUD subsidized properties listed in affordable housing online and at least two Section 202 properties for seniors owned and managed by faith-based nonprofits.

Nonprofit delivery system. The nonprofit housing and community development delivery system is small. The Salvation Army, Catholic Charities, Lutheran Social Services, and the United Way are present. The Western Dairyland Community Action Agency provides service programs to low-income families over a large geography. The nonprofits that are working in the housing space, like Bolton Refuge House, are involved in the management of homeless shelters and providing the attendant services. There are no housing development nonprofits based in Eau Claire.

City leaders recognize the need for greater nonprofit development capacity. One early objective for the City's Invest Health team was to build the capacity of a neighborhood-based community association to lead housing rehabilitation in the target neighborhood of Randall Park. However, by the time we arrived for our visit and interviews, the City had decided to revisit its support for the group and was rethinking its strategy for building nonprofit community development capacity.

Community Development Financial Institutions (CDFIs). The only CDFI in Eau Claire is the Royal Credit Union. Royal Credit Union has received \$4.6 million in Treasury CDFI financial assistance grants since 2015.

Economic development and downtown revitalization. Where the city stands out is the success it has had with its downtown revitalization strategy. Like many cities, large and small, the Eau Claire downtown retail was crushed by the development of a suburban mall. The comeback of the downtown is a signature achievement in progress. The city of Eau Claire (French for "clear water") is located at the confluence of two beautiful, wide rivers. The downtown rebirth is leveraging locations along the river.

The City's economic development strategy is to provide "quality of life" infrastructure rather than chasing new jobs with subsidies and concessions. It has placed an emphasis on outdoor recreation. The city has purchased 19 bridges over the rivers from the railroads and converted these into a large network of walking trails and bike paths. The strategy includes building opportunities for civic engagement and enhancing social capital. Quality of life also includes a major focus on the arts. The city is blessed with lots of arts programming including outdoor concerts in a park along the river every Thursday during the summer, a well-attended downtown arts walk where visitors can see the 52 public sculptures that line the sidewalks, a winter parade, and 52nd Street Jazz festival with 40 different jazz venues.

Success breeds success. The city recently completed the new \$70 million Pablo Center for the Performing Arts on the riverfront. The project received a \$20 million donation from the Pablo Foundation, the charity of Zach Halmsted, a young information technology entrepreneur who founded Jamf. Jamf is based in Eau Claire and has

grown into an international company. Zack and his young colleagues (“30 year olds in hoodies”) are investing in and giving back to the city.

Role of Anchor Institutions. The importance of engaged anchor institutions is also part of the city’s fabric and the downtown revitalization story. Eau Claire is the home to the University of Wisconsin Eau Claire which has approximately 10,700 students. The University helped to spur the redevelopment of the downtown riverfront by building a new 400-unit student housing project on a lot next to the Pablo Center. The University rents space in the performing arts center for its educational programs. And, the University’s joint health center with the Mayo Clinic has an employer-assisted housing program that provides 5-year forgivable loans to its employees for the purchase of a home. Jamf also has an employer-assisted housing program.

Role of City. The city manager thought one key to the success of the downtown revitalization strategy has been the role of Downtown Eau Claire Incorporated (DECI). DECI is the business improvement organization. Its executive director is an employee of the city, allowing for seamless coordination between the city and the business community and, at the same time, creating a nonprofit vehicle to raise funds in support of the community-benefiting activities like the arts programming. Many business leaders whose facilities are not located downtown will become members of the DECI, somewhat competing with Chamber of Commerce and the association of businesses in the industrial park.

The city manager also attributes the economic development success to a supportive press, a collaborative culture, and clarity on the city’s role. Local media highlights positive developments in the city like a bike sharing program or the food bank, over stories about the crime statistics. The close relationship between the city and the downtown business community is an example of the collaborative culture. Clarity on the city’s role is reflected in his comment that the city should do what it is good at and otherwise get out of the way.

Cross-Sector Collaborations. Eau Claire was on our radar screen in part because of its participation in the Robert Wood Johnson Foundation’s (RWJF) Invest Health initiative. Invest Health was a 50-city effort that supported cross-sector collaborations in small and medium sized cities. City teams came together to address some aspect of the social determinants of health. The Eau Claire team included the city manager, a REALTOR official, the Assistant Chancellor for Real Estate at the University of Wisconsin Eau Claire, and the leaders of the city public health and housing departments. A main focus of the team’s effort was the revitalization of the low-income neighborhood, Randall Park, where health outcome disparities were evident.

According to the Invest Health evaluation, Eau Claire was one of fifteen cities made “above average” progress against the initiative’s goals. In particular, it made notable progress toward overall systems change. Through Invest Health, the team developed productive new relationships among the participating institutions and a deeper appreciation of the role of health in the built environment. The initiative also gave the team a deeper understanding of concepts underlying equity. The city manager in Eau Claire, for example, is looking at how to apply an equity lens to the city’s capital improvement plans including a new tax increment financing district that consciously included the target neighborhood. While the strategy for creating and sustaining new nonprofit development capacity is still underdevelopment, a new five-year state grant will sustain the Invest Health collaboration.

B. Grand Rapids, Michigan

Interviews. During our one-day visit to Grand Rapids, we were able to meet with a group of three housing nonprofit executives, the CEO of the Kent County Habitat for Humanity, the Director of Community Health Programs and Innovation at Spectrum Health, and a leader in the city’s economic development office.

Housing needs. In its annual action plan to HUD covering the 2018 program year, the City of Grand Rapids identified the following priorities for its federal housing and community development resources:

- 1) Improve the condition of existing housing;
- 2) Increase the supply of affordable housing;
- 3) Improve access to and the stability of affordable housing;
- 4) Reduce blight and code violations;
- 5) Increase civic engagement and public safety;
- 6) Enhance infrastructure and public facilities;
- 7) Increase access to jobs, education, and other services; and
- 8) Increase economic opportunities.

Federal grants. The Grand Rapids action plan outlined a total housing and community development program level of \$6.3 million in 2018. The resources were comprised of: a CDBG grant of \$3.4 million plus \$300,000 in program income and \$758,697 in reprogrammed funds; a \$987,531 HOME grant plus \$62,418 in program income and \$436,265 in reprogrammed funds; an ESG grant of \$310,225; and a Justice Assistance grant of \$77,178.

Public housing. The Grand Rapids Housing Commission (GRHC), the public housing agency, owns 231 units of traditional public housing and manages 3,382 housing choice vouchers. It is considered a high-performing PHA by HUD. GRHC has partnered somewhat with the nonprofit development community by project-basing some of its vouchers. GRHC is active in recapitalizing its public housing under the HUD Rental Assistance Demonstration (RAD) program.

Low-Income Housing Tax Credits (LIHTC). A review of the HUD LIHTC data base shows a very large tax credit inventory in Grand Rapids. Through 2017 there were 67 LIHTC developments with 3,899 units of housing.

Nonprofit delivery system. Grand Rapids stood out among the benchmark cities for the number and strength of the nonprofit affordable housing developers working there. These groups are developing housing, managing service-rich housing communities, and leading broader placemaking activities. These nonprofits are skilled at winning LIHTC allocations which, in turn, attract private equity and debt capital into the community.

Dwelling Place owns and manages 1,082 units of affordable housing in 28 apartment buildings and 86 artist live/work spaces, and leases 48 commercial spaces. Dwelling Place also owns 225 homes in joint venture properties with for-profit developers and 1,311 homes in 5 apartment communities owned in affiliation with the Michigan Nonprofit Housing Corporation. Dwelling Place manages 435 units of permanent supportive housing and has a partnership with the Grand Valley State nursing school. Dwelling Place provides space in its properties to Grand Valley so the nurses in training get professional experience and the residents have access to health professionals. Dwelling Place has provided leadership on neighborhood revitalization and place making projects including the Avenue for the Arts and the Wealthy Theatre District. Dwelling Place is a member of the NeighborWorks America network.

We met at the offices of Dwelling Place in downtown with the leaders of two other Grand Rapids-based nonprofit housing organizations, Genesis Housing, and LINC-Up. Genesis exemplifies the housing community's collaborative approach. Genesis was founded in 1998 by Dwelling Place, Intercity Christian Federation, and Hope Network (a nonprofit serving people with disabilities with two properties in Battle Creek) to specialize in permanent supportive housing for the formerly homeless and people with mental illness. Dwelling Place is Genesis's property manager and Pine Rest Christian Mental Health Services provides the resident services. The Corporation for Supportive Housing (CSH), a national nonprofit intermediary, worked with local development partners to create

the housing, providing loan capital, deal structuring, and other technical assistance resources. Genesis has secured a Medicaid waiver from the state that allows it to utilize health care subsidies to also cover some of the housing costs of the residents.

LINC-Up is a community development organization that focuses on the Southtown community in Grand Rapids. LINC-Up's specialty is community organizing, managing over 80 community-building events each year. LINC-Up also owns 165 units of housing and is partnering with Dwelling Place on a new housing development. LINC-Up takes credit for leveraging more than \$42 million in commercial and residential investment in the community. In June 2017, LINC Up received a \$1.95 million, 3-year grant from the Kellogg Foundation in support of its work.

Habitat for Humanity of Kent County (HfHKC) has a reputation as one of the strongest in country. The organization benefits from being domiciled in the second most philanthropic community in the country, second to Salt Lake City, Utah. HfHKC has expanded its programs beyond the volunteer builds to working as a developer and moving into the neighborhood revitalization space. It is focusing on the Roosevelt Park area with partners in housing, health, and education.

Community Development Financial Institutions (CDFIs). There are no CDFIs domiciled in Grand Rapids but there are several working there. These include IFF, Cinnaire, Michigan Habitat for Humanity, Northern Initiatives, LISC, and Opportunity Resource Fund. Several of these CDFIs invest New Markets Tax Credits and two have affiliated with LIHTC syndicators. Opportunity Resource Fund is new to Grand Rapids. It is doing lending on single-family homes in partnership with Fifth Third bank. PNC is reportedly putting together an Opportunity Zone fund for the city.

Role of the City. The staff at the City of Grand Rapids is considered development friendly and knowledgeable about the LIHTC program. State law prohibits the creation of housing trust funds and the imposition of impact fees, but the City has been innovative in diverting a municipal services fee into a fund that provides approximately \$1 million in affordable housing resources. The City is moving to expand affordable housing tools including accessory dwelling units (ADUs), inclusionary zoning, and a community land bank. Further, Grand Rapids has been creative in its use of Brownfields and other environment funding streams to support housing development through land preparation and lead and asbestos remediation.

Cross-Sector Collaborations. Grand Rapids participated in the RWJF Invest Health initiative. The core team included representatives of LINC UP, Western Michigan Center for Arts and Technology, Spectrum Health, The Source (workforce development), and the City of Grand Rapids. More than 30 other local organizations participate in some way. The project addressed the social determinants of health in the communities that LINC-Up serves. Like Eau Claire, Grand Rapids was evaluated as one of fifteen cities that made "above average" progress against many of the initiative goals, best positioned to advance systems approaches and to attract capital investment for projects that address well-being and equity.

Role of Anchor Institutions. One of the particularly influential and active partners in Invest Health effort was Spectrum Health. As part of its \$433 million community benefits program Spectrum Health provides approximately \$20 million in community development grants. Spectrum is working with the Democracy Collaborative to examine ways in which it can better use its supply chains, hiring practices, and corporate treasury investments to promote social equity.

The Benchmark Cities and Community Development Best Practices

The review of the two benchmark cities highlights various innovations and best practice in the housing and community development field.

- **Foster social capital** through community engagement. In Eau Claire, Wisconsin its arts programs are a critical piece of building a civic culture and community engagement. Weekly summer concerts in the park and numerous events throughout the year are reportedly well attended. In Grand Rapids, LINC-Up serves to build the social capital in the Southtown neighborhood by sponsoring scores of events for the community each year.
- **Encourage authentic cross-sector partnerships** to tackle particularly complex community challenges, bringing diverse perspectives to problem solving, synergies in the application of expertise and resources, and comprehensive responses. Both Grand Rapids and Eau Claire participated in the Robert Wood Johnson Foundation's Invest Health initiative where the cities put together cross-sector teams to address some aspect of the social determinants of health in their communities.
- **Build a strong downtown** through comprehensive planning, business community leadership, new investments, and robust programming. The revitalization of Eau Claire's downtown is remarkable. The business community's involvement in DECI, major investments by Jamf and the University of Wisconsin Eau Claire, and the use of arts programming are making a difference. Grand Rapids, too, is bringing back downtown neighborhoods using housing for artists and encouraging amenities like breweries and coffee shops. The comprehensive GR Forward plan administered by Downtown Grand Rapids, Inc. received positive reviews in the evaluation of the city's Invest Health work.
- **Cultivate comprehensive community development approaches for placemaking.** In Grand Rapids, Habitat for Humanity of Kent County is partnering with Dwelling Place, Mercy Health, and Ferris University to bring housing, health, and education opportunities to the low-income community of Roosevelt Park.
- **Activate anchor institutions** whose active participation reinforces community development goals. In Eau Claire, the University of Wisconsin Eau Claire has invested in a new housing development that has helped to bring back downtown and participated in the Invest Health initiative to support the residents of Randall Park. In Grand Rapids, Spectrum Health is a partner with LINC-Up in Southtown. Spectrum is also working with the Democracy Collaborative to identify ways it can leverage its hiring, procurements, and treasury investments to make a difference in the community.
- **Incubate high-capacity nonprofit housing and community development entities** that partner effectively with the city and the broader community to catalyze investment. The nonprofit housing development community in Grand Rapids is leading comprehensive community revitalization efforts and attracting significant LIHTC investments to create an array of housing choices. The community also benefits from the loan and equity capital resources of multiple CDFIs that work there.

Concluding remarks

Certainly the context for the housing and community development work in Grand Rapids and Eau Claire is different than that for Battle Creek. As a larger city, Grand Rapids benefits from having more assets. It has a larger number of large employers and it receives more in federal grants. Yet, Battle Creek could learn from the ways in which Grand Rapids benefits in having a robust nonprofit community development sector. The City of Eau Claire benefits from having a large 10,700 student university inside its borders. A university is a classic anchor institution and Eau

Claire benefits from the University of Wisconsin Eau Claire's particular engagement in the community. Battle Creek could learn from Eau Claire's successful approach to downtown revitalization.

7.4. Federal Affordable Housing Developments in Battle Creek

Appendix 7.4 Federal Affordable Housing Developments in Battle Creek, MI

Overview

Our research identified as many as 31 properties in Battle Creek, Michigan that are subsidized by the federal government through the Low-Income Housing Tax (LIHTC) program and other federal subsidy programs including public housing, project-based Section 8, Section 236 below market rate mortgages, Rent Supplement or Rental Assistance Program (RAP) rental subsidies, Section 202 (housing for seniors), Section 811 (housing for people with disabilities), and several mortgage insurance programs. The total number of units in this inventory (over 2,600) represent potential community assets for the City of Battle Creek.

Federal affordable housing developments in Battle Creek (as of May 2019)					
	<i>Development</i>	<i>Affordable units</i>	<i>Subsidy type</i>	<i>Owner, manager</i>	<i>Owner location</i>
1	Battle Creek Turnkey III	60	Public, seniors	BCHC	Battle Creek
2	Bedford Manor	125	S.8, seniors/family	Intrepid	Portage
3	Bent Tree	164	S.8, seniors/family	Altman	Okemos
4	Brookstone	100	LIHTC, family	MO, Buckingham	Indianapolis, IN
5	Cherry Hill Manor	220	Public, seniors	BCHC	Battle Creek
6	Glenwood Trace	124	S.236, family	Unified	Brighton
7	Hill House	8	S.202, disabilities	Hope	Grand Rapids
8	Kellogg Manor	77	Public, seniors	BCHC	Battle Creek
9	Lakeview Meadows	52	LIHTC, seniors 55+	VA, Centrum	Sterling, VA
10	Lakeview Meadows II	59	LIHTC, seniors 55+	VA, Centrum	Sterling, VA
11	Liberty Commons	158	LIHTC/S.236, seniors	VOA Michigan	Southfield
12	Meadows, The	10	S.811, disabilities	Hope	Grand Rapids
13	Minges Creek	39	LIHTC, mixed	Heritage	Battle Creek
14	Parkway Manor	84	Public, family	BCHC	Battle Creek
15	Residences at Westbrook	68	LIHTC, family	FL, KMG Prestige	Mt Pleasant
16	Residences at Westbrook II	48	LIHTC, seniors	KMG Prestige	Mt Pleasant
17	River Apartments	120	S.8, individuals/family	BC River Apts	Kalamazoo
18	River Oaks Apartments	168	FHA 223 (f)	BC River Oaks Apts	Kalamazoo
19	Riverview Pointe	100	LIHTC	Unknown	Unknown
20	Shelbourne Park	48	LIHTC	CA, Fourmidable	Bingham
21	Silver Star	76	LIHTC, veterans	Medallion	Kalamazoo
22	Silver Star II	100	LIHTC, veterans	Medallion	Kalamazoo
23	Springview Tower	175	LIHTC/S.236, seniors 55+	Novi, Legacy	Milford
24	Teal Run	100	LIHTC, family	Pedcor	Carmel, IN
25	Teal Run II	76	FHA 221(d)(4) NC/SR	Pedcor	Carmel, IN
26	The Village of Mill Creek	45	S.202, seniors	Presbyterian Villages	Southfield
27	Village at Irving Park	39	LIHTC, mixed income	FL, Herman & Kittle	Indianapolis, IN
28	Villas of Charlemagne	6	LIHTC, mixed income	Medallion	Kalamazoo
29	Willow Creek Apartments	72	LIHTC	Unknown	Unknown
30	Willow Creek Apartments II	18	LIHTC	Unknown	Unknown
31	Woodland Point	100	LIHTC, mixed income	Unknown	Unknown
	Total	2639			

The list of properties is derived from three different sources: the HUD User LIHTC database that provides data on all LIHTC properties for which HUD has received data from the state housing finance agencies through 2017; the Michigan State Housing and Development Agency's Affordable Rental Housing Directory; and Affordable Housing Online, a commercial database. The three databases overlapped considerably, but there were also properties listed here that were in one or more database but that were missing in others and there were discrepancies across the databases including the name and addresses of properties, the number of units, and the names of the current owners or property managers. As such, some of the data is likely incorrect.

The intent of the analysis was to identify those properties in Battle Creek that are rent restricted or have other affordability requirements that are managed outside of the City of Battle Creek. The inventory represents a potential asset to the city. To the extent that the city does not have a window on the waiting lists for these properties, it might be able to work with the owners and/or property managers to make deeply subsidized units available to high needs populations, including those served by the continuum of care. Or, often the non-LIHTC federally subsidized properties have access to special programs and authorities related to affordable housing preservation that would also allow the owner to access resources to recapitalize aging properties, bringing new revitalizing resources into the city. In some instances, the owners of the buildings and the property managers reside outside of Battle Creek and some even live outside of the State of Michigan. Intentional engagement with these owners and property managers might be part of a strategy for increasing investment in affordable housing in the city.

Two of the owner groups of the list stood out in particular in the context of this overall report. Volunteers of America (VOA) is among the 5 largest nonprofit developer-owners of affordable housing in America. VOA is organized with separate state level entities. The VOA chapter in Michigan is based in Southfield. These entities manage a wide array of programs and services for low-income populations. The housing development activities in the states are supported by a national office in Alexandria, VA. With a development in Battle Creek, an organization like VOA would welcome the ability to have other properties nearby for management efficiencies and could probably be encouraged to look at other development opportunities. It would bring its strong organizational capacities, ability to compete successfully for tax credits and leverage other private capital sources.

The other group on the list of interest is the Grand Rapids-based organization Hope Network, which has a mission serving people with disabilities. The research suggests that they own two small properties in Battle Creek. The HOPE Network is not listed as a partner on the Calhoun County, Greater Battle Creek Homeless Coalition and could be an ally. Similarly, the Hope Network seems to have had success competing for federal grant resources for housing for people with disabilities and may be the kind of partner who could channel some of those resources to meet housing needs in Battle Creek.

To a certain extent, the list also highlights a certain level of risk to the city. Not all of the federal subsidy programs require affordability in perpetuity. The rules and terms vary, but for every unit on the list (with the exception of the public housing units) there is a date when the owner will have certain rights to convert rent restricted units to market rents. These moments of contract expiration can expose residents to rent increases or displacement. The city would lose some portion of its portfolio that is affordable for its lower-income residents. For the HUD subsidy programs, there are tenant protections built into law; for the LIHTC program, the tenant protections are weaker, though the states have built affordability requirements on many of these properties well beyond the 15 years required by federal statute. Knowing the properties in the affordable housing inventory and monitoring their expiration dates is a best practice.

The list also serves to support one of the key recommendations of this paper. Were the city to set up a curator role to work on transformative properties downtown and in contiguous neighborhoods, it could also be the locus of activities to encourage residential investment and new development, build the relationships with existing owners, the state of Michigan and the federal government, private lenders and investors, and encourage developers to look at opportunities as these present.

7.5. Sustainable Homeownership Business Model

Appendix 7.5 Sustainable Homeownership Business Model

Overview

The report assessing the housing and community development ecosystem in Battle Creek Michigan recommends that the city and community stakeholders take steps to build and support new nonprofit capacity for promoting homeownership and neighborhood revitalization in the city. This appendix describes the many elements that go into successful, impactful, and economically sustainable homeownership and neighborhood revitalization nonprofits.

In its history, the City of Battle Creek was served admirably by Neighborhoods, Inc. in providing this capacity. However, for a variety of reasons, Neighborhoods Inc., over a period of many years, has greatly diminished in its impact and capacities. Some of its key funders have withdrawn their support and our research has indicated that Neighborhoods, Inc. has suffered a serious decline in its market reputation. Most conclude that it cannot be reconstituted, especially without a significant organizational overhaul, a renewed ground up evaluation of its business model, and a significant infusion of new resources. We are recommending that the City take action to assign the assets of Neighborhoods Inc. to the Neighborhood Housing Services of Kalamazoo. Alternatively, the City might consider creating a new Battle Creek based entity with a homeownership and neighborhood revitalization mission, though this approach would likely take more time and resources to get off the ground.

Sustainable nonprofit organizations

The modern housing and community development sector is increasingly evolving toward a delivery system dominated by larger, higher-capacity nonprofits with a social enterprise ethos. Social enterprises are mission-oriented entities with business acumen focused on both impact and on managing economically sustainable business models. The key drivers of this transformation have been the long-term restraints on the availability of public grant subsidies for affordable housing and the shift to core tax-code based subsidies designed to leverage private capital, shifts in the approaches by the philanthropic sector toward grant-making priorities other than affordable housing, and a change in leadership in the sector often to new executives with private sector experience. Strong organizations focus on increasing earned revenues as a percentage of their operating budget and controlling costs to create positive margins while keeping core mission front and center.

Similarly, the stronger organizations have focused on growth to both increase their impacts on the people and communities they serve, but also to take advantage of economies of scale, diversify revenue sources to hedge against changes in market conditions, and to build an organization of sufficient size to attract and retain talent and create a management team capable of taking on increasingly complicated social interventions. Commensurate with growth is a drive toward stronger balance sheets that provide operating cushion in lean times and financial strength that allows the organization to attract and leverage private capital. Fund-raising is still a critical line of business in these stronger entities, but less focused on meeting operating budgets and more oriented toward funding innovation, new business development, or providing critical resident services for which there is not a sufficient revenue stream.

A challenging element of scaling the not for profit housing and community development sector is the issue of geography. Many of the early entrants into the sector were neighborhood-based community development corporations (CDCs) whose operating budgets were often covered with Community Development Block Grants (CDBG) or Neighborhood Housing Services supported by CDBG and grants from NeighborWorks America. Both

models also looked to their executive directors and board to supplement the operating and program budgets with active fund-raising. In a social enterprise environment, the geography of a neighborhood or even a smaller city the size of Battle Creek may mean that the market for products and services is too small to create sufficient revenues for a sustainable business model and the rooting in a single smaller geography would leave the organization's viability exposed to a loss of key funding stream or to the downturn in the market. Strong nonprofits have expanded geographically to cover increasingly larger service areas.

Elements of exemplary nonprofits

Sustainable business models occur in the context of other elements of strong nonprofit organizations. There are various efforts in the housing and community development sector to measure the organizational strength of nonprofits in the delivery system. Other systems for rating organizational strength include AERIS, a rating system for Community Development Financial Institutions (CDFIs). There was also an effort led by the public housing sector, including nonprofits that created an Affordable Housing Accreditation Board and released a set of standards. Several public housing agencies have achieved an accreditation. (References to the accreditation system are no longer posted on the web suggesting the effort has abated).

NeighborWorks America has developed a framework for evaluating nonprofit organizational strength covered by the acronym PROMPT, somewhat modeled after the CAMELS ratings that financial regulators apply to banks and other regulated financial institutions. The units of analysis in the PROMPT framework are the elements that NeighborWorks looks to assess the capacity and performance of their grantees and NeighborWorks sells its organizational assessment services to other funders who are assessing their grantees. Under a PROMPT review, the assessors would look at:

- Production/program services (business lines and production/impact/quality);
- Resource and financial management (financial health, resource development and management, and financial management/accounting systems and procedures);
- Organizational management and board governance (corporate/board/committees task groups, and affiliated partnerships);
- Management, staffing and personnel (staff structure, talent management, personnel policies, and capacity);
- Planning (multi-year strategic and annual operational planning); and,
- And technical operating and compliance systems (program service delivery procedures, client and contract management and compliance systems).

Exemplary nonprofit organizations will demonstrate good annual production and community impacts, strong financials with annual surpluses, positive net assets, and good liquidity, a strong and engaged board, a talented staff leadership team, a strategic plan and annual operating plans consistent with that strategy, and a good control environment with policies and procedures and a risk management framework.

Sustainable homeownership and neighborhood revitalization models

Creating economically sustainable homeownership and neighborhood revitalization business models has been a challenge for the nonprofit sector. Historically these business lines relied on public and philanthropic funding. As

this sector has moved into more scaled social enterprise models, particular success has come from successful development-related lines of business and increasingly from horizontally integrated business models that collect fees across a diversity of related business lines. These business lines range from building homebuyer readiness and demand, through homebuyer education strategies, and then serving these customers through lending lines of business and/or through development lines of business.

In the wake of the Great Recession and the foreclosure crisis, and with the rise of student loan debt, the homebuyer education industry has shifted as best they can to a financial coaching model that does not presume homeownership but promotes financial health, good money management, and asset accumulation which might include a home. The economics of homeownership counseling lines of business have proven particularly challenging. Nonprofits providing housing counseling to low-income households were reluctant to charge their customers a fee. HUD does provide modest grants to housing counseling agencies, but many nonprofits find the cost of participating in the HUD programs (mostly data reporting and record keeping) exceed the grant amounts for administrative overhead. Most housing counseling agencies now participate in the HUD program through intermediaries, where the intermediaries can aggregate some of the administrative task, but the economics are still difficult. Mortgage lenders have been willing to provide grant resources to support housing counseling agencies, but fee for service models where lenders pay the nonprofits directly for preparing borrowers are rare. There are mortgage products that require borrowers to receive housing counseling prior to receiving a mortgage, where the originating lender will pay for a counseling session. For example, Fannie Mae's HomeReady mortgage allows borrowers to complete the homebuyer education requirement by taking an online course called Framework. Both Framework and a competing online homebuyer education platform, eHome America, also offer their product to consumers for a price through nonprofit housing counseling agencies on a fee-splitting basis. Some nonprofits have been able to drive significant levels of business to their co-branded online platforms like Trellis in Phoenix, AZ and Beyond Housing in Pagedale, MO, although, this is rare. As the sector moves to more sustainable economic models many agencies now charge the client a fee for financial coaching or a homebuyer education class. In general, there is still a great deal of work going on in the sector to make these lines of business sustainable.

Most homeownership nonprofit organizations continue to maintain the homebuyer readiness line of business because it creates customers and demand for other lines of business that can be profitable, notably lending and development, and to a small, but growing, extent real estate brokerage. Very few lending businesses in the homeownership space have reached scale. Some were formed by private bank consortiums to allow the banks to share risk with other financial institutions while CDFIs handle the underwriting. Examples of this model include CDC Brownsville in Texas and Neighborhood Housing Services of Chicago. For the most part, homeownership CDFIs do some first mortgages and other forms of lending like down payment and closing cost second loans. In some cases, homeownership CDFIs are administering down payment assistance programs financed by the Federal Home Loan Bank affordable housing program (AHP) or the state housing finance agency. The largest down payment assistance program by far has been the Wells Fargo LIFT program that provides grants to nonprofits who then relend the money as down payments that are repaid over 5 years. More than 50 nonprofits across the country have participated in LIFT. In every instance, the nonprofit sponsor collects an administrative fee for managing the program and has the ability to redeploy the loan capital when it is repaid.

In other instances, nonprofits are able to make fee income for originated mortgages, such as the loan platform created by Springboard for delivering first mortgages by nonprofits, or a loan packaging pilot where nonprofits are earning a fee for working with borrowers to assemble loan files for delivery into the Department of Agriculture's Rural Development Section 502 single-family loan guarantee program.

Single-family housing development programs abound. One of the leaders in this space is the Cleveland Housing Network (CHN) which has successfully built a long-standing business around using the Low-Income Housing Tax Credit as its source of capital to develop or acquire and rehabilitate single-family homes in the Cleveland market with a lease to own offtake. CHN then manages the properties as rental housing consistent with the 15-year compliance period in the federal LIHTC statutes, but then begins working with its residents in years 12 or 13 to prepare them to take over the ownership of the properties at year 15. In recent years, there have been several New Markets Tax Credit (NMTC) allocations to community development entities to use these tax subsidies to support single-family housing development or rehabilitation. The efforts are supported by Smith NMTC Associates with their most recent success with the Housing Partnership Network (HPN) which will allocate a \$30 million NMTC allocation to seven of the HPN members.

More typically, nonprofit single-family housing developers acquire single-family lots for infill housing or multi-housing developments or single-family homes for rehabilitation and sale. These nonprofits partner with the city or state to acquire HOME and/or CDBG funds for gap financing and the nonprofits will make a development fee. In some instances, local nonprofits are doing this work for rental offtake in other instances developers become landlords when they are unable to sell the properties. Several nonprofits in the single-family housing development business line across the country failed when the Great Recession made offtake difficult and they could not repay the land acquisition and construction loans.

Increasingly the successful business model in this space looks like a horizontally integrated homeownership nonprofit that is working with the consumer from a point of entry, usually a marketing effort or word of mouth, from intake to homebuyer education to a down payment assistance loan to a home purchase.

NeighborWorks America's Sustainable Homeownership Program worked with approximately 40 nonprofits nationwide on a business process reengineering effort to establish this integrated business model. The pilot included sales and marketing training, new systems of cost accounting that allowed the nonprofits to assess the financial performance of each of its business lines, and a Salesforce customer relationship management software program to track customer relationships. Several Sustainable Homeownership Program participants acquired real estate broker licenses to allow them to capture more of the value in the homeownership business value chain. The organization with a horizontally-integrated business model is Homewise in Santa Fe, New Mexico. In addition to homebuyer readiness activities, housing development and real estate brokerage Homewise has created a first mortgage lending model where the nonprofit sells its mortgage production to Fannie Mae in the secondary market.

Summary

As Battle Creek considers building the nonprofit capacity in its community to deliver homeownership and neighborhood revitalization services, the City will need to consider the key elements of a strong organization from Board commitment, executive leadership, and staffing to strategic and operational planning as well as capital sources for development activities. It is clear that the entity will initially require some early operational support to hire up and build its business platform and market position. From the outset, planning should focus on adopting and growing lines of business that allow the entity to cover most of its operating budget after the startup period from earned revenues and reduce its operating budget command on scarce grant resources.

7.6. Best Practices Report

Appendix 7.6 Best Practices Report

Introduction

The following paper provides the City of Battle Creek with an overview of best practices and resources in the affordable housing and community development field from a national lens. This paper gives City leadership perspectives on policy and practice against which it can assess its own strengths and potentially identify ideas and innovations that it can adopt in its jurisdiction. The document has been developed by the authors as part of a consulting engagement with the City to assess the housing and community development ecosystem extant in Battle Creek. In our final report, we will make specific recommendations to the City of Battle Creek and the larger community on ways it might enhance its housing and community development work.

There is no definitive, agreed upon standard for best practices in community development and urban revitalization. Successful community development strategies differ from place to place and are a function of community context – local conditions, local leadership, local needs, and access to resources. At the same time, there are key ingredients for successful community development and urban revitalization practice that consistently emerge. This paper provides our list of the top ten elements for success in building vibrant communities and mechanisms for achieving these. Appendix One then provides a more detailed compendium of resources available that are making a difference in places across the country. We also provide an outline of the roles and responsibilities of different levels of government as well as for private partners. In many ways, this document provides a checklist of the different interventions that the City might use to identify gaps in its approach and subsequently inform, calibrate, and refine its development strategy. Again, in our final report we will provide a short list of specific recommendations that we think are most relevant to the Battle Creek community.

Battle Creek falls into the category of a smaller “legacy city” as defined by the Greater Ohio Policy Center (GOPC)⁴⁵ – whose work builds upon research by Allan Mallach and Lavea Brachman on larger legacy cities at the Lincoln Institute of Land Policy.⁴⁶ GOPC’s study, “Strategies for Postindustrial Success from Gary to Lowell,” analyzed 24 smaller legacy cities across seven Midwestern and New England states. Their research cities are urban centers across the upper Midwest and New England that once had thriving manufacturing-based economies and were instrumental in fostering good job opportunities, a solid middle-class lifestyle, and vibrant communities. Changes in global manufacturing supply chains and the rapid disruption of retail shopping markets have buffeted these communities. Many have struggled with increased poverty, neighborhood disinvestment, and a labor force that does not always match employer needs. Battle Creek’s solution set exists inside this context.

As we outline best practices in the housing and community development field, we draw on our own experience and a variety of sources listed in Appendix Two. The top 10 best practices list draws significantly from the analytical research by the GOPC and the Lincoln Land Institute and the journalistic research conducted by James Fallows, an award winning writer and editor at *The Atlantic*. Fallows and his wife, Deb, spent over a year visiting smaller successful comeback communities across the country and have distilled the key ingredients that they observed are central to creating and sustaining vital communities. The couple’s book *Our Towns: A 100,000 Mile Journey into the Heart of America*, describes their journey and their findings.” Fallows distills the key elements of comeback communities in an article for *The Atlantic*, “Eleven Signs a City Will Succeed.” We think that this combination of the more analytical/data driven approach and the journalistic approach provide a powerful combination and they also happened to embrace many of the same primary ingredients for success. *Please note that these characteristics are not in any way listed by order of importance.*

Ten best practices for community development and urban revitalization

⁴⁵ www.greaterohio.org/legacy-city-regrowth

⁴⁶ <https://www.lincolnst.edu/publications/policy-focus-reports/regenerating-americas-legacy-cities>

1. Invest in Leadership and Talent. Crafting bold new strategies for revitalization requires talented civic leaders. The identification and development of leaders should draw on both the public and private sectors and also be open to newcomers. Fallows has identified “civic governance,” “local patriots,” and “returning talent” as important elements in successful comeback cities. GOPC observed that “[s]mall and mid-size legacy cities must focus on retaining local talent while also drawing new leaders from outside to fill critical roles such as city manager, economic development director, and head of a major anchor institution.” Importantly, cities need to consider how they can attract and groom talented young professionals for the next generation of civic leadership. Fallows writes about how important it is to have civic leaders able to clearly articulate a positive, shared and compelling “civic story” about the community.
2. Foster Social Capital. Strong communities have strong social capital. It’s about civic pride, pride of place, and the connectivity of common roots through social institutions like churches, civic groups, parent teacher associations, fan clubs, neighborhood groups, and diners. A first exposition of the importance of this phenomenon was in Robert Putnam’s book, *Bowling Alone*, published in 2000, a study that articulated a decline in social capital in the U.S.⁴⁷ Fallows highlights social capital as engagements and connections in his observations around the reinvention of small cities. The importance of fostering social capital is underscored in the highly academic, big data supported, work of Dr. Raj Chetty, who has identified this as one of the five critical factors in communities of opportunity – places where kids have the greater chance of growing up and succeeding economically.
3. Encourage Authentic Cross-Sector Partnerships. The challenges facing communities like Battle Creek are complex and require comprehensive solutions that draw on the best of each of the sectors. Active, focused leadership from the governmental, business, philanthropic, nonprofit and community sectors working collaboratively on a common vision provides the best chance for impactful and sustainable urban revitalization. These various sectors and perspectives must engage in defining a vision, setting and staging priorities, determining execution partners and developing metrics of success. One successful cross-sector partnership often leads to another and vibrant cities can typically point to a string of successful cross-sector partnerships. Authentic resident and grass-roots engagement is a critical element in successful cross sector partnerships.
4. Build a Strong Downtown. Vibrant cities need vibrant downtowns as the public face of a community. GOPC comments that “numerous studies have found that strong regions are built around strong central cities, and strong cities are built around strong downtowns.” The elements of a vibrant downtown are changing as technology, work and office patterns, and shopping habits change. Cities must reinvent their downtowns to be relevant to changing demographics and consumer demands. America is re-urbanizing as young millennials and older empty nesters move downtown for urban amenities, including walkability, diversity, retail options, entertainment, restaurants, coffee shops, bars, and craft breweries. Fallows observes that cities on their way back inevitably have craft breweries. Craft breweries attract an important brand of entrepreneur and a ready supply of young people. Eau Claire, Wisconsin stands out for its success with downtown revitalization. It has used arts and culture to attract visitors and has succeeded in garnering the business community’s support in the downtown’s success.
5. Stabilize Distressed Neighborhoods. With losses in manufacturing jobs, many small legacy cities have lost population. With the loss of housing demand, neighborhood decline followed. The increase in vacant homes and vacant land led to an overall decline in quality of life for not just the neighborhood, but the entire city. Positive interventions to reverse this pattern include: returning vacant stock to productive uses and/or demolishing obsolete housing; taking advantage of opportunities to repair homes, rehabilitate vacant homes, and construct infill housing on vacant land; converting vacant land to intentional green space; and stabilizing the community and building new demand through resident engagement, foreclosure prevention, new

⁴⁷ In 2003, Putnam, with co-Author Lewis M. Feldstein, published a follow up book advancing this work, titled *Better Together*.

homebuyer education, and neighborhood marketing. Across the country there are many examples of cities and high-performing nonprofits that are critical implementation partners performing these roles.

6. Activate Anchor Institutions. Every city has anchor institutions that are vital to the social and economic fabric of the city and region. Anchor institutions are typically among the largest employers and their capital investments in facilities have fixed them in that place. Much research supports the mutual benefits and impact when anchor institutions are active in broader civic engagement. Their human resources, investment, and treasury decisions can have a big impact on their communities and a bigger impact if applied in partnership. Medical and educational institutions are the most heavily researched and provide some of the most compelling case studies, but large private commercial employers can have the same positive effects. Examples include: Large employers deploying “live near your work” policies to support employees buying homes in the community; community colleges working with area employers to develop workforce training opportunities that prepare students for actual jobs in that community; and health care providers investing in housing and social services strategies that combat homelessness and curtail emergency room visits.
7. Elevate Existing Assets for Placemaking. Intentional placemaking typically builds on assets “like historic neighborhoods, compact and walkable downtowns, and legacy institutions”⁴⁸. Placemaking oriented communities are constantly taking an inventory of their community assets and lifting them up as important features of civic life. Community assets can include a place’s history as well as its new attractions and innovations. They can include its natural features and its human resources. Creative placemaking is a particular application that emphasizes culture and the arts as a focus of attention. It helps to build civic pride and a pride in place. It is also a fundamental strategy for retaining young people and attracting new residents.
8. Provide Housing Choices and Promote Equity and Inclusion. Healthy communities provide a variety of housing choices, homeownership and rental, across a variety of price points. These housing choices deepen ties to the community by allowing the people who work there to live there. Strong housing and community development strategies emphasize the importance of inclusion and equity across incomes and racial/ethnic backgrounds. Vibrant communities take into account the needs of the most vulnerable populations living in the community and assure supportive housing opportunities with appropriate wrap-around human services.
9. Create a Culture of Welcome and Inclusion. Jim Fallows writes convincingly about the importance of trying to attract and welcome new people to a community. Done right, it is also helpful in retaining or drawing back natives: “The same emphasis on inclusion that makes a town attractive to talented outsiders increases its draw to its own natives.” Much urban revitalization has begun with the attraction of the “creative class” – meaning not just artists but also entrepreneurs innovating to start new businesses. Newcomers from immigrant and refugee populations bring a work ethic and entrepreneurial ethos that can fire up a place and attract those interested in experiencing cultural diversity. Success is dependent upon the newcomers feeling actively welcomed. Signs of insularity or provinciality will often give newcomers pause.
10. Incubate and Support Strong Nonprofits to Serve as Community Catalysts. Strong nonprofits are an important piece of the housing and community development delivery system. They are, by definition, well-managed social enterprises with sustainable business models and the capacity to deliver on sophisticated housing and real estate partnerships and participate in or lead cross-sector partnerships. They are mission-aligned with the public and philanthropic sectors and know how to engage the business community, including the ability to attract and deploy private capital. They understand the importance of authentic civic engagement as well as the importance of being results oriented.

⁴⁸ <https://urbanland.uli.org/planning-design/10-best-practices-creative-placemaking/>

Best practices and resources in housing and community development

This appendix provides an overview of the tools available to local governments and other housing and community development practitioners and a compendium of the best practices and resources that a city might consider in order to inform and refine its development strategy.

The role of governments

Governments provide the legal and policy framework that can either foster or hinder development. They provide the resources that support community initiatives and incentives for community development work to move in certain directions. And, elected and appointed public officials can provide the vision and leadership to help shape an effective community development strategy.

The majority of resources supporting the housing and community development sector flow from the federal government. And, most of these subsidies are embedded in the tax code. U.S. tax policy supports homeownership through the deductibility of mortgage interest and state and local property taxes (up to certain limits), and also through the deferred taxation of capital gains from the sale of a home. The tax code also houses the largest subsidy program for affordable housing production – the Low Income Housing Tax Credit (LIHTC). The tax code also supports community development notably through the New Markets Tax Credit (NMTC) and the newly enacted Opportunity Zones programs which promote investment in low-income areas.

The federal government also provides extensive support for housing finance through the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Federal Home Loan Bank System, the Federal Housing Administration (FHA), the Veterans Administration mortgage program, Rural Development direct loans and loan guarantees, mortgage revenue bonds, and the Government National Mortgage Association (Ginnie Mae). For the most part, through these various mechanisms, the government advances the flow of mortgage credit by taking a large portion of the credit risk.

Appropriated federal grant resources are essential to this work. The Department of Housing and Urban Development (HUD) receives an annual appropriation of approximately \$50 billion. The largest programs in the HUD budget are the rental assistance programs – predominantly the Housing Choice Voucher and the project-based Section 8 programs. There are several other project-based rental subsidy programs serving seniors, people with disabilities, and people with AIDS. The public housing programs are the next largest bucket of resources delivered by HUD: the agency provides both operating and capital grants to a system of local public housing agencies across the country. HUD also allocates grants to state and local government through the Community Development Block Grant, HOME Investment Partnerships, and homelessness programs. Other agencies distribute appropriated resources – including the U.S. Treasury’s Community Development Financial Institutions (CDFI) program, the U.S. Department of Agriculture’s Rural Development Agency, and NeighborWorks America – though none of these reach the scale of HUD’s programs. Three non-appropriated grant programs are important tools: The National Affordable Housing Trust Fund and the Capital Magnet Fund are financed by fees on Fannie Mae and Freddie Mae mortgage purchases and the Affordable Housing Program (AHP) is financed by the Federal Home Loan Banks at 10% of their net incomes.

It is very important to also acknowledge the various federal statutes provide foundational support to the housing and community development sector. The Community Reinvestment Act (CRA) requires banks to invest in the community from which they take deposits. CRA encourages banks to affirmatively market their products to low-income communities, create concessionary mortgage products, invest in LIHTC developments, and support

nonprofits through grants and other services. Similarly, the Fair Housing Act and the Americans with Disabilities Act provide fundamental frameworks for access to credit and access to suitable housing for many Americans.

Many state and local governments have set up programs that complement these federal programs. To the extent that states and local government have stepped up to supplement, augment, and improve upon the federal government resources and tools these are clearly best governmental practices in housing and community development.

Within our federal system, different levels of government play different roles. Best practices in delivering the resources and programs might be organized as follows:

Federal government

- Provide resources and other financial supports
- Set rules/standards for the resources consistent with national priorities and values
- Allow flexibility to state and local governments to tailor programs to local contexts
- Identify common challenges and workable solutions for dissemination and replication
- Provide discretionary funds for unique challenges not easily met by local resources

State government

- Distribute federal resources to communities in a needs-based and equitable manner
- Define and implement state housing and economic development priorities
- Set rules and standards consistent with federal rules and state priorities
- Appropriate state resources to augment federal monies, create housing trust funds
- Support smaller, rural communities with their housing, community, and economic development needs

Local government

- Deliver available resources in the most efficient, impactful, and equitable manner
- Comply with federal and state rules and seek waivers regularly to tailor approaches
- Compete successfully for federal and state discretionary resources
- Develop local resources to advance housing and community development, including affordable housing trust funds using housing-related transaction fees
- Engage residents in community planning in an authentic and empowering way
- Implement public private partnerships with aligned incentives and public benefits
- Work with the private sector – homebuilders, REALTORS, mortgage bankers, and other financial institutions – to make sure the market works and private capital flows
- Address regulatory and zoning barriers to production, density, and affordability
- Adopt inclusionary zoning/or developer agreements to ensure any major residential housing development incorporates affordable units for local residents
- Lock in homeownership and rental affordability for existing residents in advance of those community development efforts that will likely to raise housing prices, create gentrification, and potentially cause displacement

The Affordable Housing and Community Development Delivery System

Housing and community development resources are delivered at the community level by a network of various different public and private, for-profit and not-for-profit, entities. Just as the quality and capacities of the public

sector actors are critical to effective community development, so too, are the capacities and skills of the different participants in the delivery system. A robust housing and community development ecosystem includes an effective public housing agency, the presence of strong social enterprise nonprofit developers and CDFIs, and access to national nonprofit networks and intermediaries.

Elements of strong local housing and community development ecosystems

Public Housing Agencies: Strong Agencies are:

- Local housing leaders creatively deploying and leveraging federal housing operating and capital subsidies for maximum impact
- Accessing federal discretionary resources like ROSS grants, resident services coordinators, and family self-sufficiency
- Prioritizing their deep subsidy resources for the most vulnerable populations, notably to support rapid rehousing and permanent supportive housing for the homeless and people with special needs
- Implementing vouchers to provide recipients with housing choices and the ability to live in communities of opportunity
- Project-basing housing vouchers to support affordable housing developments
- Participating in the Rental Assistance Demonstration (RAD) to recapitalize older, underinvested properties
- Creatively using nonprofit subsidiaries to develop LIHTC projects and leverage other types of affordable housing programs and resources
- Partnering with other sectors – health care, education, workforce development – to improve life outcomes for residents
- Qualified for Moving to Work status with the ability to shape their own rules and apply flexible/flexible use of federal dollars for better program outcomes

Strong Nonprofit Social Enterprises are:

- Housing developers, community development corporations, economic development organizations, and/or community development financial institutions (CDFI)
- Mission aligned with the public sector, but possessing capacities and flexibilities not often available to public entities
- Imbued with business acumen and a social mission
- Able to attract and deploy public, private, and philanthropic capital
- Sustained by earned revenues from mission-based businesses
- Scaled for economic sustainability and greater impact, with strength in information technology, management systems, and human resources
- Able to partner with civic, community, and resident leaders to move the agenda
- Leading cross-sector collaborations to create opportunities for families and communities

Housing and community development nonprofit networks and intermediaries provide:

- Through peer exchange, networks provide rapid acquisition and dissemination of innovations including new resource opportunities or operational efficiencies
- Access to grants, technical assistance, and training
- Nonprofit intermediaries provide local nonprofits with access to capital and advocate for policies that support the sector

Examples of Nonprofit Peer Networks and National Intermediaries

NeighborWorks America.⁴⁹ NeighborWorks America is a network of 250 nonprofit members engaged in homeownership promotion; rental housing ownership and development; community and resident services; social enterprise management; and lending. NeighborWorks provides grants, training, technical assistance, organizational assessments, and access to capital for its member organizations.

Housing Partnership Network.⁵⁰ HPN is a network of 100 nonprofit members with strong social enterprise focus typically working on a regional, state, or multi-state level. The dominant businesses of its members are multifamily developers, CDFIs, and some homeownership entities. HPN creates and manages member-owned social enterprises including insurance, procurement, housing counseling, and a real estate investment trust (REIT). HPN also aggregates capital for deployment to members.

Stewards of Affordable Housing for the Future.⁵¹ SAHF has 13 members, among the very largest nonprofit affordable housing developers and owners in the U.S. Individual SAHF members work across multiple states. Collectively the SAHF members own developments in 49 states, Puerto Rico, and the District of Columbia.

Habitat for Humanity. Habitat for Humanity has 1,300 affiliates based in the U.S. The affiliates' core business model is based volunteer-built homes and fund-raising. Entrepreneurial affiliates have moved into more scaled development and place-based interventions. Habitat provides members with: a great brand for fund-raising and attracting volunteers; technical assistance and peer network opportunities; some grant resources through an annual appropriation under the Section 4 Capacity Building Program; and access to new innovative businesses (ReStore)

LISC. LISC is a national, diversified social enterprise that supports community development corporations. Its businesses include a LIHTC syndication platform (The National Equity Fund -- NEF), a CDFI that does lending and competes successfully for New Markets Tax Credits, Financial Opportunity Centers, and comprehensive community development initiatives. LISC also provides capacity building grants to local nonprofits from its Section 4 allocation.

Enterprise Community Partners. Enterprise is a diversified social enterprise that promotes housing and community development. Its businesses that include: LIHTC Syndication, CDFI lending, multifamily housing lending, and rental housing development and property management. Enterprise also provides grants to local nonprofits from its Section 4 allocation.

Models for National Cross-Sector Collaboration

Working Cities Challenge. The Working Cities Challenge was organized by the Boston Federal Reserve Bank. The initiative seeds cross-sector collaborations in formerly manufacturing based smaller cities across Massachusetts, Connecticut, and Rhode Island. The local collaborations have chosen various community development strategies including workforce and small business development. The Boston Fed provides research and analytical support.
<https://www.bostonfed.org/workingcities/index.aspx>

Invest Health. Invest Health is an initiative sponsored by the Robert Wood Johnson Foundation and administered by the Reinvestment Fund – a large CDFI based in Philadelphia. The initiative funded cross-sector collaborations in

⁴⁹ <http://www.neighborworks.org/>

⁵⁰ <https://housingpartnership.net/>

⁵¹ <https://www.sahfnet.org/>

50 small U.S. cities convened to tackle the social determinants of health. In Michigan, teams from Grand Rapids, Lansing, and Flint participated. <https://www.investhealth.org/>

SPARCC. The Strong, Prosperous, and Resilient Communities Challenge is an initiative spawned by the Low Income Investment Fund, the Natural Resources Defense Council, Enterprise Community Partners, and the Federal Reserve Bank of San Francisco focused on equity, climate change, and health. The initiative fosters cross-sector community based collaborations across 6 metropolitan areas. <https://www.sparcchub.org/>

Purpose Built Communities. Purpose Built Communities is an Atlanta-based consultancy working with communities across the country to replicate successes achieved in the redevelopment East Lake Village public housing community where linkages to education strategies have had a salutary effect. Purpose Built Community works to support cross-sector collaborations based on mixed income housing, education and community wellness interventions. <https://purposebuiltcommunities.org>

Strive Together. Strive Together is an education-focused nonprofit that seeks to replicate collective impact models across the country to improve educational outcomes. <https://www.strivetogether.org/our-approach/collective-impact/>

Comprehensive Community Development. LISC is a national leader in promoting and supporting local comprehensive community development initiatives. <https://community-wealth.org/content/institute-comprehensive-community-development>

Literature on Best Practices

Regenerating America's Legacy Cities, Alan Mallach and Lavea Brachman, Lincoln Land Institute, 2013.

Revitalizing America's Smaller Legacy Cities: Strategies for Post-Industrial Success from Gary to Lowell, Torey Hollingsworth and Alison Goebel, Greater Ohio Policy Center, August 2017.

Eight strategies for Postindustrial Success:

- Build civic capacity and talent
- Encourage a shared public and private sector vision
- Expand opportunities for low-income workers
- Build on an authentic sense of place
- Focus regional efforts on rebuilding a strong downtown
- Engage community and strategic planning
- Stabilize distressed neighborhoods
- Strategically leverage state policies

Our Towns, James and Deb Fallows, Penguin Random House, May 2018.

"Eleven Signs a City will Succeed," James Fallows, *The Atlantic*, March 2016.⁵²

- The eleven signs that a city will succeed:
 - Divisive national politics seem a distant concern.

⁵² See "Eleven Signs a City Will Succeed," James Fallows, *The Atlantic*, March 2016.

<https://www.theatlantic.com/magazine/archive/2016/03/eleven-signs-a-city-will-succeed/426885/>

- You can pick out the local patriots.
- “Public-private partnerships” are real.
- People know the civic story.
- They have a downtown.
- They are near a research university.
- They have, and care about, a community college.
- They have unusual schools.
- They make themselves open.
- They have big plans.
- They have craft breweries.

“The Reinvention of America,” James Fallows, *The Atlantic*, May 2018.⁵³

- Elements of comeback cities (revised, somewhat from the original 11):
 - Civic governance
 - Embracing integration
 - Talent returning
 - School innovation
 - Libraries as community assets
 - Manufacturing
 - Downtowns/Main Street programs
 - Conservation
 - Social capital: Engagements and connections

Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States, Dr. Raj Chetty, et. al., NBER Working Paper, June 2014.

- A big data, longitudinal study that identified the characteristics of communities of opportunity – the places from which kids will have a better chance of positive life outcomes
 - Lower residential segregation
 - Less income inequality
 - Better primary schools
 - Greater social capital
 - Greater family stability

Investing in What Works for Americas Communities, Low Income Investment Fund and the San Francisco Federal Reserve Bank,⁵⁴ 2012.

- A compendium of best practices in community development from prominent practitioners

What it's Worth: Strengthening the Financial Futures of Families, Communities, and the Nation, CFED and the San Francisco Federal Reserve Bank, December 2015.^{55 56}

⁵³ See “The Reinvention of America,” James Fallows, *The Atlantic*, May 2018.

<https://www.theatlantic.com/magazine/archive/2018/05/reinventing-america/556856/>

⁵⁴ <https://www.frbsf.org/community-development/publications/special/investing-in-what-works-american-communities-people-place-purpose/>

⁵⁵ Note that CFED has changed its name to Prosperity Now.

⁵⁶ <http://www.strongfinancialfuture.org/>

- Collection of essays on community development and asset building for low- income households and communities

NeighborWorks Works: Practical Solutions from America's Community Development Network, NeighborWorks America, 2016.

- Essays on practical, community-specific interventions from 150 communities

7.7. Consultant Bios

Appendix 7.7. Consultant Bios

Paul Fate, Principal, PFate & Associates, LLC

Paul Fate retired as President and CEO of CommonBond Communities in 2014. Paul then started his own consulting firm, PFate & Associates, LLC. Paul has over 35 years of experience in the field of housing and community development and over 20 years of successful experience as a non-profit executive in a variety of settings. Paul's consulting practice has focused on the following: strategic realignment and business/strategic planning; start-ups and executive transitions; strategic assessment of housing and community development ecosystems; and, organizational development, governance and management.

Fate was the President and CEO of CommonBond Communities from 2007-2014. CommonBond's mission is to build stable homes, strong futures and vibrant communities. Paul led and managed this organization with a staff of 325 people and an annual operating budget of approximately \$70 million. As the largest nonprofit provider of affordable homes in the Upper Midwest, CommonBond Communities has been building and sustaining homes with services for low income families, seniors and people with special needs since 1971. CommonBond operates over 6,000 homes in 100 different housing communities located in urban, suburban and small cities in our region. Fate led the organization through a highly successful Open 4000 Doors \$30 million capital campaign. This campaign resulted in the development of 2,500 affordable homes, a \$15 million working capital fund, an \$8 million endowment for Advantage Services and a new headquarters.

Prior to CommonBond, Paul was the Executive Director of an urban revitalization partnership known as Payne-Lake Community Partners, sponsored by The McKnight Foundation and affiliated with a consortium of national funders, financial institutions and federal departments known as Living Cities. Paul was previously Director of National Services at the Amherst H. Wilder Foundation. He started and directed the Twin Cities office of the Local Initiatives Support Corporation from 1988-1999. During his tenure, Twin Cities LISC and a LISC affiliate, the National Equity Fund, raised and invested over \$110 million, resulting in over 3,000 units of affordable housing and nearly \$500 million in housing and economic development in the Twin Cities' region. Paul was also the Executive Director of Westside Housing Organization (WHO) in Kansas City, Missouri from 1979-1985. Paul acquired land and packaged real estate projects for Rural Housing Improvement, a regional non-profit based in central Massachusetts, from 1976-1979.

Fate holds a master's degree in Public Administration from the John F. Kennedy School of Government at Harvard University and a master's degree in City Planning from the Humphrey Institute of Public Affairs at the University of Minnesota. Fate has served on a number of national and regional boards and advisory bodies including the Housing Partnership Network, the Enterprise Communities National Leadership Council, the Minnesota Housing Partnership, Twin Cities Habitat for Humanity and the Metropolitan Consortium for Community Development.

Paul Weech, Senior Principal, Affordable Housing Institute

Paul Weech brings more than 35 years of extensive, eclectic experience in the housing, community development, and financial services fields. He has worked in very senior roles for organizations in the public and private, for-profit and not-for-profit sectors, both in the United States and overseas. His current areas of focus are on nonprofit management and strategy and cross-sector community-based collaborations for addressing persistent poverty.

Paul is currently a senior principal with the Affordable Housing Institute, a Boston-based consultancy that works to build strong affordable housing ecosystems around the globe.

Prior to this consulting role, Paul was the president and CEO of NeighborWorks America, a 40-year old, Congressionally-chartered 501(c)(3) that provides grants, training, and technical assistance to a network of more than 245 nonprofits across the country.

Weech has also served in senior leadership positions for the nonprofit networks Housing Partnership Network and Stewards of Affordable Housing for the Future. He worked for nearly ten years at Fannie Mae in various roles, culminating as the vice president for Mission Strategy and Execution in the Business Strategy Group. And, he has held positions as chief of staff at the United States Small Business Administration, as staff director for the Subcommittee on Housing and Community Development for the U.S. Senate Committee on Banking, Housing, and Urban Affairs, and as senior analyst for Housing and Credit for the U.S. Senate Committee on Budget.

Weech received a master of public policy degree from the Ford School for Public Policy Studies at the University of Michigan in 1981 and a bachelor of arts in political science from Duke University in 1978. He has served on numerous nonprofit boards including the National Low Income Housing Coalition, the National Housing Conference, and the Homeownership Preservation Foundation. He has also previously served on national advisory boards for Capital One and the Bank of America. He currently serves on the Community Development Advisory Board for Morgan Stanley and the National Advisory Board for the Robert Wood Johnson Foundation/Reinvestment Fund Invest Health Initiative.