

# Cleveland Neighborhood Progress



## Cleveland Neighborhood Progress Strategic plan Impact: 2022-2027

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in collaboration with Urban Policy Innovations

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**EY**

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## Disclaimer:

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# Executive summary

## Introduction

In March 2021, Cleveland Neighborhood Progress (CNP) engaged Ernst & Young LLP (EY) to assist with creating a new strategic plan. The EY Economic Development Advisory Services practice collaborated with Urban Policy Innovations to lead the strategic planning process over the course of seven months, and consisted of three primary phases and reports:

- ▶ Phase 1 included a background review of the demographic and economic context surrounding the Cleveland area and an organizational assessment evaluating CNP's current state, as well as an analysis of the community development corporation (CDC) ecosystem that CNP serves and supports. We also sought feedback and input from key stakeholders.
- ▶ Phase 2 involved a comparative analysis of CNP against other peer CDC intermediaries and similar organizations, along with a review of leading practices for consideration.
- ▶ Phase 3 entailed development and delivery of the new strategy and implementation plan.

This report is the Phase 3 deliverable and will inform CNP's priorities and work for the next five years (2022-2027).

## Envisioning the future state

In the first phase, we consulted with CNP staff and board leadership, and the project team established an organizational future state that served as a guidepost for the strategic planning process:

- ▶ **CNP's essential purpose is to strengthen the CDC ecosystem to foster inclusive communities and economic opportunity throughout Cleveland.** CDCs should be at the center of CNP's work and the primary vehicles through which it cultivates neighborhood revitalization.
- ▶ **The investment and placemaking activities of CNP's affiliate organizations, Village Capital Corporation (VCC) and New Village Corporation (NVC), should be coordinated and aligned with neighborhood development priorities.**
- ▶ **Racial equity and inclusion should be woven into every decision and action** – in funding and resource allocation, and in all organizational operations.

If CNP is able to deliver on the requirements listed above, the organization will realize the following outcomes:

- ▶ **A significant increase in repaired, rehabilitated, and new residential and commercial real estate,** because CDCs have the know-how to deploy Community Development Block Grant funds and are able to leverage VCC loan products and services, along with NVC's real estate know-how and technical advice.
- ▶ **CDCs are highly valued and adequately resourced organizations** that contribute to equitable revitalization, foster greater connectivity to vital programs and services, and raise positive awareness around the neighborhoods they serve.

Given the desired future state, and a strategic plan that makes it possible to realize that future, consideration was given to updating the current mission statement. The updated organizational mission is subsequently shared.



## A renewed mission

CNP's mission statement has been updated to clearly articulate the new strategic direction. A compelling mission is purpose-driven and actionable. It is aspirational in nature and provides a target that the organization can continuously strive toward in collaboration with key partners.

## Impact: 2022-2027 mission statement

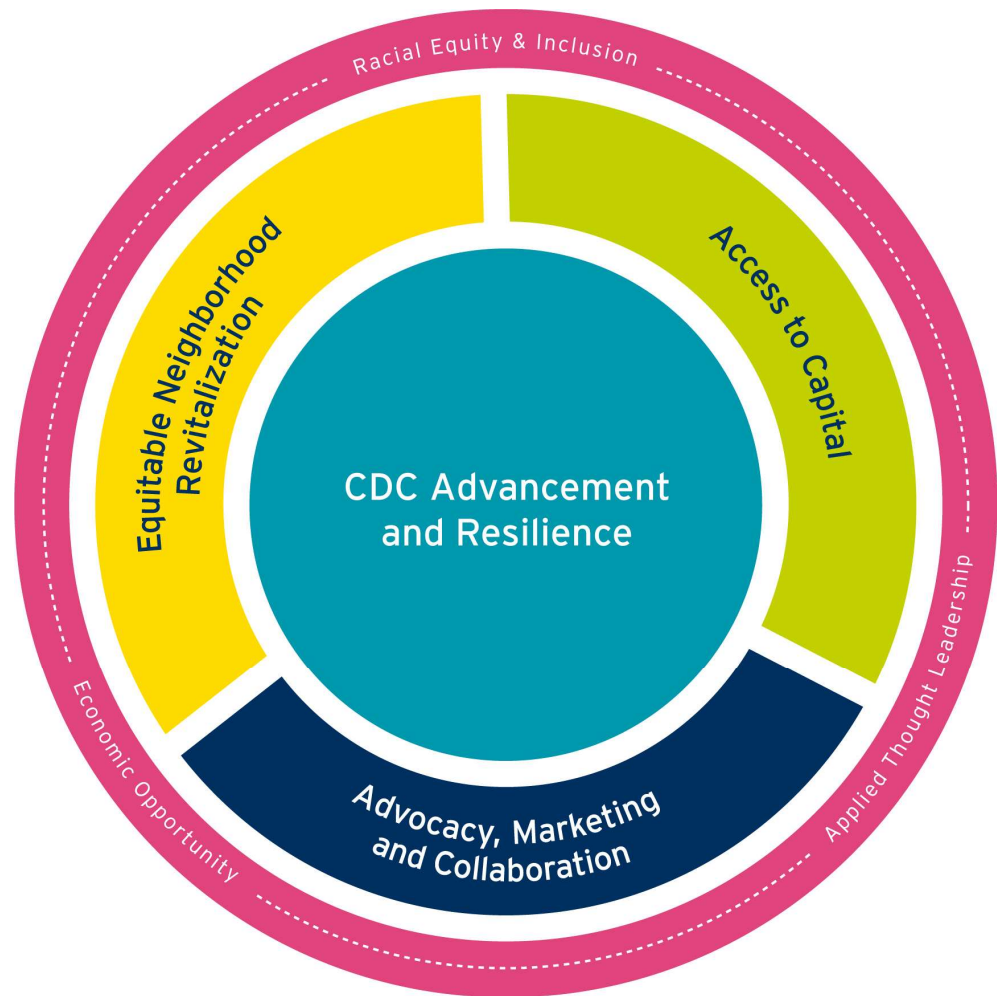
Cleveland Neighborhood Progress' mission is to foster equitable revitalization throughout Cleveland's neighborhoods by strengthening the **community development ecosystem**.

### Defining the ecosystem

The **community development ecosystem** is defined as the network of CDCs; city and county government entities; housing providers; public space partners; economic and workforce development organizations, and intermediaries; public, private and nonprofit funders/capital providers; real estate developers and other local partners, including settlement houses, business improvement districts and neighborhood associations.



## Strategic priorities



### Priorities, goals and recommended objectives

By aggregating insights collected from background research and analysis, as well as input from the CNP board and staff, CDC executive directors and other key partners and stakeholders during the plan development process, along with consideration of national leading practices and models, the following priorities, goals and recommendations have been identified for the **Impact: 2022-2027** strategic plan.

*The four strategic focus areas are:*

- ▶ Community development corporation advancement and resilience
- ▶ Equitable neighborhood revitalization
- ▶ Access to capital
- ▶ Advocacy, marketing and collaboration



# Goals and recommended objectives

## CDC advancement and resilience

**Goal 1:** CDCs have access to the financial resources, talent, industry expertise and technical assistance they need to effectively serve their neighborhoods, continuously improve and sustain operations over time.

### Recommended objectives

**1.1** Develop a comprehensive, capacity-building suite of services that provide industry expertise and technical assistance for CDCs in real-estate development and other key areas.

**1.2** Expand, and explore new, funding vehicles for CDCs, including evaluations of existing programs (e.g., CDBG and SII) for adjustments.

**1.3** Collaborate with CDC leaders to develop a CDC ecosystem talent strategy that aligns with the Mandel Foundation's CDC Leadership Program and includes strengthening the leadership pipeline, staff development and retention.

**1.4** Support CDCs with resident connectivity and empowerment, so that residents can play an active role in neighborhood revitalization efforts.





# Goals and recommended objectives

## Equitable neighborhood revitalization

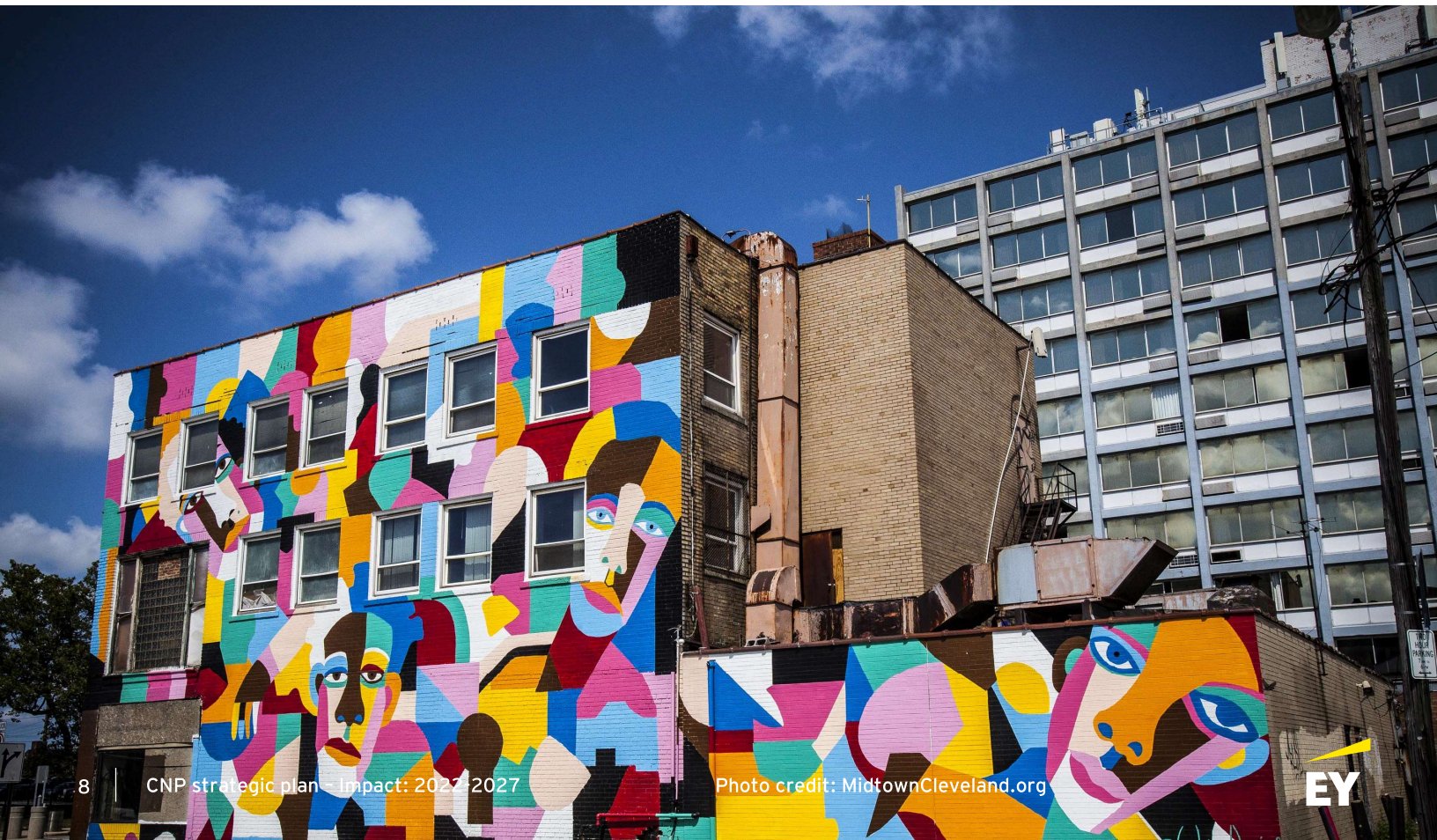
**Goal 2:** Equitable neighborhood revitalization efforts are effectively coordinated among CNP, NVC, VCC, CDCs and other key partners and implemented in each neighborhood based on the particular needs and opportunities of residents and businesses.

### Recommended objectives

**2.1** Facilitate neighborhood planning and placemaking in the community to ensure all neighborhoods are positioned for investment, sustainable and climate resilient development and overall economic growth.

**2.2** Encourage more responsible private sector investment and partnerships with CDCs and other community organizations to accelerate equitable and climate resilient development.

**2.3** Amplify CNP's role as an economic development partner and connector, with a focus on increasing access to resources for CDCs, small businesses and residents, and cultivating more connectivity in the economic and workforce development ecosystem.



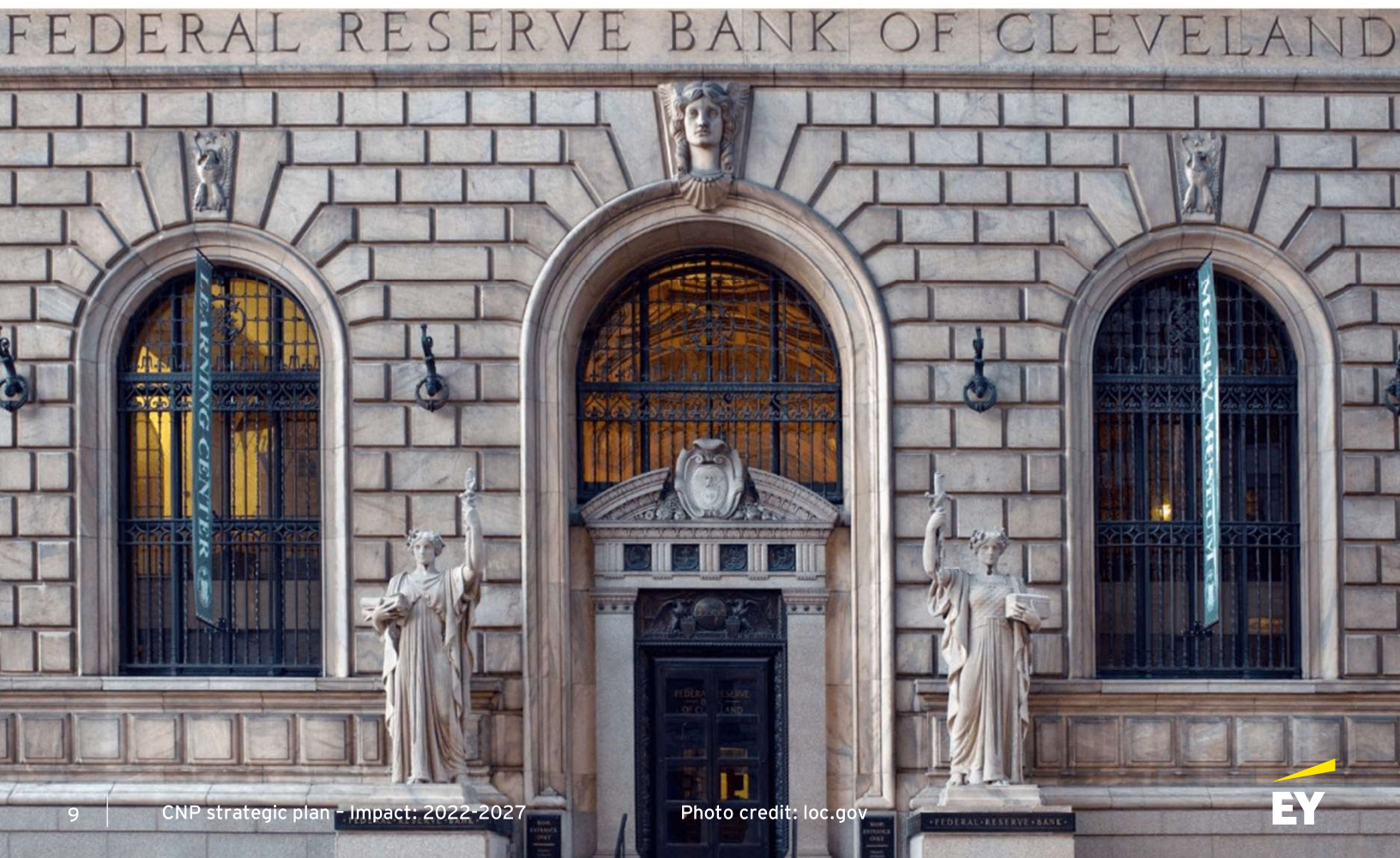


## Access to capital

**Goal 3:** Access to capital is elevated to serve more disinvested Cleveland neighborhoods, support equitable neighborhood revitalization, and deliver enhanced value to CDCs and targeted businesses.

### Recommended objectives

- 3.1** Expand the toolbox of financial products that can benefit CDCs, development partners and other stakeholders.
- 3.2** Support facilitating greater investment-readiness among CDCs, resulting in increased capital for CDCs and CDC-partnered projects.
- 3.3** Establish targets for lending to people of color and women-owned contracting and development companies, and other small businesses.
- 3.4** Generate new and sustainable sources of capital (lending and operating) to allow VCC to deliver new and enhanced products and services, and foster its own organizational health and growth.





## Advocacy, marketing and collaboration

**Goal 4:** CNP is the leading voice and liaison for CDCs with government, philanthropy and business; the coordinator of marketing and communications that promote the value of inclusive community and economic development; and a vision of all neighborhoods as communities of choice.

### Recommended objectives

**4.1** Cultivate relationships with public sector leaders and advocate for public funding, investment incentives and policies at the local, state and federal levels that benefit CDCs, residents and businesses.

**4.2** Strengthen alliances with and between CDCs, funders, corporations, economic development organizations and other stakeholders to grow interest in, and support for, the CDC ecosystem and CNP.

**4.3** Develop and launch integrated marketing campaigns that promote Cleveland neighborhoods, elevate the local community development industry, and increase awareness and understanding of CNP's contributions.





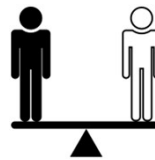
# Organizational imperatives

## Actionable organizing values

In addition to the strategic priorities, goals and recommended objectives, three organizational imperatives have been determined. These imperatives will serve as actionable organizing values or principles that will undergird CNP's mission and reinforce the strategy. They will be integrated throughout its operations and will be evident in its outcomes and impact.

*The three organizational imperatives are:*

### Racial equity and inclusion



Racial equity and inclusion asserts the organization's commitment to building a community development model that seeks to dismantle systemic barriers to economic opportunity, by advocating for policy changes that promote equitable revitalization and investing capacity and resources in disinvested CDCs and neighborhoods.

### Economic opportunity



Economic opportunity refers to the organization's understanding that community development is not an ends in and of itself, but is instead a means to creating greater opportunities in terms of home and business ownership, education and training, employment, generational wealth-building and other impacts that allow individuals and families to realize their full potential and enjoy a high quality of life.

### Applied thought leadership



Thought leadership, research and analysis are core competencies of CNP that can be amplified by leveraging the organization's collective intelligence of all team members, and collaborating with CDCs and other partners, to discover and apply innovative solutions to deeply embedded community and societal challenges.



# Stakeholder engagement and research

Substantial stakeholder engagement and two foundational research reports, an assessment of CNP's current organizational state and an analysis of the CDC ecosystem, were completed to provide background context, essential data and insights to inform the development of the strategic plan. Leading practices research was also reported to provide concrete models that are considered to be national exemplars for CDC intermediary projects and services.

## **Inclusive stakeholder input**

Extensive and inclusive stakeholder engagement was integral to the strategic planning process. Input from the CNP volunteer leadership, staff, CDC directors and partners is vital to identifying needs and challenges, and uncovering priorities and solutions for the future. Our stakeholder engagement process included:

- ▶ 20 one-on-one interviews with leaders and partners from the community
- ▶ Six focus groups covering topics relevant to community and economic development
- ▶ Five workshops with the CNP board, as well as five meetings with the strategic planning subcommittee to formulate the strategic framework and implementation outline
- ▶ Three CNP staff engagement sessions and a survey to gather staff input
- ▶ Three workshops with CDC executive directors to glean insights on concerns and opportunities
- ▶ Two virtual forums with CDC board leaders and other partners to share and discuss key findings and themes
- ▶ Ongoing project meetings and continuous collaboration with CNP staff leadership



## CNP organizational assessment snapshot

**Organizational current state.** The 2017-21 strategic plan for Cleveland Neighborhood Progress outlined three core services areas: CDC Advancement, Placemaking and Economic Opportunity. These and other efforts by CNP are guided by a commitment to racial equity and inclusion (REI) and amplified by efforts in advocacy, public policy and research, as well as thought leadership.

The following are observations of CNP's current allocation of resources:

- ▶ Nearly three-quarters of the CDC Advancement allocation goes to the CDCs via a competitive grant process called the Strategic Investment Initiative, leaving approximately \$350,000 to support the work and operations of CDC Advancement. Taking that into consideration and given the role of CDCs as CNP's primary vehicle for neighborhood revitalization and stabilization, the CDC Advancement area is under-resourced, both in financial resources and staff.
- ▶ A significant portion of Economic Opportunity's allocation is dedicated to the Community Financial Centers program, which provides direct service to residents in the form of financial coaching and counseling. While this service is critical to the residents of Cleveland, CNP did not have the capacity to scale counseling services to meet the need. This may be an opportunity to move this body of work into a collaborative, allowing another partner to lead the initiative.
- ▶ Placemaking has a smaller allocation of financial resources and staff that is spread across a large number of initiatives in neighborhood marketing, planning, stabilization, beautification and sustainability, to name a few. Placemaking appears to be a prime example of commitments extending beyond capacity and could be an area for prioritization and the better leveraging of partners.
- ▶ Advocacy & Public Policy is an emerging field of play for CNP, and it is expected to play a rising role in the coming years with anticipated leadership turnover in the Cleveland area. The staff allocation and funding could grow to support those changes, to educate elected and appointed officials on community development, and to advance policy changes that position and empower CDCs to accomplish their work in Cleveland neighborhoods.
- ▶ Racial equity and inclusion and economic opportunity are interrelated organizational priorities. Both threads can be leveraged for cross-functional activities that enhance greater internal cohesion and external impact.

## CNP organizational assessment snapshot

- ▶ Marketing and communications is critical to promoting CNP's work, the CDCs and neighborhoods, but has been diluted in Placemaking's myriad priorities since eliminating the director position in 2019. More specialization in this area may be needed moving forward. Consideration should also be given to added resources in the areas of external relations and fund development.
- ▶ The Operations allocations cover the core functions of the organization, including management, finance and accounting, and human resources. A question to explore is the extent to which internal operations should be dedicated to increased support of CDCs as shared services, and the implications that would have on staffing.
- ▶ NVC and VCC are subsidiaries of CNP and considered close, collaborative partners since the services they provide directly feed into the mission of CNP. Despite their natural bonds, alignment among the three entities could be improved. Furthermore, the investment priorities of NVC and VCC should be more integrated and aligned with the CDCs, in terms of collaboration around placemaking and investment. Together, the intellectual capital and financial resources within these entities can enable CDCs to achieve greater impact in their neighborhoods.





## CDC ecosystem analysis snapshot

**CDC programs and capacity review.** To confirm that the recommendations for strengthening CDC capacity reflect the current state of the industry, the team conducted a high-level analysis of the CDC ecosystem with input from CNP-supported organizations. The review primarily involved CDC survey responses (*self-reported data*) and input from a focus group with CDC executive directors. CNP Strategic Investment Initiative progress reports, CDC annual reports, as well as scholarly articles and other materials have also been referenced to provide context and an objective baseline for evaluating programs, capabilities and capacity of Cleveland's CDCs.

**CDC core programs:** The following insights are based on respondent input regarding programs and services provided by their organizations:

- ▶ Community organizing and engagement and small business assistance are common services provided (100% of respondents).
- ▶ While small business support appears to be a major priority, the type and extent of those programs and services varies.
- ▶ Housing-related programs and services in the form of affordable housing development and stabilization factor prominently as primary focus areas among the respondents. However, homebuyer counseling/education showed up as a much less significant priority.
- ▶ Commercial real estate emerges as a core focus, although most of the CDCs are not directly involved in physical development.
- ▶ Brokerage of relationships/joint ventures could be explored as areas where CDCs play a larger role, especially in real estate development.

**Valued CNP programs and services:** The following observations have been made regarding the CDC respondents' determination of programs and services provided by CNP that are deemed "most valuable" in terms of usage and relevance:

- ▶ More than 90% of respondents said that assistance securing operating grants is the most valuable service that CNP can provide to CDCs.
- ▶ Convening of CDC executive directors, along with racial equity and inclusion, scored high, which is reflective of the high-caliber work being done by CNP in these areas. In the focus group, CDC executive directors shared that guidance is needed in further integrating REI into their work and measuring the impact.
- ▶ 64% of respondents receive significant value from advocacy and public policy, but focus group input indicates a need for even more representative support, especially at the local level.

## CDC ecosystem analysis snapshot

- ▶ Real estate development and placemaking assistance from VCC and NVC were not considered to be among the most valued CNP services. This could be because many CDCs have limited direct engagement in these efforts and/or are not directly involved in VCC/NVC activities.
- ▶ The low-priority ranking of CNP's economic development support services is also noteworthy, as it may suggest a need to broaden and strengthen programming in this area and/or make CDCs more aware of those resources.
- ▶ Although marketing support was not listed as an option in the survey, CDC leaders underscored such support as a service that is needed and valued.

**CDC financial capacity.** Based on annual budget data provided by participating CDCs, the following insights have been made:

- ▶ 63% of respondents reported having an annual operating budget of between \$1m and \$3m, which may seem encouraging on the surface, but financial resources in this range may not always be adequate to support a robust portfolio of essential community development activities.
- ▶ Even more concerning is that a sizable portion of organizations (almost 30%) reported annual operating budgets of between \$500k and \$1m, given that under-resourced CDCs tend to also have the greatest challenges to address in terms of physical decay, struggling small businesses, unemployment and other forms of economic distress.
- ▶ With less than 10% of respondent organizations in the \$5m-\$10m range, there is an opportunity to increase financial capacity and, ultimately, investment capability for the CDC ecosystem as a whole.
- ▶ This data underscores the importance of growing financial capital for CDCs, as well as diversifying revenue streams, including unrestricted funding from local, state and federal sources.





# CDC intermediary leading practice highlights

## Leading CDC intermediary organizations

To inform the recommendations for CNP's strategic plan, several comparable CDC intermediary organizations were evaluated to determine best practices that could be considered for Cleveland. Models for programs and initiatives that support CDCs were included from four benchmark CDC intermediaries – one local, the Philadelphia Association of CDCs (PACDC); two statewide, the New Jersey Network for Community Development and the Massachusetts Association of Community Development Corporations (MACDC); and a unique, single-purpose model, the Joint Ownership Entity (JOE) in New York City – whose activities could substantially inform aspects of CNP's work.

The organizations that were selected are comparable to CNP in terms of purpose and the roles that play in supporting CDCs. Each is nationally respected among community development experts and practitioners. Multiple leading practice examples from each of the above intermediaries were considered, and we have included those that are most relevant and aligned with the Impact: 2022-2027 strategic plan to demonstrate and inform how certain programs and initiatives can be developed and implemented. Several projects and service offerings from MACDC are discussed, as well as a few examples from PACDC and JOE.



# Massachusetts Association of Community Development Corporations (MACDC)

**Technical assistance and capacity-building.** Comprehensive technical assistance and capacity-building have historically been critical pillars of MACDC's programming. Highlighted below are key initiatives that for many years have defined the organization's work in advancing community and economic development through its support of CDCs:

In the 1990s, MACDC, in partnership with LISC, the Massachusetts Community Economic Development Assistance Corporation, and aided with substantial philanthropic and public funding, launched a comprehensive capacity building program on economic development. This program was designed to assist CDCs in acquiring or strengthening the capabilities necessary to evolve or rebuild the economies of their target neighborhoods by attracting new businesses, helping existing enterprises thrive and grow, and facilitating local resident access to quality jobs. Up to this point, most of MACDC's member organizations had been focused on the planning and construction of affordable and mixed-income housing as their core community development objective and were ill-equipped to pivot toward economic development.<sup>1</sup> This intensive multiyear program concentrated on:

- Intensive, graduate-level instruction in commercial real estate development (including development finance and construction management)
- Asset management (including property management and how to work with commercial property management companies)
- Comprehensive neighborhood (re)development planning
- Small business needs assessment and how to partner with technical assistance providers and lenders; in some instances, CDCs received instruction in how to establish a community development lending subsidiary.

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<sup>1</sup> This was the case with Nuestra Comunidad, a CDC with a heavy focus on entrepreneurship and small business development. Nuestra eventually became a U.S. Treasury-certified Community Development Financial Institution (CDFI).



## Massachusetts Association of Community Development Corporations (MACDC)

**CDC leadership development.** MACDC took a critical step toward creating a permanent institutional mechanism for community development learning when it “acquired” the Mel King Institute for Community Building, a professional development institution that had previously been affiliated with the Massachusetts Institute of Technology. The institute seeks to advance the skills, knowledge and leadership ability of professional community development practitioners to prepare CDCs to “build more homes, create more jobs, grow more businesses, nurture more community leaders, and pursue more comprehensive community building strategies that also address issues such as transportation, public safety, green space development, workforce development and youth development.”<sup>2</sup>

The institute specifically sponsors trainings; serves as a clearinghouse on community development best practices; manages the Alliance for Racial Equity, a coalition of community development organizations and practitioners dedicated to increasing racial equity within all areas of community development; and administers the Innovation Forum, which affords community development practitioners an opportunity to gain exposure to new and emerging issues in the community development industry from experts in the field.

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<sup>2</sup> Mel King Institute webpage: [melkinginstitute.org](http://melkinginstitute.org).

Photo credit: APA, [planning.org](http://planning.org)





# Massachusetts Association of Community Development Corporations

**Public policy advocacy.** Public policy advocacy is a dominant focus of MACDC's activities. Over the past two decades this work has been centered around initiatives designed to stimulate greater levels of public and private sector investment in neighborhood redevelopment, including for projects carried out by CDCs.

Some of MACDC's more routine priorities consist of advocating for increased affordable housing funding in the state's operating and capital budgets and helping ensure that the Commonwealth's Qualified Allocation Plan (QAP) for the Low Income Housing Tax Credit program is favorable to nonprofit developers. Additionally, MACDC's leaders also help mobilize CDC industry lobbying and public education campaigns to preserve pro-neighborhood redevelopment federal laws and regulations. One illustrative example is the organization's 2020 effort to discourage the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) from implementing new rules under the Community Reinvestment Act (CRA) that could make banks less accountable and responsive to community needs.<sup>3</sup>

**Membership.** MACDC's theory of change is centered around the strengthening and promotion of CDCs to revitalize and develop neighborhoods. Therefore, only CDCs can become full voting members of the organization. At present, there are 65 certified CDCs (discussed in greater detail below) within MACDC's membership, and another 27 organizations are associate members.

Beyond CDCs there are associate members consisting of CDFIs, funders, public policy and advocacy groups, as well as private developers. A non-CDC organization can apply to be an associate member at varying financial levels.

This model is consistent with industry trade groups, and allows MACDC to generate income from the membership dues (based on data from its most recent Form 990):

- Voting member dues range from \$50 to \$5,000 depending on the size of the organization.
- Associate member dues range from \$50 to \$400 depending on the number of full-time employees.

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<sup>3</sup> See the public comment of Joseph Kriesberg, MACDC President & CEO, regarding the Comptroller of the Currency's proposed rules on Community Reinvestment Act Regulations, April 6, 2020.

## Philadelphia Association of Community Development Corporations (PACDC)

**Neighborhood revitalization and housing development funding.** The Philadelphia Housing Trust Fund was created in 2005 through the hard-fought efforts of PACDC and other stakeholders. The Fund, which became operational in 2006, provides a dedicated funding source for affordable housing in the city. This includes the construction of new residences, the preservation and repair of existing occupied homes and the prevention of homelessness. While the fund serves households of varying income levels, half of the funds are targeted to units serving low- and moderate-income families earning between 30% and 115% of the area median income.<sup>4</sup>

An oversight board of municipal officials and other community stakeholders helps guide the operations and management of the fund, recommending policies and resource allocation. Since its inception, the fund has raised \$250 million for affordable housing and has assisted more than 50,000 households, including 3,000 that avoided homelessness. In 2018 PACDC achieved another victory when the Philadelphia City Council and Mayor came to an accord on the investment of another \$70 million between FY19 and FY23.

The main dedicated source of funding for the Philadelphia Housing Trust Fund is from Deed & Mortgage Recording Fees, which generate more than \$14 million per year when the real estate market is healthy. PACDC, according to Rick Sauer, successfully advocated for an agreement between the Mayor and City Council to supplement that dedicated funding with an additional \$20 million per year from the City's General Fund for five years. (Note: This year, however, only \$7 million was appropriated to the Housing Trust Fund, as the Mayor and City Council President agreed to a deal to use a portion of that revenue to pay the debt service for a \$400 million affordable housing bond issue.)

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<sup>4</sup> Philadelphia Association of Community Development Corporations: [pacdc.org](http://pacdc.org).





## Philadelphia Association of Community Development Corporations (PACDC)

**Incentivizing private sector investment.** The City of Philadelphia enacted the pilot of the CDC Tax Credit Program in November 2001. PACDC then worked with the city to develop regulations to implement the program.<sup>5</sup>

The CDC Tax Credit program received its initial applications in September 2002. At first the program supported 10 partnerships. Since demand for the credits far surpassed the number of available slots, PACDC worked with Councilman W. Wilson Goode (credited as the catalyst) to expand the program to 15 partnerships in November 2002, all of which were quickly filled. In October 2003, PACDC developed a progress report on the first year of the program to make the program permanent with expansion to 25 partnerships. The CDC Tax Credit Program has been fully subscribed since 2005.<sup>6</sup>

The goal of the program is to institutionalize support for neighborhood economic development by encouraging businesses to invest in the work of CDCs and other community development stakeholders including intermediaries. Key features of the program include the following:

- Participating businesses receive a 100% tax credit against their city business tax liability for 10 years in exchange for making an annual contribution of \$100,000 to a participating nonprofit.
- This 10-year commitment provides organizations with \$1 million in flexible funding that can be used to support core operations involved in carrying out community development programs.
- Thus far, the program has leveraged support from a broad range of businesses, including law firms, hospitals, insurance companies, construction contractors and a grocery store chain.
- There are currently 40 active partnerships between an eligible nonprofit and business, and PACDC is pursuing an expansion of the program that would allow up to 50 nonprofits to participate.
- The local statute codifying the tax credit defines eligible nonprofits as entities engaged in community development.

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<sup>5</sup> *Best Practices in Land Bank Operation* (The Great Lakes Environmental Finance Center and the Maxine Goodman Levin College of Urban Affairs, Cleveland State University, June 2005).

<sup>6</sup> Interview with Rick Sauer, Executive Director, PACDC.

## Philadelphia Association of Community Development Corporations (PACDC)

**CDC capacity-building and leadership development.** The bulk of PACDC's capacity-building, technical assistance and professional development programming is conducted via the Community Development Leadership Institute (CDLI), which serves as the organization's training umbrella. PACDC's work in this regard has more recently focused on building the capacity of commercial corridor managers through an onboarding program for new corridor managers, a problem-solving learning lab and instruction in using new data tools. PACDC holds an annual conference as well as trainings on a variety of neighborhood revitalization topics during the year. The organization also partners with the National Development Council to conduct a training series to prepare practitioners to become certified in real estate finance. PACDC has also enabled member CDCs to receive professional development offerings in areas such as commercial leasing, joint venture partnerships and rental housing preservation. Additionally, PACDC partners with a well-respected legal intermediary in Philadelphia, the Regional Housing Legal Services, which assists member CDCs with structuring of real estate ventures. Via CDLI, PACDC also facilitates access to the Philadelphia office of LISC, which provides CDCs with training in the areas of rental housing preservation and asset management.<sup>7</sup>

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<sup>7</sup> Interview with Rich Sauer, Executive Director, PACDC.



Photo credit: Generocity.org



## Joint Ownership Entity (JOE) – New York City

**Collaborative asset management.** The Joint Ownership Entity New York City is a unique and specialized nonprofit intermediary – or consortium of CDCs – that owns and asset manages affordable multifamily rental properties. The organization was founded in 2017 by a group of well-established New York City CDCs in response to challenges confronting nonprofit developers and owners of affordable rental housing.

JOE is designed to “strengthen the asset and property management capacity and outcomes of participating CDCs and the industry as a whole; to bolster the cash flow and balance sheets of participating CDCs; to enhance the ability of CDCs to secure financing for their development projects; and to help ensure the long-term affordability of the properties in its portfolio and the stability of the communities within which they are located.”<sup>8</sup>

JOE is about helping CDCs achieve economies of scale as they seek the resources necessary to redevelop properties. The JOE model is helping to improve the operating margins of contributed properties by achieving economies of scale through the bulk purchase of energy, as well as other goods and services. The entity also gives the collective group of CDCs the balance sheet strength to refinance and recapitalize contributed properties and projects without the need to joint venture with a for-profit partner. Membership participation presently is open to any nonprofit organization that owns affordable multifamily rental housing assets in New York City, as long as the organization contributes at least one property to JOE.

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<sup>8</sup> Joint Ownership Entity - NYC website: [joenyc.org](http://joenyc.org).







# Mission statement and strategic plan

## Impact: 2022-2027 mission statement

CNP's new mission statement reflects a redefined strategic direction and value proposition regarding how the organization will positively impact Cleveland neighborhoods, the CDCs that serve them, and the broader community. While all of the strategic priorities to follow can be considered essential and mutually reinforcing, strengthening the community development ecosystem as a means to cultivate equitable revitalization will be foundational for all CNP's efforts.

Cleveland Neighborhood Progress' mission is to foster equitable revitalization throughout Cleveland's neighborhoods by strengthening the **community development ecosystem**.

## Clarifying the community development ecosystem

When updating the mission statement, it was deemed necessary to define and clarify what is meant by the community development ecosystem. CDCs are integral to CNP's operations and impact, but numerous valued partners will continue to play an important role in the broader work of neighborhood revitalization.

The **community development ecosystem** is defined as the network of CDCs; city and county government entities; housing providers; public space partners; economic and workforce development organizations, and intermediaries; public, private and nonprofit funders/capital providers; real estate developers and other local partners, including settlement houses, business improvement districts and neighborhood associations.



## CDC Advancement and Resilience

**CDC Advancement** involves increasing and improving CDC capacity through customized organizational, financial and technical support. **Resilience** is about ensuring that CDCs have effective operations and adequate resources for long-term organizational sustainability and financial stability. Ultimately, **CDCs are better equipped** to proactively address the varied community development needs of the neighborhoods they serve.

**Goal 1:** CDCs have access to the financial resources, talent, industry expertise and technical assistance they need to effectively serve their neighborhoods, continuously improve and sustain operations over time.

### Recommended objectives

**1.1** Develop a comprehensive, capacity-building suite of services that provide industry expertise and technical assistance for CDCs in real estate development and other key areas.

### *Initiatives and tactics*

- ▶ Establish an advisory (consulting) service to provide industry expertise and technical assistance to CDCs around real estate development (including development partnerships), asset management, community engagement and organizing, fundraising and other services.
  - The advisory service should be structured as a comprehensive, subject-matter-oriented capacity-building program for CDCs. In addition to the aforementioned services, CNP should be able to consult on matters related to economic development, joint ventures and risk assessment/mitigation.
  - While it is recommended that CNP enhance its in-house technical expertise, leveraging the knowledge of external partners and resources at the local, state and national level will be a value-add for CDC-related services (e.g., community development practitioners, Ohio CDC Association and the National Development Council).
- ▶ Develop a CDC maturity model in collaboration with CDC executive directors that provides a clear baseline for standard operations and services, as well as those that could be considered enhanced and aspiration.
- ▶ Create a CDC shared services model to provide customized back-office administrative support around accounting, HR, IT and other services. This shared services model could also include the establishment and oversight of a trust (REIT)-like partnership that helps CDCs mitigate risk around certain aspects of real estate development and investment.
- ▶ For both advisory and shared services it will be important to have follow-up conversations with CDCs leaders and staff to define the full scope of services offered and the sub-services that are most important within those offerings.

## CDC Advancement and Resilience

- ▶ Transform Progress Institute from an event to a platform consisting of regular, year-round programming (in-person and virtual) with relevant content that supports CDC leadership and staff professional development. Consider monthly general sessions and quarterly CDC leader peer-to-peer learning opportunities, which are highly valued. Leverage these opportunities to explore and enhance collaboration and partnerships between CDCs as well.
- ▶ Explore the development of a JOE NYC-like consortium that would institutionalize and further elevate development partnerships and joint ventures between CDCs.
- ▶ CNP should continue to partner with racial equity and inclusion experts and facilitators to continue learning and dialogue in that area, while seeking to offer, or curate, more enhanced education and insights for CDCs that want to translate these meaningful conversations and trainings into measurable impact in their neighborhoods (MACDC's Alliance for Racial Equity can be referenced as a leading practice).

**1.2** Expand, and explore new, funding vehicles for CDCs, including evaluations of existing programs, including CDBG and SII, for potential adjustments.

### *Initiatives and tactics*

- ▶ Develop a new funding initiative ("Community Equity Investment" grant) to support CDCs based on customized or categorical objectives, as an alternative to the Strategic Investment Initiative (SII).
- ▶ Expand philanthropic support for CDCs by cultivating relationships with more regional and national funders, in partnership with local foundations
- ▶ In concert with CNP's advocacy and public policy agenda, efforts should be made to influence the administration of the Community Development Block Grant, so that funding is deployed in a more objective and streamlined manner to CDCs.



## CDC Advancement and Resilience

**1.3** Collaborate with CDC leaders to develop a CDC ecosystem talent strategy that aligns with the Mandel Foundation's CDC Leadership Program and includes strengthening the leadership pipeline, staff development and retention.

### *Initiatives and tactics*

- ▶ Provide talent management support in the form of assistance with training, onboarding, staff rewards and recognition, recruiting, interviewing and onboarding (MACDC's Mel King Institute and PACDC's Community Development Leadership Institute are exemplary models).
  - Focus on talent development and retention to help maximize the potential and value of those leaders and professionals who are already working for CDCs.
  - Work with CDC leaders to help create a shared onboarding and training experience for CDC staff from entry-level to executive leadership. Progress institute curriculum and content could provide introductory classes to some of the Mandel CDC Leadership Program topics such as developing teams, governance and equitable community engagement, among other subjects.
  - Leverage CNP communications to recognize and celebrate exemplary CDC leaders and staff to demonstrate appreciation for their contributions to their neighborhoods and the broader community. Monetary awards could help incentivize employee commitment and reinforce retention.
  - CNP can also assist with recruiting talent to fill open positions by assisting with job descriptions and qualifications, updating interview questionnaires, and when requested serving on interview panels to provide insight on prospective hires. While most roles could be filled with those who are already working in Cleveland or are graduates of local colleges and universities, we encourage consideration of qualified individuals from outside of the market to ensure CDCs have the opportunity to benefit from the best possible candidates and to allow for the attraction of new talent to the community.
- ▶ A new initiative that would align with efforts to cultivate and expand the CDC talent pipeline would be the development of a CDC Summer Fellowship program for recent college graduates and graduate students. The fellowship would be a paid three- to four-month opportunity designed to give a cohort of students from the Cleveland area, Ohio and other states meaningful exposure to Cleveland CDCs, while simultaneously providing CDCs with top, temporary talent that could be hired permanently. Potential candidates could come from academic programs in urban planning, public policy, architecture and business. Targeted outreach could be made to local institutions like Cleveland State University, and the Mandel School at Case Western Reserve, as well as to students at the Ford School at the University of Michigan, the Department of Urban Studies & Planning at the Massachusetts Institute of Technology, the Graduate School of Urban Planning at the University of North Carolina, the Graduate School of Urban and Regional Planning at Jackson State University, the Department of Community and Regional Planning at Alabama A&M, and the Graduate School of Urban & Environmental Policy & Planning at Tufts University, among others.

## CDC Advancement and Resilience

**1.4** Support CDCs with resident connectivity and empowerment, so that residents can play an active role in neighborhood revitalization efforts.

### *Initiatives and tactics*

- ▶ Utilize the Progress Institute as well as other local technical assistance platforms to provide CDCs with consistent training in community organizing best practices.
- ▶ Assist CDCs with developing methods for engaging residents in neighborhood clean up and small scale beautification projects.
- ▶ Via the Progress Institute, enhance CDC competency in empowering and engaging residents to play an active role in neighborhood revitalization efforts, including small scale beautification and clean up projects.

Photo credit: Greater Collinwood Development Corporation, [greatercollinwood.org](http://greatercollinwood.org)





## Equitable neighborhood revitalization

**Equitable neighborhood revitalization** requires that Cleveland neighborhoods have the opportunity to benefit from real estate development and restoration, regardless of demographics and ZIP code to reverse historic, systemic racism and disinvestment. It also involves **placemaking** that enhances the availability and accessibility of natural and constructed public spaces for residents across race, ethnicity, gender, income level and geography. Equitable revitalization is essential for **inclusive economic development** in terms of investments and collaborative activities that expand **economic opportunity** through job creation, employment, business and property ownership.

**Goal 2:** Equitable neighborhood revitalization efforts are effectively coordinated among CNP, NVC, CDCs and other key partners and implemented in each neighborhood based on the particular needs and opportunities of residents and businesses.

### Recommended objectives

**2.1** Facilitate neighborhood planning and placemaking across the community to ensure all neighborhoods are positioned for investment, sustainable and climate resilient development and overall economic growth.

### *Initiatives and tactics*

- ▶ Prioritize neighborhood planning and placemaking with CDCs in Cleveland's east side neighborhoods and other disinvested areas and establish timelines and goals for development and funding.
- ▶ Continue to collaborate on efforts around revitalization in middle neighborhoods.
- ▶ Facilitate strategic partnerships between CDCs and anchor institutions, such as libraries, schools, public housing and others to catalyze revitalization.
- ▶ Form a new CNP team of neighborhood revitalization advisors and coordinators, consisting of real estate development, placemaking (including parks and greenspace), economic and workforce development specialists to assist CDCs, small businesses/minority- and women-owned business enterprises and residents with access to information, financing/capital, partners and other resources.
- ▶ Assist CDCs with park and green space planning and development.
- ▶ Establish an online vacant and blighted properties toolbox, with instructional materials relating to, e.g., navigating municipal code enforcement, accessing funding for acquisition and rehab, and identifying and working with contractors (especially those affiliated with VCC's Contractors on the Rise program).

## Equitable neighborhood revitalization

**2.2** Encourage more responsible private sector investment and partnerships with CDCs and other community organizations to accelerate equitable and climate resilient development.

### *Initiatives and tactics*

- ▶ Determine public and private relationships and partnerships that could be strengthened, and created, to spur and scale revitalization in adjacent neighborhoods.
- ▶ Work with private sector and economic development partners to expand business support for uplifting disinvested neighborhoods, in terms of financial resources as well as expertise.
- ▶ Seek to foster development-related partnerships between CDCs and national affordable housing developers.
- ▶ Work with CDCs to make more of their real estate projects investor-ready and to better position their neighborhoods overall for private investment.

### **Recommended objective**

**2.3** Amplify CNP's role as an economic development partner and connector, with a focus on increasing access to resources for CDCs, small businesses and residents, and cultivating more connectivity in the economic and workforce development ecosystem.

### *Initiatives and tactics*

- ▶ Leverage and promote CNP's economic and workforce development specialty services among others that will be a part of the new neighborhood revitalization function. Use CNP communication channels and Progress Institute events as an opportunity to share how the organization supports small businesses and MWBEs, as well as workers via the CNP website and with staff specialists.
- ▶ Collaborate with marketing team to ensure that equitable neighborhood revitalization services and resources can be easily access on CNP website.
- ▶ Connect CDCs with business and industry partners outside of their main streets to create more connectivity in the economic development ecosystem.
- ▶ In collaboration with VCC, conceptualize and convene a lenders and investors roundtable consisting of bankers, private equity firms and social venture investors. The purpose of this group would be to seek and maintain alignment on community development and small business lending priorities; identify opportunities for synergy and greater leverage; collaborate in pursuing competitive resources from public and national entities (e.g., CDFI Fund at the U.S. Treasury Department and other federal entities, national/global philanthropies looking to address racial equity in promoting access to capital); and to create strategies for filling capital stack gaps on major cross-sector projects.



## Access to capital

Provision of **accessible and responsible capital** defines Village Capital Corporation's (VCC) value proposition and function as a Community Development Financial Institution (CDFI). VCC's capital investments seek to generate **measurable social, economic and/or environmental benefits** in addition to positive financial returns. Accessible capital includes public and private investment that **helps advance equitable development** that benefits under-resourced and/or historically disinvested neighborhoods.

**Real estate lending** for residential, commercial and mixed-use projects and **financing for small businesses, including minority-owned enterprises** are prime investment opportunities for CDFIs and other investors.

**Goal 3:** Access to capital is elevated to serve more disinvested Cleveland neighborhoods to support equitable neighborhood revitalization and deliver enhanced value to CDCs and targeted businesses.

### Recommended objectives

**3.1** Expand the toolbox of financial products that can benefit CDCs, development partners and other stakeholders.

### *Initiatives and tactics*

- ▶ Conduct stakeholder conversations and an evaluation of existing and potential products and services to expand valuable offerings. In coordination with funding partners, work to increase usage of financial products and services that support CDC-partnered projects and development/contracting firms led by people of color and women.
- ▶ Undertake a gap analysis that helps to more deeply quantify the demand for myriad types of capital among a diverse array of groups including CDCs, small independent for-profit developers, and entrepreneurs of color.
- ▶ Consider creating new funding mechanisms for MBEs and other small businesses. In particular, explore the feasibility of establishing a subcontractor's financing program that provides comparatively flexible underwriting and collateralization requirements for borrowers.
- ▶ Partner with CDCs on outreach to potential applicants by providing messaging on products and services offered by VCC, and other financial partners, that benefit small business and residents. Communications on financing resources and opportunities can be featured prominently on CDC websites and integrated into their email and social media communications.

## Access to capital

- ▶ Establish a new revolving loan fund to support CDC-led development as well as neighborhood projects pursued by other stakeholders (e.g., independent for-profit developers and local entrepreneurs). This loan pool, which could be capitalized with American Rescue Plan Act (ARPA) funding, CDBG, and/or philanthropic dollars, should strive to provide patient, flexible capital – that is, debt financing at relatively low interest rates with longer amortization periods – for entities pursuing real estate and business expansion projects. Among other possibilities, the fund could provide gap or subordinate financing to:
  - Explore the creation of discretionary incentives to banks and other lenders to participate more frequently on CDC-led projects (via co-lending with VCC).
  - Collaborate more closely with U.S. Department of Housing and Urban Development-backed private lenders to expand CDC access to tools such as the HUD 221(D) program, which would afford greater access to lower-risk non-recourse mortgages for certain types of community projects.

**3.2** Support in facilitating greater investment-readiness among CDCs, resulting in increased capital for CDCs and CDC-partnered projects.

### *Initiatives and tactics*

- ▶ Facilitate educational seminars through the Progress Institute around products and services provided by VCC and partners. Also educate CDCs on how to pursue their own fund development opportunities independently and through collaboration.
- ▶ Collaborate with national organizations such as National Development Council (NDC), International Economic Development Council (IEDC) and NeighborhoodWorks America to expand access to learning and technical assistance opportunities related to complex or underutilized financing tools such as HUD Section 108, New Markets Tax Credits and Tax Increment Financing.
- ▶ Increase the number of CDC leaders and staff members receiving development finance certifications.



# Access to capital

## Recommended objective

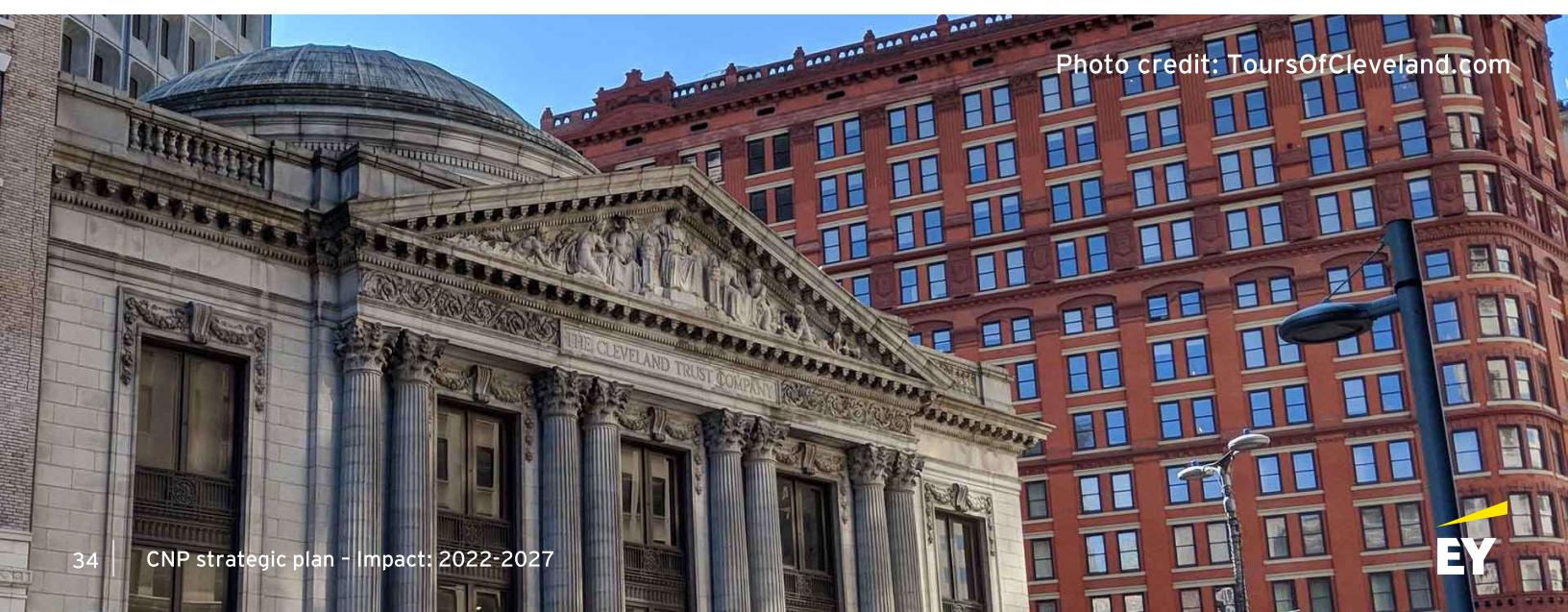
**3.3** Foster the growth of people of color and women-owned contracting and development companies, and other small businesses with greater access to business training and financial resources.

### *Initiatives and tactics*

- ▶ Seek opportunities to increase lending to MWBEs developers.
- ▶ Scale Contractors on the Rise to run two cohorts a year to increase the number of minority contractors, and contribute to wealth-building and economic opportunity.
- ▶ Launch the new Equitable Development Initiative to create more collaboration between MWBEs/small businesses and private and nonprofit partners, including lenders, to better serve disinvested neighborhoods.
- ▶ Build out small business lending portfolio beyond initial US Bank investment.

**3.4.** Generate new and sustainable sources of capital (lending and operating) to allow VCC to deliver new and enhanced products and services, and foster its own organizational health and growth.

- ▶ Coordinate fundraising efforts with CNP, so that existing and potential investors and sponsors have a clear understanding of the distinctive role that VCC plays in community development to create more opportunities for dual investments in both entities.
- ▶ In developing new financial products and services factor in the revenue generation and diversification benefits for VCC.
- ▶ As efforts are made to strengthen investment and partnerships between private sector lenders and CDCs, also determine opportunities to expand capital relationships that contribute to VCC's own financial sustainability.
- ▶ Establish a standalone VCC website.



## Advocacy, Marketing and Collaboration

**Advocacy** includes those activities related to government relations and the influencing of legislation and public funding that benefits CDCs and Cleveland neighborhoods. **Marketing and communications** involves public-facing activities and content that seeks to elevate and promote the unique character, assets and stories of Cleveland's neighborhoods, as well as educate stakeholders on the value of the contributions made by CDCs and CNP. **Collaboration** encapsulates those efforts focused on strengthening relationships with and between CDCs, funders and other strategic partners, to further CNP's vision and mission.

**Goal 4:** CNP is the leading voice and liaison for CDCs with government, philanthropy and business, and the coordinator of marketing and communications that promote the value of inclusive community and economic development, and a vision of all neighborhoods as communities of choice.

### Recommended objectives

**4.1** Cultivate relationships with public sector leaders and advocate for public funding, investment incentives and policies at the local, state and federal levels that benefit CDCs, residents and businesses.

### *Initiatives and tactics*

- ▶ In collaboration with CDCs and other partners, develop a community and economic development advocacy agenda that articulates CNP's priorities in public policy at the local, state and federal levels.
- ▶ Identify policy and legislative items that are both community development and economic development imperatives that are aligned with the business community's priorities, and can be championed by both CNP and other partners.
- ▶ Conceptualize and craft a bold new public policy initiative (e.g., a tax credit for CDCs or a new local sales tax dedicated to community development projects) that helps expand the toolbox for community-led development while also establishing CNP as the leading community development advocacy group in Cleveland.
- ▶ Continue to lead the convening of the Equitable Development working group, building upon existing efforts around property tax relief.



## Advocacy, Marketing and Collaboration

**4.2** Strengthen alliances with and between CDCs, funders, corporations, economic development organizations and other stakeholders to grow interest in, and support for, the CDC ecosystem and CNP.

### *Initiatives and tactics*

- ▶ Identify a mechanism for communicating regularly with diverse stakeholder groups to share updates and determine opportunities for enhanced collaboration.
- ▶ Consider implementing a signature event, annual meeting that seeks to cultivate stronger regional and national awareness of the Cleveland CDC industry, while also generating revenue for the organization.
- ▶ Explore creating annual or biennial (every two years) inter-city trips that would provide CNP leadership, elected officials, business executives, funders, community development leaders and other key stakeholders with an opportunity to visit leading CDC intermediaries, and the CDCs and neighborhoods they support as way to generate excitement around CNP's new and bold initiatives, particularly among business leadership.
- ▶ Adopt a new, associate third-party membership model similar to MACDC that allows a diverse group of stakeholder institutions (such as banks, private equity funds, philanthropic funders, architects, real estate development firms, law firms with real estate specialties, and other ecosystem partners) to have a formal, ongoing affiliation with CNP. The membership would generate new funding. Nonprofit community development partners could be offered membership at discounted rates.



## Advocacy, Marketing and Collaboration

**4.3** Develop and launch integrated marketing campaigns that promote Cleveland neighborhoods, elevate the local community development industry, and increase awareness and understanding of CNP's contributions.

### *Initiatives and tactics*

- ▶ Employ a CNP integrated marketing and communications campaign that utilizes a broader range of communications tools for a wider audience of funders, policymakers, partners, and existing and potential residents.
- ▶ Define CNP's target audience segments, media and communication channels to be used, as well as frequency of communications.
- ▶ Features of the campaign may include the following among others:
  - Social media and public relations plan to generate more audience engagement and earned media coverage
  - Revamping the *Live Cleveland!* Magazine to be a quarterly publication, instead of just annually and establishing a monthly community development column in *Cleveland Magazine* authored by CNP staff, and repurposed for CNP's website content.
- ▶ Facilitate learning sessions through the Progress Institute to empower CDCs to elevate their own marketing and communication efforts.





# Organizational imperatives

## Actionable organizing values

During the course of development of the strategic plan we identified the value of a few elements of CNP's previous strategic plan worth retaining. While they are not included in the aforementioned strategic priorities, they are still integral to the mission of CNP and the value that it provides to CDCs and the broader community.

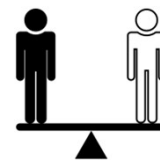
These items are identified as organizational imperatives or values. These actionable organizing principles will bolster CNP's mission and strategy and contribute to greater collaboration across departments through cross-function project teams focused on translating principles into actions.

While there will most likely be staff leaders who have responsibility for deliverables and results in each of these three areas, ownership of these imperatives should be shared by team members representing various functions.

Some project-related goals may be achieved in a year or two, while others may be ongoing. In either case, milestones and deliverables should be clear and ideally help the organization make greatest possible impact as outlined in the plan.

*The organizational imperatives are:*

- **Racial equity and inclusion**



- **Economic opportunity**



- **Applied thought leadership**



# Organizational imperatives

## Descriptions

### Racial equity and inclusion

Racial equity and inclusion asserts the organization's commitment to building a community development model that seeks to dismantle systemic barriers to economic opportunity, by advocating for policy changes that promote equitable revitalization and investing capacity and resources in disinvested CDCs and neighborhoods.

### Economic opportunity

Economic opportunity refers to the organization's understanding that community development is not an ends in and of itself, but is instead a means to creating greater opportunities in terms of home and business ownership, education and training, employment, generational wealth-building and other impacts that allow individuals and families to realize their full potential and enjoy a high quality of life.

### Applied thought leadership

Thought leadership, research and analysis are core competencies of CNP, which can be amplified by leveraging the organization's collective intelligence of all team members, and collaborating with CDCs and other partners, to discover and apply innovative solutions to deeply embedded community and societal challenges.

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## A new beginning...

While the strategic planning and report has been completed, this is a new beginning for Cleveland Neighborhood Progress. The Impact: 2022-2027 plan builds upon the organization's distinguished history and established track record as a CDC intermediary, while reframing it's mission, priorities and overall work to enhance value for CDCs and the broader Cleveland community. The plan is a blueprint for the future, but can be adapted for changing and unforeseeable conditions at the local, state and national levels. The plan also makes it possible for CNP to become a leading practice organization by the end of the next five years that other CDC intermediaries look to for inspiration and insight.



## EY | Building a better working world

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