

**Looking Ahead:
The Future of Place-Based Initiatives and the
Implications for Funder Strategy and Practice**

**Elwood Hopkins
Emerging Markets**

**James M. Ferris
The Center on Philanthropy and Public Policy
University of Southern California**

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This paper builds on a year-long inquiry into the state of place-based initiatives that concluded with a forum at USC in December 2014 – Prioritizing Place – and the subsequent publication of a monograph: *Place-based Initiatives in the Context of Public Policy and Markets: Moving to Higher Ground*. We are indebted to the project's National Advisory Committee as well as the individuals who participated in the discussion roundtables leading up to the forum. We acknowledge the support of funders of the year-long inquiry, and especially The California Endowment who provided additional support for this effort to glean the lessons for philanthropy moving forward.

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INTRODUCTION

The Forum: Prioritizing Place, held at USC in December 2014, examined the evolution of major, geographically-targeted efforts to address concentrated poverty. Beginning with early initiatives from the 1960s, participants traced the changing character of these efforts over time. More importantly, they sought to ascertain the accumulated lessons of these efforts and translate them into principles that could inform the field's future directions.

A principal, overarching headline from this forum was that the field has moved past the notion of place-based initiatives as self-contained projects or laboratory experiments that – if successful – can be replicated in a multitude of other locations. To be sure, some discussions focused on a limited number of resource-intensive, time-limited initiatives that have brought value as demonstration sites and sources of learning. But there was widespread recognition that as we move forward, place-based strategies must be more than just isolated projects.

To be effective, place-based strategies must be situated within larger public policies and embedded in regional and national economies. Further, to achieve scale, they must be distilled into insights that can permeate policy and practice, introducing new behaviors into public and philanthropic institutions. National institutions with mandates to address poverty and related socio-economic problems must know how to apply their agendas in local geographies. And they must know how to address disparities by guiding private sector resources into places left behind by economic growth.

These insights contain enormous and widespread implications for the future of what we currently think of as place-based initiatives.

THE NEW FRAMEWORK

From the beginning, place-based initiatives provided a helpful, if simple, conceptual framework for addressing geographic disparities. This framework involved looking at urban neighborhoods or local communities as essentially closed systems or “urban villages” that could be intervened upon and improved. On the ground, this assumption of insularity led to a series of specific practices: governance structures that placed ultimate and even total authority with indigenous residents; economic development strategies which emphasized local micro-enterprise development; social support systems that made use of natural helping networks and mutual support; and locally-designed and initiated improvement projects.

Each approach referred to above is still practiced to varying degrees in current place-based initiatives. But today, communities are seldom viewed as self-contained units. They are considered components of regional economies, and local issues are viewed as the product of societal level causes further upstream. This larger frame of reference has led planners of place-based initiatives to connect communities with growth industries in the surrounding city or region. It has spurred them to critique the way public resources are distributed and address spatial disparities by rechanneling these resources to communities that have not received an equitable share. In this new view, communities are points of access to opportunities in an open system, and place-based initiatives help them play that role.

To optimize this more expansive and “connective” conceptual framework, then, what’s needed is more than an understanding of local community dynamics. For funders and policymakers responsible for place-based initiatives, there is a growing need to be conversant in subjects related to regional economics and public policy. Individual place-based initiatives must draw upon and contribute to larger economic flows and be “nested” within vertically integrated public policies that Margery Turner at the Urban Institute describes as “place-conscious.”¹ In short, the future will demand that philanthropic and government leaders attempting to address geographic disparities are able to navigate local dynamics as well as the larger economic and public policy contexts.

Further, the conceptual framework has applicability beyond the inner city neighborhoods. Depending on the issues of concern, rural communities, public housing developments, school districts, police precincts, etc. may be more relevant as the unit of analysis and intervention. The framework also recognizes communities at different stages of socio-economic development. As the field advances, funders and policymakers will need to acquire the analytical skills to extrapolate how economic growth and policy change plays out differently in different places. A more complicated conceptual framework based on relationships between the micro and the macro will require a much greater sophistication among leaders of place-based initiatives.

As the following sections illustrate, this sophistication will entail new organizational structures, more complex evaluations, a greater emphasis on equity as a driving principle, and the evolution of partnerships with the private sector.

¹ Turner, Margery Austin. “A place-conscious approach can strengthen integrated strategies in poor neighborhoods.” In *Discussion Papers on Building Healthy Neighborhoods*. Washington, D.C. The Brookings Institution. August 2015.

EMERGING ORGANIZATIONAL STRUCTURES

The new conceptual framework has tested the capacity of our funding institutions and spurred new organizational structures and partnership configurations. The challenge of linking neighborhoods to regions – or connecting local communities to public policies – has begun to necessitate the emergence of new structures with and among the public and philanthropic institutions that sponsor place-based initiatives. Form has begun to reflect function. This trend is likely to continue and find more creative expression as the next generation of place-based initiatives takes shape.

Specifically, we have begun to see new bifurcated organizational structures arise to ensure that the two levels of activity – initiative implementation in local communities and public policy interventions – are carried out in a coordinated manner. The California Endowment created what may be the most explicit example of this structure: one part of the foundation oversees the funding and management of its fourteen “Building Healthy Communities” sites; another part focuses on health-related public policies that impact all initiative sites and have statewide consequences. How these two functional departments inter-relate is still being realized; but the foundation has already explored the interdependence of these two functions. They are considering, for example, how experiments in initiative sites can inform policy and how community-based efforts can in turn benefit from policy reforms.²

Although The California Endowment is the clearest example of form following function, other foundations are approximating that two-part organizational structure in less formal ways, coordinating their efforts at both the community and policy levels through less formal alliances between their place-based initiatives and public policy institutes, think tanks, and other grantees. The Annie E. Casey Foundation has long explored the inter-relationship between their local initiatives and public policies; as has the Ford Foundation, Rockefeller Foundation and others. In Detroit, the Kresge Foundation is balancing a focus on neighborhood efforts with metropolitan transit and economic development plans. In Los Angeles, First Five LA is seeking connections between its “Best Start” place-based initiatives and various advocacy agendas intended to provide support to families with young children. Even where there is not a clearly defined split organizational structure, the dual strategy is underway.

A bifurcated organizational model can do more than leverage the connection between communities and policy. It is not a great leap to envision public or philanthropic funders adopting a dual structure designed to link neighborhoods with regions. In the same way that The California Endowment divided itself functionally to carry out place-based initiatives side-by-side with relevant policy efforts, a funding institution could create two specialized units, with one undertaking efforts to strengthen the economic absorptive capacity of neighborhoods and the other pursuing policies that attract and retain industries at the regional level. The two units could collaborate to

² Ross, Dr. Robert K. “The Final Frontier,” in *Place-Based Initiatives in the Context of Public Policy and the Markets: Moving to Higher Ground*. Los Angeles: USC Center on Philanthropy and Public Policy and Sol Price Center for Social Innovation, March 2015.

establish workforce pipelines, for instance, or any strategy that would ensure that local residents and businesses access regional opportunities.

In the meantime, we have seen other organizational forms emerge to better support the comprehensive approaches embraced by place-based initiatives. Since place-based initiatives view communities holistically, they inevitably tackle a wide array of inter-related interventions: housing, education, healthcare, and so on. In doing so, they demonstrate the power of integrating disciplines and “busting silos.” But this comprehensiveness has been limited by the constraints of categorical funding and the atomistic behavior of foundations and government agencies. The inherited institutional infrastructure, then, has had to be brought into alignment with the new strategic framework.

Over the last twenty-five years, interdisciplinary funder collaboratives have been established to support specific place-based initiatives. Private foundations may create a consortium that mobilizes all the categorical funding streams required for a comprehensive place-based initiative. Whether pooling resources for unrestricted support or coordinating independent grantmaking, funders at the table aim to blend funding streams. Parallel public sector structures enable agencies like the Departments of Justice, Housing and Urban Development, or Health and Human Services to braid funds in support of place-based initiatives. Such efforts are still in their infancy, and the future of the field of place-based initiatives depends on expanding successful practices.

Collaborative structures that include both philanthropy and government are the newest frontier. The challenge for the future is to create structures that bring the two sectors together in meaningful ways to combine, blend, braid, and align their funding streams or de-categorize resources through pooled funds. This will, in turn, necessitate mechanisms through which public and philanthropic funders can establish shared or inter-related objectives, agree on a common scale of intervention, and make shared decisions. Inherited infrastructure institutions like inter-governmental planning bodies, associations of governments, regional associations of grantmakers, funder affinity groups, etc. may be called upon to serve as structures for this collaboration, or new structures may need to be created.

EVALUATION AND NEW KINDS OF SUCCESS STORIES

The more sophisticated conceptual framework for place-based work is complicating the process of evaluation, but it also allowing for greater explanatory power of what is happening on the ground.

By understanding that local communities exist in larger, open systems, evaluation can take into account a more diverse set of outcomes, reconciling the debate between place-based and people-based strategies. The new conceptual framework challenges practitioners and evaluators to first understand the function of the local neighborhood

or community in its larger context and to design logic models that reflect that understanding.

Moving into the future, evaluations will need to be more complicated, more integrated into the early design of interventions, and capable of tracking and correlating outcomes at multiple levels. Evaluators will need to tell a more grand narrative that focuses less on program results and more on how an array of strategies is contributing, along with other factors, to shifts in indicators.

The new conceptual framework has also impacted the definition of success. By situating communities in regional contexts, the old standard of success – a poor community where residents increase their income and improve their living conditions – has been expanded to value other types of results.

One example is the “portal” or “gateway” community. These neighborhoods serve as points of entry into a region for low-income immigrants. They serve a crucial function by providing a platform where immigrants can arrive, get their bearings, and seek support before moving up and out to better neighborhoods. While portal communities can benefit from improvements in safety and living standards, the ultimate goal is to help it maintain its function as a first rung in an economic ladder. Success, then, is measured not by statistical indicators of the resident population, but through the stories of individuals and families that pass through the portal community and achieve financial stability in their subsequent communities.

Another success story that is made possible by the new framework is the mixed-income community. There is growing evidence that families are more likely to advance economically when they co-exist in neighborhoods with more affluent households. By mixing with families that are better off, residents can often learn how to navigate the bureaucracies of local school districts, learn about job opportunities at major employers, etc. This recognition is prompting funders to focus on creating or strengthening mixed-income communities. They may set out to help low-income families stay in communities undergoing gentrification or aid low-income families in relocating to middle class areas. Funders may also focus on housing construction that combines subsidized and market rate units.

Both of these scenarios are relatively new to the field but likely to become more prevalent as place-based initiatives evolve in the future.

EQUITY AS AN ORGANIZING PRINCIPLE

The expanded conceptual framework for place-based strategy coincides with the emergence of an equity framework in the social justice arena. Place-based initiatives have always sought to address the inequality of spatially-concentrated poverty. Moving forward, though, place-based strategies are seen as part and parcel of a more sweeping, sophisticated agenda around equity in how opportunities are distributed.

Rather than focusing on mitigating problems within low-income areas, an equity framework shifts its attention upstream. It assumes there are ample opportunities in any city, region, or nation and that the challenge is to create equal access to those opportunities. The focus, then, is not limited to the neighborhood or community; it is on building bridges that can link neighborhoods or communities to broader opportunity and lowering the structural barriers that inhibit access to opportunity.

Since much inequity is defined in economic terms, the role of the private sector is more important than ever. Whether the goal is to build local markets, shape existing markets to suit local conditions, or enhance capital absorption capacity in communities, the economy matters. Toward this end, much research being conducted today is focused on how to measure a community's access to opportunity through opportunity indexes, absorption scores, etc. Many thought leaders argue that private investment decisions should be driven by principles of smart growth, population densification, regional competitiveness, and inclusionary zoning. None of these policy ideas are themselves new. The challenge for the future, however, is to combine them with action in specific communities.

Since the market is driven by strong imperatives of its own, philanthropy and the public sector are exploring ways to leverage market forces and engage private sector players. The next section will explore this point more fully. One strategy that will be more important in the future is impact investing which brings philanthropic funders to the table with corporate investors. Again, while the idea of impact investing has been around for a while, funders are still very early in the process of adopting the approach and becoming skilled at it. This area of growth will become increasingly important in the near future.

Finally, equity advocates focus on structural barriers that keep opportunities from flowing to low-income neighborhoods. A barrier of particular concern is racism. In fact, the inseparability of race and poverty in our society means that place-based strategies are often fundamentally – if not explicitly – about race. Recent events in Ferguson and Baltimore underscore this point. Big institutions from police departments to local judicial systems and from planning commissions to health and human service departments are asking themselves why their impact is so different in poor communities. In places like these, philanthropy and the public sector may need to help institutions to address this question through place-conscious reforms instead of launching a geographically-targeted initiative.

Race and place have always been inter-related. The earliest place-based initiatives, after all, coincided with a period of great racial strife in American cities. But in the intervening years, the field has focused much more on poverty as the core issue, assuming that economics, not race, should be the primary domain of action. The coming years, however, will demand that funders learn how to re-introduce issues of race and tackle that inter-relationship more explicitly if place-based work is to remain relevant to the times we live in. Efforts focused on boys and men of color – whether

by the federal government or philanthropy's Executives' Alliance to Expand Opportunities for Boys and Men of Color – will have spatial implications and could go a long way toward addressing some key causes of inequity.

PARTNERING WITH THE PRIVATE SECTOR

Another area where we anticipate new developments in the field of place-based initiatives relates to the role of the private sector. Having embraced a new conceptual framework emphasizing the inter-relationship between neighborhoods and regional economies, it is inevitable that funders will seek private sector partners who can help leverage market forces.

Such partnerships are arguably more viable than ever before. Historically, corporate philanthropy has been deeply influenced by the Puritan notions of work ethic and charity. Executives tended to view philanthropy as atonement for profits, a way to burnish reputations, and a necessary cost of doing business. More recently, though, corporate leaders have gained an enlightened self-interest. They have observed that when poor communities get ahead economically, they are better able to buy products and services. “Bottom of the pyramid” business models have suggested that patient corporations can profit in low-income markets. And the concept of “shared value” has created a framework for understanding how businesses can do well and do good at the same time.

Moreover, many corporations have themselves begun to carry out place-based initiatives, especially in communities that are adjacent to their corporate headquarters or located in prime markets. In recent years, Prudential Insurance, Pfizer, Bank of America, Wells Fargo, JP Morgan Chase, Capital One and numerous others have all undertaken ambitious efforts to comprehensively revitalize neighborhoods. Many have even succeeded in areas where philanthropy and the public sector have often failed: the concentration and synergistic combination of investment capital, loans, and grants in specific low-income communities, as well as mobilized volunteerism of employees and localized efforts to hire residents.

Nevertheless, partnerships between funders and corporations around place-based initiatives remain challenging, time-consuming, and all-too-rare. Corporations tend to lack the duration of commitment that private foundations and even government agencies bring to place-based work. They may be preoccupied with “branding” the initiatives and remaining the sole or predominant funder, which ultimately limits the resources that can be brought to bear. And while a growing number of corporate executives genuinely believe in the long-term market potential of poor communities and the validity of “shared value,” they are distracted from these ideas by shareholder pressure to prioritize short-term gains.

Nevertheless, planners of the next generation of place-based initiatives must continue to pursue these partnerships. It is likely that initiatives will need to be laid out and launched by philanthropy and the public sector, with specific roles carved out for corporate partners. The more that foundations and government agencies can do the front-end work of thinking through appropriate corporate roles – and perhaps even using grants and social investments to cultivate low-income neighborhoods as markets – the more likely it will be that corporations can find appropriate ways to integrate themselves that allow for the specific outcomes and brand recognition they require.

For philanthropic and public funders, this will require some new capacities and competencies: a greater fluency with economic and business development issues and corporate regulatory frameworks; diplomatic skills related to surfacing points of collaboration between communities and corporations; and a willingness to overcome biases against corporations and their very different way of operating.

A number of funders have begun to develop these skills through anchor institution strategies, which require them to speak the language of corporate CEOs. In fact, anchor institutions – especially hospitals and universities – play a more central role in place-based initiatives. To help these economic engines generate economic benefits for their surrounding neighborhoods, funders have had to familiarize themselves with each institution’s workforce development needs and vendor management procedures – skills that are transferable to larger corporations. Because the funder is essentially influencing hiring and vendor relations of existing powerhouses, the economic impacts are often real, measurable, and immediate. Given funder interest, we may expect this trend to continue in the future.

LOOKING AHEAD: EIGHT NEW DIRECTIONS

In summary, the continued evolution of place-based strategy has challenged the field to move in new directions. The emergence of the new conceptual framework highlights new models of evaluation, including new measures of success; new organizations structures; integrating equity as an organizing principle; and the recognition of the need to partner with business. Cognizant of these key ingredients for the new generation of place-based initiatives, funders seeking to exercise bold leadership and remain on the cutting edge might contemplate the following approaches:

1. Embrace the conceptual framework that links local communities to the economy and policy, funding interventions at all levels and using their influence to create bridges and linkages.
2. Build a knowledge base among their trustees, executives, and program officers – one that prepares them to navigate local dynamics, regional economic forces, and the policymaking process in the work of their foundation.

3. Facilitate and nurture the formation of collaborative structures among public, philanthropic, and corporate funders to negotiate shared geographic target areas, logic models, and interventions.
4. Forge new organizational structures that facilitate simultaneous action at the micro and macro level as well as aligning, braiding, blending, and pooling resources across funding institutions and sectors.
5. Embed evaluators in the strategic planning process and look for outcomes that affect people in areas of concentrated poverty, and those who move through portal communities.
6. Develop new definitions of success that involve transitional, gentrifying, and mixed income communities.
7. Keep issues of equity at the forefront and prioritize place-based initiatives that can provide insight for the larger equity movement.
8. Discover proactive ways to sit at the table with high-level private sector decision makers and ways to leverage private sector action and resources.

Few of these approaches will strike most foundations with experience in place-based initiatives as completely new. But taken together, they comprise an action framework that corresponds to the newly-evolving conceptual framework for place-based work. If embraced fully, they represent a way for philanthropic funding strategies, actions, and interventions to keep pace with evolving thought leadership. This will enable the field to move forward to the next generation of place-based strategies.

USC Price
*The Center on Philanthropy
and Public Policy*

Website: <http://cppp.usc.edu/>

Phone: (213) 740-9492

E-mail: cppp@usc.edu