

LOOKING FORWARD:

Perspectives on Future Opportunities for Philanthropy



Commissioned, Produced, and Distributed by:

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Funders' Network for Smart Growth and Livable Communities:

The mission of the Funders' Network for Smart Growth and Livable Communities is to inspire, strengthen, and expand philanthropic leadership and funders' abilities to support organizations working to improve communities through better development decisions and growth policies. Its ultimate goal is the emergence of regions that provide every person the choice to live in places that are environmentally healthy, socially equitable, and economically vibrant. The Network defines success as a world where more funders, working and learning in networks, initiate and facilitate coordinated actions to tackle the root causes of sprawl and promote sustainable, socially equitable, and economically sound land-use decisions.

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Table of Contents

Foreword	2
Introduction	4
Section 1: Politics, Movement Building, and Social Change	6
In Celebration of the 10 th Anniversary of the Funders' Network—Earl Blumenauer	7
A Short History of Smart Growth and Implications for its Future—Geoff Anderson	12
Just Growth: Foundations, Social Movements, and the Smart Growth Agenda—Manuel Pastor, Jr.	17
Race, Power, and the Possibility for a New Future—Maya Wiley	23
Section 2: Partnership and Collaboration—Keys to Transformational Change	30
Stepping up the Role of Philanthropy in a Transformational Era—Shelley Poticha and Allison Brooks	31
Smarter Philanthropy and the Challenge of Change—Harriet Tregoning	36
The Special Responsibility to Collaborate—Mike Van Milligen	41
Advancing a Smart Growth Agenda in the Intermountain West: Building Coalitions for Success—Luther Propst.	44
Section 3: The Sustainability Imperative—Charting the Future	50
Sustainability—Rick Cole	51
Smart Growth Must become Greener, More Livable, and More Holistic—Kaid Benfield	56
Embracing an Integrated, Sustainable Approach to Smart Growth—Michael Tierney.	60
The Role of Philanthropy in the Next Ten Years: Innovative Systemic Change for Sustainability in a Climate of Scarcity and Uncertainty—Cornelia Butler Flora	65
Section 4: Pursuing Triple-Bottom-Line Returns—The New (Green) Economy.	70
Livable Cities for Whom? Crafting a Bold Vision for Full Inclusion and Sustainability—Angela Glover Blackwell	71
Cities, Philanthropy, and the Green Economy Virtuous Circle—Ben Hecht	76
Looking Forward: Green Jobs and the Green-Collar Economy—Van Jones	83
Cooler, Smarter, Greener Communities: How Foundations are Leading the Way—Doris Koo	88
Section 5: Place, Context, and Scale Matter—Views from the Field	94
We Need a Perfect Storm—Stuart Cohen	95
Making High-Quality Decisionmaking the Rule, Not the Exception—Mike McKeever	101
Regionalism, Assets, and Entrepreneurship: The Future of Rural Economies—Brian Dabson.	106
Learning to be Regional—Marty Johnson.	111
Catalysts for Change—Smart Growth: The Next Ten Years—Ron Sims	115
Conclusion	120

Foreword

Although a relatively nascent movement, the network of funders, practitioners, policymakers, researchers, advocates, and residents committed to advancing smarter growth policies and practices in order to create more sustainable communities feels like a locomotive gathering steam. Over the past 10 years, the movement has incorporated more voices, moved beyond offering only technical approaches and solutions, and made connections across issues and sectors, all in an effort to improve decisions about how communities grow and change (including how these decisions are made and whose voices are included). The progress achieved over the past 10 years is the result of many efforts pursued by a range of actors, including members of the Funders' Network for Smart Growth and Livable Communities and their grantees.

Yet rather than bask in the glow of the successes we can claim, it is incumbent on us and our colleagues to keep our eyes on the

future. To that end, as the Funders' Network prepared to celebrate our first 10 years, we reached out to our colleagues in the field to ask them to share their ideas looking forward—what is the role and opportunity for philanthropy over the next 10 years to continue and accelerate the movement for smarter growth policies and practices? In the fall of 2008, we invited a small handful of leaders from the field to issue their challenges to philanthropy. The results of this challenge are reflected in the 21 essays included in this publication. They represent a range of perspectives—practitioners, policymakers, public sector leaders, and scholars.

We are deeply grateful to the 22 authors—and their colleagues—who donated their time and talents to challenge philanthropy to think about its priorities for the future. We are very pleased to be able to share their thoughts with our members and other philanthropic leaders. This *Looking Forward* report is one of two tenth anniversary publications produced

by the Funders' Network. The other, *Looking Back: Influencing, Networking, Facilitating*, documents—through stories—the range of tools and strategies employed by the Network and our members during our first 10 years of work.

Partnerships—across sectors, fields, and actors—will be the key to any success we individually or collectively hope to achieve in the future. While challenging, the current economic and political climates also offer significant opportunities to improve public decisions about growth and development, pursue innovative strategies, and achieve triple-bottom-line results (ones that deliver returns for people, place, and prosperity). We believe that philanthropy has an important role to play—now, more than ever. The themes, issues, and challenges outlined in these essays will be woven throughout our collective conversation over the next year—our tenth anniversary year—in an effort to ensure that funders continue to make progress

and advance the movement for smarter growth policies and practices. We are excited to work with you on these efforts.

Because it so aptly sums-up our view of the opportunities ahead, let me close this foreword with a quote from Kim Burnett, program director for community revitalization at the Surdna Foundation and a current member of the board of directors of the Funders' Network:

We have spent 10 years building the network, framing the issues, and making connections between the issues. We know it now. As we face the economic downturn of the next several years, we have a choice—to either be Henny Penny and say ‘The sky is falling’ and hope for the best or step up and help rebuild a more sustainable America. What are we going to do to make sure that policies and practices are put in place that help us rebuild our nation in a way that creates models of more sustainable communities and places—economically,

environmentally, and equitably? I just think, shame on us if we miss this opportunity to actually use the power that is in the network to roll this up into concrete action. It's a matter of how we help make change and come together around this.

We all must rise to the challenge to do better, to do more, to not fail to act. We owe this not only to ourselves but also to those generations yet to come. We hope that the essays that follow provide inspiration and motivation as we face the work that is ahead of us. We look forward to our work together.

—*L. Benjamin Starrett,*
Executive Director,
March 2009



Introduction

Although 2009 finds us at a moment of uncertainty—a global economic crisis, polarizing partisanship, unprecedented need for infrastructure investments, intensifying climate challenges, the collapse of the housing market, persistent poverty and widening economic disparity, and rapidly fluctuating energy and transportation costs—this moment also presents a number of opportunities for the funders, practitioners, policymakers, advocates, researchers, and residents active in the movement for smarter growth. The strategies the movement pursues—ones that are fair to current and future residents, focus on building a better future, and benefit the whole community—are both timely and supported by the public and political leaders.

For example, here is an excerpt from what President Obama had to say in response to a question from a local elected official on February 10, 2009:

Now, look, this is America. We always had the best infrastructure. We were always willing to invest in the future. [Florida] Governor Crist mentioned Abraham Lincoln. In the middle of the Civil War, in the midst of all this danger and peril, what did he do? He helped move the intercontinental railroad. He helped start land grant colleges. He understood that even when you're in the middle of crisis, you've got to keep your eye on the future. So transportation is not just fixing our old transportation systems but it's also imaging new transportation systems. That's why I'd like to see high speed rail where it can be constructed. That's why I would like to invest in mass transit because potentially that's energy efficient and I think people are a lot more open now to thinking regionally in terms of how we plan our transportation infrastructure. The days where we were just building sprawl

forever, those days are over. I think that Republicans, Democrats, everybody recognizes that that's not a smart way to build communities. So we should be using this [stimulus] money to help spur this kind of innovative thinking when it comes to transportation. That will make a big difference.

Land-use policies and decisions have long-term consequences that affect a range of environmental, economic, community, and equity outcomes. Once roads are built, they are not unbuilt. Once transportation policy is set, it is costly and difficult to alter. Once a community is gentrified, it has generational impacts. Given the possibility of leadership at the federal level, there is a timely opportunity to promote smarter growth policies and practices to create more sustainable communities—ones that are environmentally sustainable, economically viable, and socially just. To help spur and foster thinking about opportunities for progress over the

next decade, the essays compiled here represent a toolbox for philanthropy to use as it thinks about future work. Each of the essays included in this report is written in the author's voice and reflects her or his individual opinions, assessments, and language. Yet, as you read the essays, you will notice a number of cross-cutting themes reflected in them, which identify the need to:

- Support more holistic and integrated approaches to a sustainable communities agenda;
- Encourage regional approaches to growth and development concerns, policies, and strategies;
- Achieve triple-bottom-line returns on sustainable communities investments;
- Support and improve infrastructure investments;
- Build capacity and coalitions to achieve maximum returns;
- Consider the uniqueness of place, context, and scale—be it rural, exurban, suburban, or urban, or neighborhood, metropolitan, state, regional, or national;

- Take our progress to scale;
- Engage politically and advance policy solutions; and
- Focus and make tough choices.

In an effort to help guide the reader through this report and organize the flow of the content, the essays are organized into five topical chapters. Regardless of their placement in the chapters, the essays frequently address multiple topics and are not limited to the chapter subject.

1. Politics, Movement Building, and Social Change
2. Partnership and Collaboration—Keys to Transformational Change
3. The Sustainability Imperative—Charting the Future
4. Pursuing Triple-Bottom-Line Returns—The New (Green) Economy
5. Place, Context, and Scale Matter—Views from the Field

These chapters are offered as a guide to the content. Yet we must emphasize the cross-cutting themes reflected in the essays and

encourage the reader not to limit attention to only one or two chapters. The rich content reflected in these essays—individually and collectively—offers a range of tools, strategies, and approaches for philanthropy to consider. Some essays share a brief history of and context for the movement for smarter growth and more livable communities. Others issue a direct challenge to philanthropy, while still others share examples from a particular place or context in order to inspire thinking and action. Many speak to the unique nature of the sustainable communities movement and the need to connect economic, environmental, and equity issues, audiences, and concerns. Collectively, they describe philanthropy's opportunity to play a catalytic role in connecting the dots. The Funders' Network for Smart Growth and Livable Communities stands ready and willing to be a partner in achieving the transformational change for which this historic moment calls. We hope to have the opportunity to work with you.

Section 1: Politics, Movement Building, and Social Change

Perspectives from:

Congressman Earl Blumenauer

Geoff Anderson

Manuel Pastor, Jr.

Maya Wiley

In Celebration of the 10th Anniversary of the Funders' Network

Congressman Earl Blumenauer, (D-OR)

The author, a leading voice for livable communities policies and practices at the federal level, celebrates philanthropy and emphasizes that policymakers need philanthropy's help at both the community and federal levels in order to address the unprecedented challenges the nation currently faces. He encourages philanthropy to: insist that government lead by example; challenge government to break-down jurisdictional and funding silos; help move beyond the polarizing effects of partisan politics and contentious elections; teach policymakers how the pieces fit together; and raise the profile on what works. The author offers specific examples for fulfilling this role and invites philanthropy to be an active partner with government in order to achieve collective success.

Eight years ago, I had the opportunity to congratulate the Funders' Network for Smart Growth and Livable Communities on its work and share a few thoughts on the world as I saw it. It was March of 2001. We had just installed George W. Bush as the 43rd President after the most highly-contested general election in our history; the dot-com bust had recently undermined much of the nation's economic exuberance; housing prices continued to rise; we still viewed ourselves as immune from the ravages of global terrorism; gas cost less than \$2 per gallon; and 'global warming' was seen as an alarmist cry from only the fringes of the environmental community.

Today, we face a different and much more complex future. Our five-year war in the Middle East has wasted American and

Iraqi lives; squandered taxpayer monies; and decimated families and communities. Evidence of global warming is inescapable, from warming temperatures at both poles to the increased intensity of floods, droughts, and storms in our temperate regions. Global oil prices have recently retreated from more than \$140 a barrel, but remain highly volatile. Housing prices have dropped precipitously, while more than seven million American families are threatened by foreclosure. The Wall Street financial crisis is sending shockwaves through the banking industry, threatening Main Street businesses in communities large and small. And we've just concluded eight years of an administration that has left America's communities to fend for themselves through it all.

Thank goodness for the philanthropic community. Its expertise, resources, and commitment have enabled some stunning smart growth/livable community successes at the state and local levels during the darkest days of the Bush administration.

The value of these successes cannot be underestimated. Not only have we been able to create communities that are more resilient to volatile energy prices and economic uncertainties, we also have demonstrated what can be accomplished when we focus on common values: our families' health, safety, and economic well-being. Certainly, you've been instrumental in improving many of the key elements of a livable community: increased funding for public transit; street networks and designs that make walking and biking safer;

and a range of job and housing choices. But just as important is your success in bringing people together to solve common problems. As citizens have come together to work on community issues, they have discovered that

You have helped change the way Americans look at each other. Rather than seeing political differences, citizens who work on livable community issues are realizing what they have in common: the desire for a good job, safe places to live and work, a healthy environment for their children, and natural elements that nurture and sustain their emotional and physical well-being.

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they are also addressing many of the intangible, and more difficult, issues of poverty, race, class divisions, and economic security.

You have helped change the way Americans look at each other.

Rather than

their emotional and physical well-being. You have empowered citizens to affect change where it counts the most: in their neighborhoods, their communities, their homes.

You've changed the way Americans relate to government. People who find they have the ability to make positive changes to the traffic in their neighborhoods, the performance of their children's schools, or the well-being of those less advantaged are far more apt to become actively engaged in local policies and elections.

You've helped citizens forge previously un-thought-of alliances, bringing together often competing groups in common efforts to address a broad range of issues and concerns.

There is more work to be done on the unprecedented challenges we face. We continue to need your help, not only at the community level, but also, increasingly, at the national level. If we are to move the livable community agenda forward, we'll need you to:

- Insist that government lead by example.
No more exemptions for government

agencies from the standards and regulations we require of citizens and businesses. If it's good enough for the private sector, it's good enough for government.

- Challenge government to break down jurisdictional and funding silos. Most, if not all, of today's most vexing challenges—economic meltdown, climate change, crumbling infrastructure, food insecurity, water shortages, and increasing air pollution—transcend political boundaries. We simply cannot expect to craft effective and sustainable solutions if we continue to conform to unnecessary competition, limited resources, and obsolete institutions.
- Help us move beyond the polarizing effects of partisan politics and contentious elections. Your apolitical role is essential in providing an objective framework for evaluating results and facilitating the discussions needed to move issues forward. A growing body of evidence indicates that philanthropic organizations are uniquely qualified to identify some of these broad-based

problems and come up with common-sense solutions.

- Teach policymakers how these pieces fit together. The unrelenting environmental impacts of global warming, energy uncertainties, water stress, unsustainable practices, and the human consequences of our financial meltdown are all interrelated. Help them understand how and why.
- Raise the profile on what works, helping citizens learn from others' success. Advocacy is a difficult, often lonely task; your connections, networks, and perspective enable those on the frontlines to know they are not toiling in isolation.

Here are some specific ways you can play an effective role.

1. Host conferences and workshops that expand NGOs' resources, encourage networking, and share points of view, lessons learned, and successes. These gatherings provide important opportunities for new and diverse ideas to be heard, problem-solving and

leadership skills to be honed, and critical connections to be made.

2. Build organizational and leadership skills to create the “civic infrastructure” so vital to our success. Without a critical mass of civic and community leaders to oversee the implementation and progress of these policies, they are doomed to failure. Elected officials, policymakers, and policies are subject to ever-changing political winds and financial cycles, but civic and community leaders—vested in community values and armed with leadership skills—can be stalwart stewards of their communities' future.
3. Emphasize community as a means as well as an end. We simply cannot create a good outcome without a good process. “Community” is not something that happens magically at the end of a process; it must be built and nurtured as we go.
4. Provide essential funding for research, analysis, and communication. In 1991, the newly-formed Energy Foundation invested \$6 million in the effort to reshape federal transportation policy.

As a result, the pioneering Intermodal Surface Transportation Efficiency Act (ISTEA) required federal transportation policy to include land-use considerations, meaningful citizen participation, and metropolitan funding authority; tied transportation projects to air quality through Congestion Mitigation and Air Quality (CMAQ) funds; and expanded transportation modes through funding for Transportation Enhancements, one of the most popular programs in U.S. Department of Transportation (DOT) history. Just as importantly, this investment had numerous spin-off impacts: the pioneering Land Use, Transportation, and Air Quality (LUTRAQ) Study in Oregon, which demonstrated the impacts of transportation on land use and air quality; the rise of national advocacy for bikes and trails; the creation of the Complete Streets effort; and an emphasis on smart growth at the national, regional, state, and local levels—even at the U.S. Environmental Protection Agency (EPA).

5. Diversify your investment portfolio to include livable community projects, providing on-the-ground, tangible examples of how these elements work together. Often these projects are beyond the capacity of private investors, being too new and too risky to attract traditional funding, especially in this uncertain economic climate. Not only are these investments often more cost-effective than funding specific program elements, administration, or overhead, but also they empower participants, from CDCs to tenants to workers. In short, they build communities by building community. Given a stock market in free-fall, livable communities might just be a better financial investment as well.

6. Engage in federal policy debates, helping to overcome partisan bickering and the usual roadblocks. Whether it's changes to the tax code or efforts to Rebuild and Renew America, your commitment to sound public policy on issues of health, local economies, and infrastructure can help us move beyond divisive politics.

7. Celebrate and publicize our successes. I talk about my hometown, Portland, Ore., because it provides one of the best examples of the benefits of livable community investments:

- Portland is the only metropolitan region where transit use has eclipsed both population growth and vehicle miles traveled for more than a decade.
- The city of Portland continues to have one of the highest rates of bike commuters in the nation at 8 percent.
- Portland-area residents are reaping “green dividends” from driving 20 percent less per day than those in other U.S. metropolitan regions:
 - They have reduced regional auto travel by 2.88 billion miles each year.
 - They have saved \$1.1 billion in out-of-pocket transportation costs, giving them more money to invest in housing, education, or other needs.
 - They have burned 400,000 fewer gallons of gas.

— They have reduced greenhouse gases by approximately 1.4 million tons, saving between \$28 million and \$70 million in annual carbon costs.

— They have retained \$800 million in the local economy, instead of sending money paid for gas and new cars elsewhere.

- Portland attracts five times more college-educated 25–34 year-olds than other metropolitan regions, strengthening its supply of entrepreneurs and educated workers.

These remarkable results are proof-positive of the economic, environmental, and social value of livable community investments.

Portland isn't our only success; there are numerous other successful cities and neighborhoods around America. Help us get the word out.

Today, the Obama administration and the 111th Congress give us an unprecedented opportunity to advance our livable community successes through a plan to Rebuild and Renew America.

This means investing in our infrastructure, by rebuilding our roads and bridges to accommodate a full range of transportation options. We must increase the frequency and reliability of our public transit systems. Restoring our failing water and sewer systems will ensure the water quality and quantity for all American communities. Improving our energy distribution systems will put people back to work, lay the groundwork for local economies, and ensure a more sustainable future for all Americans.

In July 2007, at the Rockefeller Foundation's Bellagio Conference on the future of cities, Robert Fishman of the University of Michigan piqued my interest with his presentation on the National Plans developed by Thomas Jefferson's Secretary of the Treasury, Albert Gallatin, in 1808 and President Teddy Roosevelt's 1908 White House Conference of Governors. These two efforts laid the foundation for the federal government's investment in infrastructure: in the first case, a new national road and canal system, the Homestead Act, and the Intercontinental Railroad; 100 years later, the dams and water

system that opened the West for settlement, the National Park system, and the foundation for an Interstate Highway System.

Today, it's time for a new National Plan, one that Rebuilds and Renews America by investing in our cities and communities while it stimulates our economy and reduces our carbon footprint.

But this effort cannot come from government alone. We continue to need your help—in identifying the needs, articulating the vision, engaging citizens and businesses, helping elected leaders understand the critical connections, and sharing both the lessons and successes of our efforts.

I have long seen the private philanthropic community as essential to the workings of our democracy as an independent and critical media. Our foundations, think tanks, NGOs, and advocacy groups are, in essence, our nation's 5th Estate. Your ability to remain above the usual partisan fray allows you to contribute a well-respected voice of reason, even as you advocate for those in our society who have been left behind.

I salute and celebrate your decade-long contributions to the livability of our communities and the health of the democratic process—and look forward to continuing our partnership and our successes in the days and years to come.

U.S. Representative **Earl Blumenauer** (D-OR) has made livable communities issues his priority during almost four decades of public service. After serving as an Oregon Legislator, a Multnomah County Commissioner, and as Commissioner of Public Works while a member of the Portland City Council, Rep. Blumenauer was elected to Congress in 1996. A former member of the Transportation and Infrastructure Committee, he now sits on the Ways and Means Committee and the Budget Committee and serves as Vice Chair of the Select Committee on Energy Independence and Climate Change.

A Short History of Smart Growth and Implications for its Future

Geoff Anderson, President & CEO, Smart Growth America

This essay offers a brief history of the smart growth movement and its evolution, identifying three key phases in its development to date: 1) creating a new paradigm; 2) getting the word out; and 3) how to. The author describes the current opportunity—due to the external climate and the movement's work to date—to make a difference at scale, to be more than a niche in the development market, and more than a bit player in the policy arena. The author challenges the field to act politically in order to take advantage of current circumstances and not just to rely on technical solutions and he offers a compelling context for why and how this work is possible.

Changing jobs gives you an opportunity to reflect on your work and your field. But for me it was the opposite. Reflecting on my work and the field of smart growth caused me to leave my position as director of the U.S. Environmental Protection Agency's (EPA) Smart Growth program and move to my new position as president of the nonprofit organization Smart Growth America. My career at EPA was a tremendous experience and the people in the smart growth office there are some of the brightest, most dedicated public servants around. Yet, looking around the smart growth world, I became increasingly concerned that our own history and successes would keep us from doing the things that the current moment of opportunity demands. Here's why.

Smart growth as a brand entered the scene in the mid-1990s and I will start there—though in fairness, many of the concepts go back decades, if not longer. When I started working in this area in 1995 there was a relatively small group of people nationally working specifically on the impacts of growth and defining a different vision for community development. These included the new urbanists, the occasional innovative traffic engineer, scattered academicians, states with episodic engagement like Oregon, Maryland, Florida, or Vermont (depending on the politics of the moment), and few others. Of course, the topic got a burst of attention in 1996 when Gov. Parris Glendening championed Maryland's smart growth initiative.

But Maryland was the exception; smart growth was dominated by professionals who

viewed the issue largely as a technical problem. Costs of sprawl studies were common, with ever-increasing efforts to include more externalities. There were studies to better document the effects of poor development patterns on housing opportunities, on the environment, on traffic, on access to opportunity, on health, on equity, on families, and on older populations. The underlying assumption almost seemed to be that if people only had better information, a new result would necessarily emerge. Though useful, similar work had been done before. This wasn't smart growth's unique contribution.

First Phase—Creating a New Paradigm

Concurrent with these studies was a far more groundbreaking effort. It was not sufficient to critique the existing system and show the

costs of our actions. An alternative vision had to be advanced. The term smart growth wasn't coined at this point, but it was embraced and adopted as the name for this new vision. But the technocrats, architects, academicians, developers, and environmentalists working to develop this vision didn't stop there. Smart growth might be effective as a rallying cry for an activist, but as something that can be operationalized it is lacking. As professionals we needed definition, specifications, and form. The definition—"development that serves the economy, community, health, and environment"—was adopted. It was specified with 10 smart growth principles. It was given physical and policy form with examples from communities across the country.

In so doing, smart growth changed the game significantly. First, it took the debate away from the dead-end "growth vs. no growth" arguments of the past. Second, and perhaps more importantly, the name, definition, and description represented an end to criticizing the existing system and a start to proposing a new one—a start to being *for* something. Defining this new paradigm for growth was

the first phase of the smart growth movement. Other movements have started in other ways and reflected their founders—activists protesting against the status quo, for example, or acolytes following a charismatic leader. Smart growth's start was a technical start reflecting its founders: analyzing and documenting a problem and applying the skills of different professionals to solve it. The result has been a resilient set of ideas that have withstood scrutiny, demonstrated applicability in different circumstances, incorporated new ideas, and grown over the last 10 years, but which remain in their fundamentals.

Second Phase—Getting the Word Out

Armed with a new vision for growth, the second phase in this short history is easily described. It was time to get the word out. The reasoning was fairly straightforward and ran along two paths. First, development outcomes are the results of numerous decisions by many actors: developers, local and state government, financial institutions, neighborhood activists, environmentalists, standard-setting organizations, and so on. For change to happen in the built

environment, many people had to make different decisions than they had in the past—educating them was essential.

Second, all those "impacts of development" studies show the breadth of growth's impacts, from environment to equity to housing and energy. Yet, few of those groups were represented when growth decisions were made. Educating the usual players in growth decisions could help, but it seemed optimistic or naïve to believe that education alone would change the outcomes. If you wanted new outcomes, new players at the table were essential. The late 1990s therefore saw a barrage of speeches, publications, conferences, and press from business, equity, urbanist, environmental, and other organizations, governments, and citizens. The impact was evident. Many groups that hadn't viewed growth as their issue were getting a chance to see how much community building affected their interests. The general public was also becoming familiar with smart growth. A Lexis/Nexis publications search in 1996 found fewer than 100 references to smart growth. A few years later, our

office stopped doing this search because the numbers were in the tens of thousands (Googling “smart growth” now yields more than a million results).

Third Phase—How To

I call the third phase the “how to” phase because in the early 2000s, I noticed that in more and more communities—both communities of interest (i.e., planners, architects, green builders, etc.) and physical communities—the response to smart growth was changing. Whereas before people asked, “Why are we talking about growth? What does this have to do with me?”, now the response was, “I understand smart growth is important, now, how do we do it?” For the professionals in the smart growth movement—the community designers, the innovative traffic engineers, and the policy wonks—this was red meat. It engendered a wave of response in the form of “how to” manuals.

In the policy realm we had numerous offerings. At EPA we produced *Getting to Smart Growth: 100 Policies for Implementation*, *Getting to Smart Growth II: Another 100 Policies*, *Using Smart Growth Techniques as Stormwater Best*

Management Practices, and many others. Smart Growth America produced *Choosing Our Communities Future*, a guide for citizens to become more involved. PolicyLink and the Funders’ Network for Smart Growth and Livable Communities contributed *Regional Equity and Smart Growth: Opportunities for Advancing Social and Economic Justice in America*. The National Association of Realtors published ... and the list goes on.

The same was true among our smart growth counterparts in the physical design world. The Conservation Fund offered *Better Models for Development*. The Green Building Council launched LEED for Neighborhood Development, essentially a smart growth design certification for neighborhoods.¹ The Congress for the New Urbanism (CNU) and the Institute for Transportation Engineers put out a design manual on *Urban Thoroughfares*. The Local Government Commission issued several manuals including *Street Design Guidelines for Healthy Neighborhoods*, and *Creating Great Neighborhoods: Density in Your Community*. Andres Duany, a co-founder of the CNU, created the SmartCode that gives

detailed coding for everything from build-to-lines to window muntins. The Urban Land Institute published ... again, the list goes on.

By the mid 2000s, technical assistance was also a part of the response to the new demand for smart growth. My office at EPA received 60–100 applications annually for implementation assistance and worked with five of these communities each year. The National Endowment for the Arts sponsored the Governors’ Institute on Community Design, where it works directly with governors and their cabinets on smart growth implementation. Private firms with smart growth expertise saw their business expand with growth among both private and public clients. And despite the current economic downturn, much of this work continues today.

¹The term LEED stands for “Leadership in Energy and Environmental Design,” a Green Building Rating System managed by the U.S. Green Building Council (USGBC). The LEED for Neighborhood Development Rating System (LEED-ND) is a collaboration among USGBC, the Congress for the New Urbanism, and the Natural Resources Defense Council.

Implications for the Future

Now, in 2009—with the benefit of hindsight—several observations occur to me.

First, I've imposed more sequential order on our work than was in fact the case. Much of it overlapped, and certainly individual examples of each “phase” can be found “out of order,” but I think in the main it is an accurate description.

Second, those working in this field have much to be proud of—smart growth now frames the growth debate in places all over the country. It has gained market acceptance, many smart growth developments have been built, and many local governments, states, and others have adopted smart growth policies.

Third, the progress made over the past 12 years has created greater opportunity—constituencies in the community development, environmental, health, housing, equity, development, and other fields have been educated and are engaged and the public can see examples on the ground.

Fourth, the current external conditions—the economic downturn and the need

to make the smartest possible use of scarce resources; attention to energy security, energy independence and climate change; demographic and market trends; increasing transit ridership and demand for transportation alternatives—are all more favorable for significant progress on smart growth than they were in the past.

Fifth, we have been influenced deeply by our professional/technical origins and have made tremendous use of these skills. But these origins have left a profound gap in our work—a gap that we must fill if we are going to take advantage of the opportunities created by the current environment and our past work.

The Next Phase—Solving Political Problems with Political Solutions

Because smart growth has grown out of a technical background, we have developed guidebooks, new tools for calculating traffic impacts, the rural to urban transect, GIS overlays to identify critical resource lands, regulating and incentive systems for mixed-use transit-oriented development, inclusionary zoning ordinances, and all manner of other

technical solutions. And, because we are fundamentally technicians, we have done relatively little to directly develop the political will to implement these tools, ordinances, building techniques, etc. The result has been haphazard adoption and piecemeal examples where the stars happened to align, or where others created the political will. Given our starting point in the mid-1990s, this is probably how the smart growth movement had to begin. Now, however, there is an opportunity—because of the external climate and our work to date—to make a difference at scale, to be more than a niche in the development market, and more than a bit player in the policy arena.

To take advantage of this opportunity we need to act politically. What does this mean for smart growers? It means moving out of the technicians' comfort zone and into a whole new set of activities. We'll know when we've successfully added this component to our efforts when we're:

- Developing legislative language and ballot initiatives;
- Engaging pollsters and communications firms;

- Lobbying at the federal, state, and local level;
- Conducting applied research to support specific policy proposals (how many jobs will a proposal create, what's the impact on the state budget, who will benefit from the proposal);
- Organizing our allies around specific proposals;
- Buying advertising and earning media in support of policy campaigns; and
- Engaging the grassroots and grasstops.

There's an old saying, "When all you have is a hammer everything looks like a nail." This

is the current danger for the smart growth movement—that we think everything has a technical solution. In many cases, politicians are convinced about the need to enact smart growth proposals. They don't need another guidebook. They need political cover. In many places, proposals to increase alternative modes of transportation, or change zoning, or increase affordable housing are stalled because entrenched interests like the status quo. No amount of additional data will change this. The danger for the smart growth movement is a failure to recognize or act on the role of politics. The danger is to assume that because we've been successful in the past with our

current bag of tools these will create success in the future. The danger is that the movement will not adapt to the new external realities and our own success—that we will fail to change and grow smarter as a movement. The danger is that we will continue to try to solve political problems with technical solutions. We must solve political problems with political solutions. This is the path to achieve change at a scale that will be meaningful for housing opportunity, transportation choice, energy consumption, community health, and economic opportunity. I hope to be part of this next phase in my new position at Smart Growth America.

Geoff Anderson is the president and CEO of Smart Growth America. He came to his current position in January 2008 after 13 years at the U.S. Environmental Protection Agency (EPA), where he headed the Agency's Smart Growth program. During his tenure at EPA, he was instrumental in creating the Agency's Smart Growth program and helped to found the Smart Growth Network, New Partners for Smart Growth Conference, and the popular website, www.smartgrowth.org. In

addition, he provided seed funding for and helped to catalyze the creation of the National Vacant Properties Campaign, the LEED for Neighborhood Design Certification program, and the Governors' Institute for Community Design. Anderson has co-authored numerous publications including: *This is Smart Growth*, *Getting to Smart Growth Volumes 1 and 2*, *Protecting Water Resources with Higher Density Development*, *The Transportation and Environmental Impacts of Infill vs.*

Greenfield Development, and many others. His work also included direct technical assistance, helping with smart growth implementation in communities nationwide including Cheyenne, Wyo., Prince George's County, Md., and the flagship smart growth project, Atlantic Station, in Atlanta. Anderson received a master's degree from Duke University's Nicholas School for the Environment, with a concentration in resource economics and policy.

Just Growth: Foundations, Social Movements, and the Smart Growth Agenda

Manuel Pastor, Jr.

Director, Program for Environmental and Regional Equity (PERE), University of Southern California

The author suggests that in the next four and maybe eight years, there may be unprecedented opportunities to work towards equitable metropolitan policy using both grassroots strategies and public policy. It will be necessary to focus on politics, movement building, and social change. Funders interested in smarter, more sustainable, and more equitable growth could help by strengthening the intellectual, policy, and political linkage between economic success and social equity. Supporting new public policy requires understanding the power needed to achieve success. The author notes that change requires more than admiration: projects make us see the possible, policy helps make the possible standard practice, and power is what ultimately drives policy reform. Therefore, a central task for foundations is to support a new bottom-up approach to smart growth.

Introduction

It is the best of times, it is the worst of times. We have the first president in decades to come from urban America. Running a campaign that tied together voters from cities and suburbs, he promoted a metropolitan prosperity agenda in place of the usual anti-poverty bromides. His commitment to social justice and his style of organizing was born of his experience working with an interfaith group, the Gamaliel Foundation, that is itself firmly committed to regional equity.

In the next four and maybe eight years, we may therefore have unprecedented opportunities to work towards equitable metropolitan policy using both grassroots strategies and public policy. Yet, we will

also be facing tough economic challenges and a propensity for some to say that smart planning and social inclusion are luxuries we can ill afford as we work our way through the crisis. This is exactly wrong: contrary to traditional economics and popular discourse, research has shown that those metros that make more progress on reducing poverty, segregation, and inequality actually grow faster and stronger. Moreover, there can be little doubt that the distributional excesses of the last decade are at least partly to blame for the mess we are in; to achieve the robust growth required to pull us out of this deep economic downturn, equity is not a luxury but a necessity.

A central task for foundations, then, is to support a new bottom-up approach to

smart growth. There is a lot to build on: the excitement of organizers who have discovered a new way of building alliances, the energies of developers who have realized that revitalization can actually occur in real neighborhoods rather than refashioned suburbs, and the energies of immigrants and others who have streamed into older communities and helped to make them strong. But the road ahead will require a hard-nosed approach to the underlying balance of power that made America sprawl and how it can be turned around to help us grow together.

Powering Smart Growth

Although many smart growth and new urbanist ideas have sometimes found

their realization in newly-created places like Seaside, Fla., (the infamous set of the movie *The Truman Show*), older urban core neighborhoods would seem to make smart growth even smarter. Inner-cities, after all, have grids with memories of days when street-oriented porches and mixed-income living were the norm, not the latest fad in urban planning. And steering development inward can preserve precious farmland and open space as well as reduce our global carbon footprint.

While this would seem to be a natural for creating inner-city allies, ties have not always come easy. Activists have been wary of the new urbanist ideals of planners and the habitat-protection instincts of environmentalists, particularly when the resulting gentrification threatens displacement. Minority residents and leaders also worry that regional planning processes will dilute the hard-won political power that comes from population concentrations in certain jurisdictions. And the employment side of the equation is often unclear, with smart growth strategies focused on housing and transit and not necessarily on

the job creation that communities identify as priority one.

Yet there has also been great interest in the opening created by smart growth ideas, partly because inner-city residents recognize the way in which segregation and sprawl have stripped resources, partly because community developers have become frustrated with old-fashioned inward-looking strategies, and partly because a new suite of equitable development policies—such as community benefits agreements (CBAs) and transit-oriented development (TOD)—have begun to take shape and gain ground.

But the interest goes beyond new perceptions, new projects, and new policies. For many grassroots activists, the appeal of smart growth is that it's a vehicle to create the America in which we really want to live. And this, they argue, requires a new approach to building and sustaining power.

In the last few years, Chris Benner, Martha Matsuoka, and I have been wandering the country doing research for a new book. The volume was originally supposed to be about community-based regionalism; we three were

among the early proponents of the idea and partly from a sense of guilt—folks had taken us up on the idea and we were worried about what course we had set them on—we thought we should profile the current set of practices, distinguishing between best and, well, not so best, and making recommendations for the future.

To no one's surprise, the stellar practitioners were effective at day-to-day operations and policy development. But something struck us: talk to the leadership of the Los Angeles Alliance for a New Economy (LAANE) about their most recent CBA and you were likely to hear a treatise on how the community benefits "frame" paved the way for a new understanding of the economy. Talk to the directors of Bethel New Life in Chicago about their new transit-oriented development project and you were likely to hear a story about how city dwellers had teamed with suburbanites to save a rail line. Talk to the organizers of the New Jersey Regional Coalition about regional tax sharing and you were likely to hear an admission that it was a hard sell but that it helped to illustrate

the lines of advantage and disadvantage in metropolitan America.

What we soon realized was that grassroots advocates were turning to the region to do more than unlock resources. Sure they had ideas about how to redo mass transit, create affordable housing, and secure opportunity. But they were really laser-focused on politics, movement building, and social change.

They had understood two things: first, that community-based efforts at regional equity were more likely to succeed with a firm analysis of power and an explicit strategy for organizing, and second, that the work they were doing at a regional level—face-to-face, race-to-race, and place-to-place—could add up to a vision for a new American common ground.

The Start of Something Big

In the first Funders' Network translation paper on Social Equity and Smart Growth, written by PolicyLink in 1999, the text was long on hope, but short on evidence—a bit like the picture some presented about our new president. By its 2004 update of the paper (*Regional Equity and Smart*

Growth: Opportunities for Advancing Social and Economic Justice in America), however, PolicyLink provided a plethora of examples including region-wide affordable housing, equitable transportation, “fix-it-first” infrastructure spending, and better land use in places as diverse as Boston, Atlanta, Detroit, San Diego, and the Bay Area. In just five years the field of *equitable* smart growth had found its strategies.

It has also, we would suggest, found its politics: a message of hope, a style of inclusion, and a frame that suggests that competitiveness and cohesion can go together. Sound familiar? It should, as a very similar frame just played its way onto the national stage.

What's the connection? We would argue that many of those involved in what we term the “social movement” wing of regional equity have been laying the groundwork for scaling up to the national level. They were never really in it just for a transit stop or a housing project; they were hoping to refashion our understanding of public life, the connections between communities, and the ways in which

our fates are intertwined. And many of them saw that what they were forging locally could go national. This was, of course, the path once paved by the right—they made sure that something was the matter with Kansas before they ensured that something would be the matter with the nation as well. And they too built up from a new style of organizing,

a new set of connections, and a new narrative about American community.

Such has been the case with the proponents of regional

equity. Those who led union-based living wage fights in various metros are now tied together in the multi-region Partnership for Working Families; those who struggled to link cities and suburbs are operating under the umbrella of interfaith groups, including quite prominently the Gamaliel Network; those laboring to create innovative local community development policies have been coming together for PolicyLink

For many grassroots activists, the appeal of smart growth is that it's a vehicle to create the America in which we really want to live. And this, they argue, requires a new approach to building and sustaining power.

regional equity summits, with the number of attendees growing from 650 in 2002 to nearly 2,000 in 2008.

Benner, Matsuoka, and I argue in our new book that “this could be the start of

something big” (and so that’s the title of the volume, soon available from Cornell University Press). And it deserves philanthropic support, particularly in light of the significant regional and national

opportunities that such movements have helped to forge.

Working at Scale

As the Obama administration settles into its work, there are two great opportunities and at least two worrisome risks.

First, the administration clearly understands grassroots, bottom-up partnership.

The election of Barack Obama through community organizing methods fundamentally changed democratic politics. However, changing the way campaigns are run may be simpler than changing 250 years of White House operations. Organizers will need to be vigilant about getting their voices heard, but clearly there is an opening.

Second, Obama has the potential to change the lens through which Americans view cities. In his speech to the U.S. Conference of Mayors in the summer of 2008 he said, “... we also need to stop seeing our cities as the problem and start seeing them as the solution. Because strong cities are the building blocks of strong regions, and strong regions are essential for a strong America.” It doesn’t get a lot more metropolitan—or smart growth—than that.

There are, however, at least two key risks. The first is that the looming recession will diminish resources and attention to urban areas, and particularly to struggling working class communities. And the second is that the policymaking process will come to be dominated by think tanks and “influentials” rather than the grassroots voices who have

made both smart growth and a new national agenda viable. Funders interested in smarter, more sustainable, and more equitable growth could help by strengthening the intellectual, policy, and political linkage between economic success and social equity. An emerging body of research has indicated that leaving behind the poor is bad for economic growth—but that has yet to stop folks from being locked in the mindset that equity and efficiency must compete rather than complement. Helping build that body of research and communicating it forcefully will be critical in the years ahead.

With that frame firmly in the public imagination, we will also need to support new public policy—and the power needed to make that happen. This means, on the one hand, that we will need to support business-oriented groups that are reaching out to disadvantaged communities. Groups like the Fund for Our Economic Future in Northeast Ohio are key allies for regional equity, and others can be persuaded that the last decades of excess at the top may now call for grace to those at the bottom.



But we also need to support an evolution of economic strategy on the part of community groups, central labor councils, and others. It's all well and good to secure community benefits when benefits are to be made, but making growth occur will require understanding sectoral investments, the role of infrastructure, and the place of workforce intermediaries in connecting low-skill residents with economic development. We need to move from economic justice to just economics.

Funders can also help by supporting those grassroots social movements that have brought us so far in this journey. There may be a temptation to engage in what we have called “stealth equity”—pull together the policymakers and policy entrepreneurs, stress the common economic interest in regional competitiveness, and avoid the hard discussions of space, race, and the distribution of economic benefits. That strategy has a definite place in the social ecology of change, but there is also ample room to support the work of those who tend to make the conversation uncomfortable, and thus help us

all find “uncommon common ground.”

This will mean sustaining philanthropic support for base-building organizations that are engaging the constituencies that need to be at the table. It will also mean reaching out to new constituencies, particularly immigrants. The new urbanist vision prescribes dense neighborhoods with access to mass transit, ample street life, and local retail amenities—that is, East L.A. with *taquerías* taking the place of cappuccino bars. Immigrants are also a group whose housing and transportation preferences are still in formation—encouraging both their success and a new willingness to stay put could point the way to the recovery of our older urban areas.

Our bottom line: while there is now a full suite of smart growth tools and policies, only bottom-up coalitions can sustain and support the vision over the long haul. And this is a long haul: coalitions gain ground slowly as relationships need to be built and conversations need to be had. Sticking with key groups through the tough—and exciting—times ahead will be key.

The America Ahead

Conservatives have often said that you can't just throw money at a problem. We're pretty sure that those facing the problems would disagree, but the point is well-taken: money alone can't turn around the results of a system that is skewed to produce sprawl, segregation, and isolation. For that, we need structural and institutional change. And throughout our proud American history, such change has not come without a movement, without a fight, and without the good luck of perfect timing.

The timing is clearly now. There is a new understanding of the importance of metropolitan areas, a new desire to combine competitiveness and equity, and a new conversation about our common future. Policy analysts know what's wrong with our federal incentive structure, developers are intrigued by infill development, and social

... while there is now a full suite of smart growth tools and policies, only bottom-up coalitions can sustain and support the vision over the long haul.

equity proponents are more than willing to work with public officials, business leaders, environmentalists, and others. Washington is likely to get the metropolitan agenda and see it as one way to secure economic recovery.

But good ideas don't always win the day on their own. There is a tendency for philanthropies to invest in demonstration projects—surely when people realize that we can actually educate kids, improve neighborhoods, and engage communities, they will step up to the plate to make that happen in their own worlds.

But change requires more than admiration: projects make us see the possible, policy helps make the possible standard practice, and power is what ultimately drives policy reform. So to realize our vision, we need to sustain and expand community groups' capacity for smart growth thinking and work. We need to be bold in our own thinking and investments. And we need to remind ourselves that it's more than growing smarter that people want.

After years of being separated by red and blue, rich and poor, city and suburb, it's not just growing smarter that is at stake—the

American public is hoping to grow together, both in the economy and as a nation. This is the moment for making that case, for making the change, and for making a mark. The Funders' Network and its members are to be commended for their last 10 years of work shifting opinion and practice—but you should take only a moment to relax. The next 10 will be even better.

Dr. Manuel Pastor is Professor of Geography and American Studies & Ethnicity at the University of Southern California (USC) where he serves as director of the Program for Environmental and Regional Equity (PERE) at USC's Center for Sustainable Cities. His most recent books include *Staircases or Treadmills: Labor Market Intermediaries and Economic Opportunity in a Changing Economy* (co-authored with Chris Benner and Laura Leete and available from Russell Sage, 2007), and *Searching for the Uncommon Common Ground: New Dimensions on Race in America* (W.W. Norton, 2002; co-authored with Angela Glover Blackwell and Stewart Kwoh). Forthcoming in 2009 is *This Could Be the Start of Something Big: How Social Movements for Regional Equity are Reshaping Metropolitan America* (co-authored with Chris Benner and Martha Matsuoka and available—readily!—from Cornell University Press). He served as a member of the Commission on Regions appointed by California's Speaker of the State Assembly and in January 2002 was awarded a Civic Entrepreneur of the Year Award from the California Center for Regional Leadership.

Race, Power, and the Possibility for a New Future

Maya Wiley, Founder & Director, Center for Social Inclusion

Changing demographics, economic chaos, and a recognition that we must work together across race have created conditions for charting a new future—one that transforms society. The author offers suggestions for how to talk about race effectively in the public policy debate around issues of opportunity, infrastructure, and public policy.

We have elected the first black president of the United States. And now we ask, opine, and argue about the meaning of race in America. Has it changed? Are we a fully transformed society, or will we be by the time President Barack Obama executes his vision for the country? We do not fully know what that vision is, but we know it commands hope and demands that we work together for something different. We need a big and bold vision and we need an incremental and strategic execution of it that considers race and helps us work together. To quote Harvard Law School Professor Roberto Unger, we must imagine market pluralism for universally shared well-being; to intervene in the arrangements in the market and set up experiments that “enhance the powers and ... broaden the opportunities enjoyed by ordinary men and women on the basis of the piecemeal but cumulative reorganization

of the State and the economy.”¹ Sound big? It is. And we now have the conditions, good and bad, to begin: changing demographics, economic chaos, and a recognition that we must work together across race.

Funders are uniquely placed to build on these conditions and turn them from possibility to policy. The metropolitan regional unit is a particularly useful place to start, given our urbanization, its pressures on our environment, on our relationships with one another, and its importance to the economy. In our current context, looking at the next 10 years, funders are uniquely positioned to catalyze transformation. Here are three key areas for funder attention and investment:

1. Environmentally-sustainable economic development models owned and controlled, at least in major part, by communities of color that put them

in a different economic and political relationship with their regions;

2. Policies that build physical and social infrastructure to create incentives for structural shifts in the economy, environment, and in our relationships to one another; and
3. Communications strategies and capacities, including local leaders of color, that build public support for these new economic development models, public infrastructure and opportunities, and the necessary infrastructure to reconsider our metropolitan regions.

To develop these ideas, first we should more closely examine the conditions that make

¹Roberto Unger, *What the Left Should Propose*, <http://www.law.harvard.edu/faculty/unger/english/wstlp.php>.

them possible. Starting with demographics, population changes in this country are seismic. Consider this: Obama is not only our first president who is black, he also is the first Democrat to win the state of Virginia since Lyndon Johnson's victory there in 1964.



William Frey's and Ruy Teixeira's pre-election demographic analysis of Virginia and Florida suggested Obama might win those states. Why? Shifting demographics. Northern Virginia, as a suburb of Washington, D.C., is growing rapidly. And that growth is largely college-aged people who are white and people

who are Latino and Asian. Other swing states, like Florida, have similar trends.

We are becoming a country that is majority people of color. By 2050, according to the U.S. Bureau of the Census, we will be a majority Latino, Black, Asian, and Native

American population. At the same time, it is not clear that these changed demographics, even a welcomed increase in racial tolerance, will impact the way we organize our communities and opportunities. The way we distribute opportunities—from housing to education, from jobs to transit—is still racially identifiable. These demographic changes have profound implications not just for the electoral map, but for the health and prosperity of the nation.

The Institute on Race and Poverty has pointed out in its study of the nation's 15 largest metropolitan areas that half of all people who are black and 60 percent of people who are Latino live in suburbs in these regions. While many of these suburbs appear to be diversifying, many are not diverse in a stable way. That is, people of color, particularly immigrants of color, but also black Americans, are moving to inner-ring suburbs and people who are white are returning to gentrifying city centers or into exurbs. Inner-ring suburbs begin to see shrinking opportunities. The return to cities is also complex. While it is important both for

the tax base and environmental quality of life of cities, it is also clear that without the right range of policies, it displaces people of color who cannot afford to stay in increasingly expensive gentrifying communities.

At the Center for Social Inclusion (CSI), we have been examining opportunity distribution by race and place in New York's metropolitan region and in Columbia, South Carolina's metropolitan region. In almost all of our indicators, people of color—particularly people who are black and Latino—live in low-opportunity areas compared to people who are white. At the same time, it is the immigration of people of color, particularly people who are Latino and Asian into the New York region and the reverse migration of people who are black to the Columbia region, that has accounted for their growth. Tragically, the low opportunities we see in our studies mirror national statistics. People who are black and Latino are more than twice as likely to live in poverty than people who are white. More black families live at the bottom of the income distribution today (39 percent) than in 1964 (24 percent). The imprisonment

of people of color has increased 600 percent since the 1970s. And we are by and large less likely to live together in mixed communities than we were when race discrimination was legally permissible. We know that black and Latino children, half a century after *Brown v. Board of Education*, are much more likely to attend failing schools than children who are white, and schools in some urban areas becoming more segregated.

So the irony of our historic election is that much of the demographic change that enabled it also represents the rapid growth of urban metropolitan areas, but not necessarily shared opportunities or healthy communities. Smart growth may not have a single definition. But at the Center for Social Inclusion, we define it as planned, sustainable, and equitable growth that ensures that we all share the benefits and burdens of growth fairly. Smart growth requires that we look to where growth is happening, how it is happening, and whether there are winners and losers. Wearing this lens, the current demographic trends are complex, particularly if we look for winners and losers. People of color basically lose in the current

equation. But, we argue that most people who are white are not winners, given the lack of sustainability in many communities of people who are white.

With all its complexities, our single, best opportunity for transformation is our people. Our changing demographics are a huge opportunity, if we consider the ramifications on communities, on our relationships to one another, and to growth carefully and intentionally. As Professor Howard Barlow points out, the relationship between the way we have constructed communities along racial lines—particularly in the creation of suburbs and globalization and its impact on jobs and opportunities—presents a choice: sink deeper into group-based competition, or recognize our shared fates and work together. Neither outcome is inevitable. The interventions of local community leaders and organizations, government, the private sector, and philanthropy will all influence the direction we take.

Let's look more closely at our economic reality. Desperation is growing globally and locally as the economy spirals out of control.

Homeowners in this country are losing their homes as communities struggle with vacant properties owned by banks who will not lend money and cannot sell the properties. This condition affects us all and is not race neutral. The sub-prime mortgage market is not new, but its size and growth since the 1990s has been exponential. Between 1994 and 2005, sub-prime loans jumped from 5 percent to 20 percent of the entire mortgage market.² In 1996, sub-prime lenders reported \$90 billion in lending. By 2004, the sub-prime mortgage market had grown to \$401 billion. One reason? Redlining—the practice of drawing red lines around communities of color on a map and refusing to write mortgages or provide mortgage insurance in them—helped produce the demand for the sub-prime mortgage market. Deregulation is also to blame—the increasingly complex set of securities instruments that proliferated as banks bundled and sold off their

²Tom Acitelli “Foreclosure Doomsday? Not in Manhattan” *The New York Observer*. March 25, 2007, <http://thebridalblog.observer.com/node/36993>.

securitized loans were largely unregulated and incomprehensible. During this same period, Congress gutted the Community Reinvestment Act, which once created incentives for banks to do business in low-income communities. Even if we compare African American and white homeowners who have the same income, African Americans are more likely to have sub-prime loans. In fact, there is a *larger* sub-prime gap between blacks and whites at higher income levels.

Not only that, but also businesses owned by people of color have been growing rapidly in this country. Yet by and large, these business owners, often local businesses, receive a drop from the bucket of equity investments. And changing demographics means that much of the projected increase in consumer purchasing power over the next few decades will come from people of color. By 2045, up to 32 percent of total purchasing power may come from people of color—up to \$6.1 trillion of disposable income. The lesson? Investing in communities of color is good for our metropolitan regions and the nation. Avoiding investment in them is not.

Onto the final condition. We must build public will for policies and experiments that should directly invest in vulnerable communities to lift all boats. Professor Manuel Pastor from the University of Southern California has found that regions that invest in racial equity see broadly felt economic benefits. But this is usually a hard sell, particularly in times of trouble.

We face what some economists project to be a \$3 trillion set of wars in Iraq and Afghanistan, a financial crisis that is unprecedented, and at least 29 states facing a combined \$48 billion budget deficit in 2009. A significant body of social science research suggests that opposition to race-conscious policies is heightened when a scarcity, or zero-sum, frame is dominant. Individuals who believe their racial group is receiving unfair treatment in the larger social order tend to be more likely to see members of other racial groups as competitive threats.³ Research consistently shows that for no other group is white hostility to policies triggered more than with respect to blacks. And with the current tenor of our immigration policy debates, we have reason to be concerned

about responses to investments in Latino and Asian communities.

Obama's election on November 4, 2008, with a substantial margin over John McCain, does not nullify these research findings. But it does direct us to something important. While our current set of economic and demographic conditions presents challenges, they are also opportunities. Obama was masterful at framing racial justice in the context of national needs. Leaders of color who are able to communicate effectively and who are supported to forge political alliances across race may be well-positioned to build the support we need for responsive and responsible government that invests in its people.

Back to what funders can do. Our current set of conditions gives us the opportunity to take some firm steps toward long-term change. At CSI, we see three specific areas the field might take that recognize our current conditions

³Lawrence Bobo & Vincent L. Hutchings, *Perceptions of Racial Group Competition: Extending Blumer's Theory of Group Position to a Multiracial Social Context*, 61 AM. SOC. REV. 951, 956 (1996).

and look beyond them: 1) community-of-color owned alternative energy business; 2) support for federally-funded community planning projects on public infrastructure to build resilience in the face of man-made and natural disasters; and 3) testing how to talk about race effectively in public policy debates.


Because we need more opportunities in communities of color, we need communities of color to be able to change their relationship to their regions to make them more powerful participants. Because all of us need more sustainable sources of energy, we are talking with partners about models for community-owned alternative energy—an idea I first heard from Massachusetts Institute of Technology Professor J. Philip Thompson that met all of our criteria for change. When we began investigating, it became clear that Europe was also thinking about this. In September 2007, the European Conference on Community Participation in Renewable Energies discussed conditions for community ownership of renewable energy technology, based on the experience of seven European countries. They concluded that

community involvement allows local people to benefit directly and makes them more acceptable. Depending on the framework conditions, ownership by community groups, cooperatives, municipalities, or public private partnerships are possible organizational forms to ensure community involvement. What technologies, where, and with what capacities and what models will build communities of color as environmental entrepreneurs? Funders can fund research and strategic meetings to answer these questions. It is important also to support efforts to promote green jobs and ensure that those who need jobs get them.

We also have crumbling public and social infrastructure. We have steadily failed to invest in the public infrastructure our communities need to be resilient in the face of our mounting challenges. As the Kirwan Institute for the Study of Race and Ethnicity has pointed out, investigations by independent engineers after the destruction of New Orleans showed that much of the large-scale devastation was not caused by the unpredictable force of the storm, but rather flawed engineering of crucial levees. One reason, and there are many, for the levees'

failure, was that the flood control system dates back over 100 years. Another issue that potentially contributed to levee failure was the lack of appropriate maintenance measures. The life span of all infrastructure is limited, and continued resources are needed to maintain this tremendous investment. This costs money. In 2005, we needed \$1.6 trillion just to prevent further deterioration of public infrastructure, but only about half that was available. The impacts of these failures have clear implications for our economy, health, and well-being.

We also have to organize the infrastructure differently. Researchers have calculated that the average new suburban home requires over \$30,000 in public subsidies to pay for new roads, water, sewer, public services, and education. We need different models of community planning and infrastructure investment to have the right kind of infrastructure for a transformed economy, but also transformed social relationships. Policies to build different infrastructure, since our energy grid system cannot handle renewable energy, are critical. Also, it is important to make sure that new infrastructure to support



reduced carbon emissions also benefit communities of color, rather than divide and destroy them (like the highway systems of the mid-20th century).

The Center for Social Inclusion and many of our partners are looking at the possibility of a federal grants program to communities for community planning to build infrastructure that will contribute to community resilience in the face of man-made or natural disasters.

I have laid out big challenges and long-term policy goals. They require public will and support for responsive government. We are deeply ambivalent about government programs and interventions that might direct growth, public benefits, and create public space. Race is also used often to drive wedges between racial groups on government policy. Or sometimes group-based impacts of policies and their implementation are ignored. So we do not intend to burden communities of color unfairly, but sometimes we do. We and others are experimenting with how to talk about race effectively in the public policy debate around issues of opportunity, infrastructure, and public

policy. As a community organizer, our new president has shown us the impact of strong organizing leadership coupled with masterful communications strategies.

To experiment with, develop, and move these policy categories—in a way that is equitable and creates incentives for and supports them—we need effective multi-racial alliances and, in particular, leaders of color supported and equipped to engage an effective public conversation about these policies.

Maya Wiley is the founder and director of the Center for Social Inclusion, a national policy advocacy intermediary organization that works to dismantle structural racism. A civil rights attorney and policy advocate, Wiley graduated from Columbia University School of Law in 1989. She received her bachelor of arts degree from Dartmouth College in 1986. She has litigated, lobbied the U.S. Congress, and developed programs to transform structural racism in the United States and in South Africa. Prior to founding the Center for Social Inclusion, Wiley was a senior advisor on race and poverty to the director of U.S. Programs of the Open Society Institute, and helped develop and implement the Open Society Foundation—South Africa’s Criminal Justice Initiative. She has worked for the American Civil Liberties Union National Legal Department, the NAACP Legal Defense and Educational Fund, Inc., and in the Poverty and Justice Program and the Civil Division of the United States Attorney’s Office for the Southern District of New York. She currently serves as vice chair of the Tides Network board and has previously served on the boards of the Institute on Race and Poverty at the University of Minnesota School of Law, Human Rights Watch, and the Council on

Foreign Relations. She was a contributing author to the National Urban League’s *2006 State of Black America* and co-authored a chapter on “Race, Equity, and Land Use Planning in Columbia, South Carolina,” recently published in *Growing Smarter: Achieving Livable Communities, Environmental Justice, and Regional Equity* (R. Bullard, ed., The MIT Press, 2007).

Section 2: Partnership and Collaboration—Keys to Transformational Change

Perspectives from:

Shelley Poticha and Allison Brooks

Harriet Tregoning

Mike Van Milligen

Luther Propst

Stepping up the Role of Philanthropy in a Transformational Era

Shelley Poticha and Allison Brooks, Reconnecting America

Given profound shifts in the political, economic, and social fabric of the country, the authors suggest that the call for transformational leadership has never been louder. To respond effectively, we must move beyond professional and topical silos—partnerships, leveraging, and efficiency will be the currencies of success. The authors affirm that philanthropy can be a critical leader at this time, helping to model and chart the course for a new era of collaboration, cooperation, and alignment in order to achieve desired economic, social, and environmental outcomes. They conclude that to be more successful in this transformative era, we must continue to work together.

There is no doubt that we are experiencing profound shifts in the political, economic, and social fabric of our country, compounded by a looming environmental crisis brought on by climate change. Never has the call for transformational leadership been louder. Never have people in communities been more frustrated with “business as usual.” Our approaches to community-building and the institutions we have created to make decisions are often not successfully tackling what are truly complex, crosscutting issues. Indeed, while many of us work in areas that touch some of the same people—low-income individuals and families, environmental and equity advocates, elected leaders, businesses, developers, and practitioners—the professional and topical silos we’ve built prevent us from speaking a common

language, a necessary first step toward getting to transformative solutions.

Furthermore, though we all play a part in helping to solve our nation’s many challenges, we have settled into a rut, letting others take responsibility for finding solutions where we in fact can play a constructive role. And, if we know anything about the future, resources are going to be scarce, so partnerships, leveraging, and efficiency are going to be the currencies of success. In this era of change we need to be much more savvy, strategic, and open to new ways and new voices. Philanthropy can be a critical leader, helping to model and chart the course for this new era of collaboration, cooperation, and alignment.

How we invest in and build our communities and who ultimately benefits from those investments are integral concerns tied to the

long-term prosperity of our country, and in some ways, the fate of the world (since so many outside our borders still see America—the consumer society that we are—as an example to emulate). As Reconnecting America has engaged in fulfilling our mission—namely illustrating the critical connection between transportation and land use and how transit-oriented development (TOD) helps infuse equity and increased access into community development, fosters economic growth and prosperity, meets climate change goals, and thereby creates healthier people and communities—we have seen the effective role foundations can play when they partner with the public, private, and nonprofit sectors, and help these entities partner with one another. The fact is, we need you as much as you need advocates like us to make positive change happen.

As we move into the future, philanthropy should play a greater role in facilitating conversations about change and simultaneously modeling the kinds of problem-solving methods that are increasingly seen as essential ingredients to successful change.

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whether focused at the national, state, or local level—to bring diverse stakeholders together to build a shared vision, goals, and strategies for equitable and sustainable development. Forging bonds among unlikely allies, engaging in conflict resolution to get past troublesome stumbling blocks, and providing an even-handed convener role in the absence

So, from the trenches, we offer a few humble words of advice.

Craft a Vision and Build Partnerships

Few entities are as uniquely positioned as foundations—

of other entities being able to effectively play that part are tasks well suited to foundations and philanthropic leaders. In our region, The San Francisco Foundation, the East Bay Community Foundation, and the Silicon Valley Community Foundation have taken on these roles, helping to make the impact of the Great Communities Collaborative more comprehensive than it would have been if the work to raise the profile of transit-oriented development was only the job of advocates or governmental agencies.

Foundations should not be wary of stepping into a leadership role and putting forward a set of principles that multiple stakeholders can rally around. As a vested, but even-handed stakeholder, foundations can help people understand how those principles support their own self-interest as well as the interest of the community. The research, best practices, and tools developed by grantees can be highlighted and publicized in these efforts. And, in light of recurring changes in elected leadership and public agency staffing and economic downturns and upturns—among other unpredictable variables that influence

outcomes—foundations with long-term staying power can hold a vision over time and help others do the same. The challenge for the philanthropic sector, though, is that holding the vision calls for foundation leadership and staff to commit to being engaged in this work over the long term, as influencing transportation and land-use planning is not a one-to-three year endeavor.

Be a Proactive Educator

The philanthropic sector can be incredibly influential in the policy arena, yet only a few foundations have stepped in to engage proactively and assertively on key policy issues, using foundation caché and influence to directly work with elected officials and policymakers—not in lobbying, but rather to educate, enlighten and share best practices, and help to identify innovative solutions. Foundations can be particularly effective in helping policymakers understand how their decisions and policies at a particular level of government align with others at different levels of government or in different but related agencies or departments. In an era of needed fiscal discipline, foundations can

help policymakers among different sectors understand how to connect and align policies and resources to achieve goals.

Along these same lines, foundations shouldn't shy away from providing direct financial support to cities and the public sector under the assumption that they are in the position to do it themselves. Often staff in key positions don't have the resources, the flexibility, authority, or capacity to craft truly successful plans and policies or create inclusive processes that engage community stakeholders as partners. Foundations can help augment, influence, and inform government-led efforts by delivering the resources to introduce innovative ideas, applying cutting-edge technology, and providing the means by which to maximize community engagement in new and effective ways. Recently, The McKnight Foundation and The Saint Paul Foundation provided grants directly to the city of St. Paul to help prepare a Vision Plan for the Central Corridor, a planned light rail line that will run through the heart of Asian, African American, and working class neighborhoods.

Their support allowed the city to undertake an extensive community engagement effort and led to a transit-oriented development strategy that has all the prospects of successfully retaining the unique character and community that exists along the corridor over the long term. The success of these investments has also led to formation of the Central Corridor Funders Collaborative and Learning Network, which will serve as a body to help hold future decisionmakers accountable to the community's vision and invest in their ability to do so.

Help Align Policy, Resources, and Focus

The message that Reconnecting America gives to the cities, states, regional agencies, and communities with which we work is that there just aren't enough resources in the individual public, private, or nonprofit sectors to bring transit-oriented development to scale if we continue to deploy incremental, go-it-alone, sector-by-sector approaches to complex, interconnected problems. There are many well-intentioned policies, programs, and financing mechanisms that have been adopted

across the country at different levels of government, among nonprofit and for-profit developers, and by the philanthropic sector to achieve what are often complementary goals. But we need to do a much better job of aligning these activities, with the intention of leveraging resources more efficiently and effectively to deliver on promises and develop catalytic models of equitable TOD that will truly begin to put a dent in meeting climate change, access and mobility, economic, and affordable housing goals.

To that end, foundations can help illuminate the opportunities for alignment among community leaders, business representatives, elected officials, and public agency staff.

These entities sit up and take notice when a foundation—or better yet, a group of foundations—put an issue on the table and bring a diverse set of stakeholders to the table to craft solutions. In the absence of government being the sole driver or leader on TOD or other environmental and community development issues in many cities, regions, and states, other leaders must step in and fill the void. Philanthropy can do just that.

Take the Long View

While many foundations aptly focus on education and policy reform as the centerpieces of community-based grantmaking, philanthropy has the ability to set long horizons and bold expectations. In most of the communities in which we work, market-based actors

It's time to move from an era of experimentation and exploration and begin to amplify our efforts so more communities are able to see measurable improvements in their quality of life.

cannot afford to deliver the truly exemplary development we believe should occur in transit-rich areas even if supportive public policies are in place. Often

local developers believe the demand for mixed-use, mixed-income development is still several years away or the costs of greening buildings and infrastructure are seen as prohibitive. But savvy and strategic investments by foundations can catalyze new markets and new models of development. By using grants and program-related investments (PRIs) to invest directly into communities—such as acquiring and holding

property—foundations can ensure that land is used to optimize investments in transit, preserve existing affordable housing, and help to support locally-owned small businesses among other important components of a healthy community.

Foundation investment may sometimes necessarily be the first money in the pot, establishing through that investment a clear set of goals and principles for other money to follow. While this might not bring immediate financial returns, that may in fact not be the best or only measure of success. Rather, success might be better measured on whether an investment attracts and leverages other investments, whether it helps create new opportunities for residents most in need and whose interests are often overlooked, whether higher returns are likely with a longer investment horizon, and whether the health and livability of the place is sustained. At a minimum, the social returns on that investment—in terms of meeting a broader set of social, environmental, and economic goals closely aligned with the foundation's mission—will be large.

Let's Get to Scale

Those of us who have been engaged in making communities more equitable and environmentally and economically sustainable know that there is something new in the air—a sense of the possible. Indeed, over the years we have tried all kinds of old and new ideas, analyzed data in unusual ways, and launched innovative models. Those experiences and the knowledge we've gained have served to help us hone in on the most successful tools and strategies. Our successes and failures have helped us refine our methods. They have helped us dig deeply into the root causes of current conditions in different places and helped us calibrate our messages and our actions. Indeed, we now know that the tools necessary to help create positive change in local communities are as diverse as the places themselves.

Today, we are faced with a different set of challenges. People from coast-to-coast, in small and large places are asking for help in delivering the tools that work. They now see the multiple benefits of linking the way we build our communities with the way

we get in them and between them. It's time to move from an era of experimentation and exploration and begin to amplify our efforts so more communities are able to see measurable improvements in their quality of life. We must define and employ methods that get us to scale and broaden impact. We must accelerate implementation in order to come even close to meeting demand. And, we must move to scale without making the many missteps of past movements that ended up going too far to the side of systemization.

To be successful in this transformative era, we must continue to work together. It is critical that philanthropy be proactive in collaboratively expanding our networks and our collective impact. The silos we have operated under in the past—within our respective organizations or agencies and between us—are no longer relevant when we are simultaneously tackling complex problems and moving our strategies to the mainstream. This is especially true if we are going to achieve the economic, social, and

environmental outcomes we want to see in our states, cities, towns, neighborhoods, and of course, our nation.

Shelley Poticha is president and CEO of Reconnecting America and oversees all activities of the Center for Transit-Oriented Development. Previously, Poticha was executive director of the Congress for the New Urbanism (CNU), where she guided CNU's growth into a nationwide coalition with a prominent voice in national debates on urban revitalization, growth policy, and sprawl. She also launched a number of key initiatives addressing inner-city revitalization, mixed-income housing, infill development techniques, environmental preservation, alternative transportation policies, and real estate finance reform. She has co-authored *The New Transit Town: Best Practices in Transit-Oriented*

Development, "Hidden in Plain Sight: Capturing the Demand for Housing Near Transit," the Charter of the New Urbanism, and *The Next American Metropolis* with Peter Calthorpe.

As managing director of Reconnecting America, **Allison Brooks** is responsible for overseeing all grants and contract work and in helping to guide the overall strategic direction of the organization. Prior to joining Reconnecting America, Brooks served as program officer for the Livable Communities Program at the East Bay Community Foundation, where she spearheaded a number of innovative and collaborative transit-oriented development

and community development efforts across the Bay Area, particularly in low-income and underserved communities. Brooks has an extensive background in building broad collaborations and working in partnership with diverse local and regional stakeholders to foster healthier, more equitable, and sustainable communities. She has a B.A. in Political Science from the University of California, San Diego and a master's in Sustainable International Development from the Heller School for Social Policy and Management at Brandeis University.

Smarter Philanthropy and the Challenge of Change

Harriet Tregoning, Director, D.C. Office of Planning

In a historic time and context, leaders in government, business, philanthropy, and civil society have a mandate to change the way they—and the world—work. The author offers a framework for collaborative philanthropy designed to help facilitate and accelerate the change our country needs.

A Mandate for Change

We are all still collectively reeling from a historic presidential election that in a single stroke reclaimed America as the land of opportunity once again. We renewed the idea of America as a place of unparalleled social, economic, and civic mobility. This election promises, if not an end to racism, at the very least a quantum shift in race relations. For every American, but particularly for children, those who are black or brown, whose parents were born in another country, who live in poor neighborhoods, or who have a single parent, the election of Barack Obama is a pledge. You do your part (work hard, go to school, learn, stay out of trouble) and everyone else will do theirs (to give you every chance to succeed).

Our political leaders have been given a mandate for change, but they are not the only ones. Leaders in government, business,

philanthropy, and civil society also have a mandate to transform the way they—and the world—works.

The financial crisis is only the latest in a series of crises that has jolted us into an awareness of the immediacy and hazard of highly complex global systems. If the rest of the 21st century is anything like the first decade, “Fasten your seatbelts, it’s going to be a bumpy ride,” as Bette Davis said so memorably in *All About Eve*. Energy insecurity, global climate change, unprecedented wealth transfer to petro-nations, economic calamity cascading from country to country, terrorism, tragic mishaps traced to the murky headwaters of the global food or medicine supply chain, natural disasters from the other side of the world delivered on hundreds of media channels as immediate and urgent human tragedy—we face a myriad of unprecedented challenges.

At one point in the not too distant past, I thought it was only our patterns of growth that needed to be “smarter.” Now I realize, it’s everything.

It was one thing to know that our American cars weren’t nearly as energy efficient as European or Japanese models—ours was a nation that seemingly had the luxury of time and money to literally burn on gas guzzlers. Surely we could become more efficient, when we found that we *really* needed or wanted to. It’s another thing to realize that we have deferred, delayed, rationalized, avoided, even denied action that would have acknowledged the realities of higher energy prices and climate change to the point that we can’t imagine that a core industry like automobile manufacturing even has the ability to rise to the challenge. The entire American auto industry has become a potent symbol of our nation’s failure to innovate; it is perceived now

as such a dinosaur that it is being slowly and painfully eased into the tar pits of extinction. The same fate awaits the politicians that heeded lobbying calls to keep automobile fuel efficiency frozen for more than two decades (until last year) at the same anemic levels.

And that is just one example.

Meeting the Challenges

It is not an exaggeration to state that we face challenges and threats to the well-being of mankind and the planet that mandate a new, innovative, and previously unimagined set of regulatory, management, and social policies and actions. While we might naturally look first to government, the scale, scope, and urgency of our problems require collaboration across sectors and institutions.

Our ecological challenges include climate change; resource depletion; toxic contamination of air, water, and land; habitat collapse; and species extinction.

Our economic challenges include increasing disparities between rich and poor; destabilized currencies; a growing global recession; dependence on debt-fueled

personal consumption; the imperative to move away from transferring jobs overseas as an inevitable aspect of globalization to the creation of local jobs in a regional green economy; and a system of subsidies and tax benefits that distort and undermine shifts to more sustainable practices and investments.

Our societal challenges include resistance to shifting from non-renewable and ecologically-damaging energy sources; meeting the education and workforce needs of an emergent green economy among a region's un- and under-employed; community disintegration in the face of the home mortgage and foreclosure crisis; isolation and auto-dependence of an aging population; and continued public health threats from disease, poor nutrition, unsafe drinking water, and obesity.

We are coming to know these challenges all too well; the solutions are not nearly so clear.

We need a business community that is focused on more than next quarter's profit numbers, that is civically engaged, eager to address the challenges, and sees the opportunity to stake a claim to a new

competitive frontier that is entrepreneurial, inclusive, collaborative, innovative, and risk-taking.

We need a government that can do more than veer wildly from a "free market"/no regulation posture to a weighty regulatory regime that indeed prevents very bad things from happening, but equally stops very good things.

We need a philanthropy that can identify, study, and propagate isolated instances of innovative regulatory, management, and social policy breakthroughs as the foundation for solutions.

We all need to use facts, evidence, and performance as the measure of effectiveness, but be willing to try many different approaches to see what might work best. We need to put these experiments in place very quickly with low regulatory hurdles until we decide these temporary approaches should become more permanent. This approach implies a very different, highly evaluative way of innovating—one that would require solid



collaborations to even begin to carry out.

While these challenges call for new regulatory, management, and social policies and actions, it is worth acknowledging the outstanding success of the policy and regulatory strategies and tools of the past 30 years. The success of innovative approaches like Acid Rain Cap and Trade, the New York Watershed Agreement, Inclusionary Zoning, Low Income Housing Tax Credits, Transit-oriented Development, and Land Preservation Ballot Initiatives were first identified and disseminated by foundations, or by the organizations that foundations funded. The current and future challenges will require building on past efforts with more comprehensive, efficient, collaboratively designed strategies, policies, and actions that produce much greater ecological, economic, and social benefits. We can no longer afford to spend \$1 to get \$1's worth of benefits (and maybe \$1.50's worth of unintended costs). We have to spend \$1 and get at least \$4's worth of benefits, with perhaps the first dollar's worth of benefit for energy efficiency and greenhouse gas reduction. The United States is not alone

in this realization. Governments, business groups, and communities across the globe are engaged in a comprehensive process of analysis, reevaluation, and redesign of their regulatory, environmental management, and sustainable development policies.

Smart Philanthropy

A growing sense of urgency is affecting every sector of society. For more than 10 years now, philanthropy has been having a sort of identity crisis. Even with well-crafted, innovative programs, foundations were finding that the social impacts they desired were not being realized. According to Henry Blodget, CEO of *Silicon Alley Media*, in a recent article in *Slate*, it has become not uncommon for a traditional foundation such as the Edna McConnell Clark Foundation to want to reposition itself to create more of an impact, and to elect to do so by shifting from giving out grants to providing a greater level of support and guidance to a smaller number of organizations.

The foundation wanted not only to encourage innovation, but also to distribute the innovation so that it could have a greater impact. An article in the *Harvard Business*

Review notes, "many people in the nonprofit field are reporting a growing frustration that their programs' goals, although valuable and praiseworthy, are not being achieved ... many leaders of nonprofits are finding that, despite their best efforts, social problems persist and may even be worsening." While other factors such as decreased government funding may contribute to this frustration, foundations are wondering what steps they can take to improve the situation.

Shrinking Government Involvement

At every level of government, pressure on budgets is becoming severe. Recent changes in the external environment regarding reduced government spending may be causing some foundations to re-evaluate their grantmaking strategy. Traditionally, foundations have served as a sort of research and development arm of society. Foundations would identify best practices and then government would step in and expand programs as needed. However, in an age of increasingly resource-constrained government, foundations no longer can rely on federal, state, or local government as a source of ongoing support

for social initiatives. In addition, foundations' disillusionment, particularly with the federal government as a partner, has been growing. Foundations are now being forced to confront the needs of nonprofits for longer-term support and larger investments.

A New Approach

In their 1997 article, "Virtuous Capital: What Foundations Can Learn from Venture Capital," Christine Letts, William Ryan, and Allen Grossman suggested a way to respond to these challenges. Noting the parallels between venture capital firms and foundations—"selecting the most worthy recipients of funding, relying on young organizations to implement ideas, and being accountable to the third party whose funds they are investing"—the authors recommended an approach that has become known as "venture philanthropy."

The Letts article engendered support as well as criticism. However, the article provoked many foundations to reconsider their grantmaking practices. Even those that object to the notion that philanthropy should get involved in the internal workings of organizations as inappropriate see a role for

foundations regarding organizational capacity building and value the fact that this debate has encouraged the field to be more reflective.

Collaborative Philanthropy?

What characteristics does philanthropy need to exhibit to help facilitate and accelerate the change our country needs? Some might use the terms "risk-taking," "innovative," "performance or outcome-oriented," or "entrepreneurial." For many, "venture philanthropy" is just a faddish buzz phrase, but many of these terms are associated with it. For example, Pfizer's Corporate Philanthropy Department describes venture philanthropy as "a charitable endeavor based on spirit." If the challenges of our times called for a more collaborative philanthropy, what would that look like?

- **Closer collaboration between the foundation and the grantee:** Foundations would be more partners than overseers. Foundations would be involved in capacity building, management, governance, growth, and impact. Thorough due diligence and pre-investment research would occur.

- **Strategic partnerships:** Foundations would encourage multi-sector partnerships to help propagate innovative practices and use their own relationships to strategically engage more participants (e.g., asking the question, "who would the entity I would like to persuade need to hear it from in order to adopt this innovation?").

- **Performance measures:** Foundations would look for specific performance and outcomes measures, not just how funds are spent. Close collaboration would allow evaluation of interim measures and course correction.

- **Length of association:** Foundations would invest in multi-year relationships.

- **Size of investments:** Rather than awarding many organizations with small project-oriented grants that cover only a small proportion of a nonprofit's costs, foundations would opt for fewer grantees and larger grants.

While we might naturally look first to government, the scale, scope, and urgency of our problems require collaboration across sectors and institutions.

- **Risk management and accountability:**

Foundations would explicitly acknowledge that some portion of their grants portfolio will not succeed. Foundations would balance their grant portfolios for risk and reward their own project officers for grantee success.

- **Getting to scale:** Foundations would press their grantees to plan for success and anticipate how small-scale experiments can move to larger-scale implementation, including partnering with local, regional, or national foundations to get to the next stage of propagation.

- **Exit strategies:** Rather than provide short-term grants that force nonprofits to spend time and resources applying and re-applying for funding, foundations would help with planning for succession funding (by a larger foundation or other entity, or through other revenue-generating activities) and withdraw its support when the nonprofit is able to sustain itself or has failed or succeeded in its mission.

There is a broad range of grantmaking and many foundations actively and strategically pursue approaches that have many of the

characteristics described; many more might find it necessary to do so to help meet the challenges and promise of our turbulent times.

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Harriet Tregoning is the director of the Washington, D.C. Office of Planning, where she works to make D.C. a walkable, bikeable, vibrant, eminently livable, globally competitive, and sustainable city. Prior to this she was the director of the Governors’ Institute on Community Design and co-founder, with former Maryland Governor Glendening, and executive director of the Smart Growth Leadership Institute. Tregoning developed her expertise in state level action in the state of Maryland, where she served Governor Glendening as both Secretary of Planning and then as the nation’s first state-level Cabinet Secretary for Smart Growth. Prior to her tenure in Maryland state government, Tregoning was the director of Development, Community, and Environment at the U.S. Environmental Protection Agency. Tregoning’s academic training is in engineering and public policy. She was a Loeb Fellow at the Harvard University Graduate School of Design for 2003–2004.

The Special Responsibility to Collaborate

Mike Van Milligen, City Manager, Dubuque, Iowa

Although addressing needs from different perspectives, the author suggests that for each to be successful, the philanthropic community and professional local government managers would benefit from creating a framework for a healthy dialogue. If partnership is the key to success, local governments and philanthropy would benefit from identifying ways to collaborate in order to achieve desired community goals. The author offers a short set of strategies to achieve meaningful change at the local level.

“What we have here is a failure to communicate.”

—Cool Hand Luke

The late Paul Newman left quite a legacy of personal and professional accomplishments and a tradition of philanthropy. He also left us these famous words that offer us the challenge to open lines of communication.

My parents both served in the military in the South Pacific during World War II; my dad as a tank commander and my mother in the Women’s Auxiliary Corps as a clerk. Their first date was New Year’s Eve 1944 in New Guinea. Tom Brokaw referred to the people who survived the Great Depression as the “Greatest Generation.” My parents inspired in me, and John F. Kennedy inspired in others, the spirit of public service. In my case, I chose to be a city manager. In your case, no matter what your age, you chose philanthropy. We

who have chosen public service have a special responsibility to collaborate.

Partnership is the key to success. Local governments of course partner with citizens, but if that is where we stop, we are not serving them well. The next obvious partners are other levels of government, not-for-profits, and businesses. However, there is an entire realm of partners that few communities have discovered and that is the philanthropic network like that supported by the Funders’ Network for Smart Growth and Livable Communities. The local access to that network is often an organization based in many communities—the community foundation.

The philanthropic community and cities face a dilemma. Many foundations have a good reason to be frustrated with local governments, because much of the need for

their efforts exists because of a failure of local government. Similarly, many times local government may feel comfortable with the policy, or lack thereof, they established and therefore might not value the philanthropist plan for their community.

The words from Cool Hand Luke could easily be referring to the professional local government manager and the national philanthropic community. One thing we do know is that people in local government and in the philanthropic community are good people who want good things for our country and the people who live here and those yet to come. We need to create constructive ways to encourage a dialogue.

I am fortunate enough to be one of the vice presidents of the International City/County Management Association (ICMA), an organization with 9,000 members. I think

that gives me a somewhat unique perspective as I am exposed to many cities across the country. The one thing I have come to realize is that the philanthropic community and professional local government managers need to create a framework for a healthy dialogue to begin. Organizations like community

City of Dubuque Sustainability Model



foundations, ICMA, and the Funders' Network can play a key role in creating that environment where a dialogue can take place. That certainly is important on the issue of sustainability. Mayor Roy Buol and the city council in the community where I work—Dubuque, Iowa—have designated sustainability as one of their top priorities. ICMA has adopted sustainability as its top policy initiative as it fulfills its mission of ethical professional local government management. We all may define sustainability in a unique manner, but I think most can agree that the definition is

very broad. The city of Dubuque defines it as Environmental/Ecological Integrity combined with Economic Prosperity and Social/Cultural Vibrancy that leads to a Viable, Equitable and Livable Community. In Dubuque, we work closely with the Community Foundation of Greater Dubuque on implementation of this important initiative.

I am sorry, but I am a pragmatist. Maybe that comes from 30 years of involvement in local government, starting as a police officer and ending up as a city manager. On the other hand, maybe it comes from being a foster parent and seeing the real life effects of broken systems, faced daily with the reality of limited resources and what sometimes seems like unlimited needs. This compels me to offer a suggestion.

It is important that we think systemically. I would hope that one priority would be to try to minimize the politics in decisionmaking, and one key way to do that is to support professional local government management. “Our responsibility is delivering democracy to people’s doorsteps.” This was said by then ICMA President Bill Buchanan. What an

awesome responsibility and challenge. As a city manager, I know we in the local government management profession realize that carrying out this responsibility is not something we can be successful at acting alone.

Professional local government management creates the greatest opportunity to differentiate between strategy and tactics, and force the development of priorities. Foundations are all about developing a strategy and then funding the implementation of tactics to implement that strategy. You, better than most, understand the need to prioritize. You do not just allocate time, talent, and money to good intentions. I think it would be helpful to work with local government professionals to partner on implementation of that strategy.

In a recent essay by ICMA Executive Director Robert O’Neill and the Center for State and Local Government Excellence Executive Director Elizabeth Kellar, they wrote, “To make progress on climate change and sustainability issues, the United States will require a rarely seen collaboration among the levels of government and the private sector.”

Let the community of national foundations, community foundations, ICMA, and professional local government managers begin to mold that collaboration. Forums like the Funders' Network for Smart Growth and Livable Communities can advocate for that collaboration.

I would encourage you to develop strategies to accomplish the following to achieve meaningful change at the local level:

1. Partner with community foundations as they partner with local governments and local not-for-profits. Community foundations are the engines for change, the catalyst that causes the chemical reaction.
2. Support professional local government as advocated in the National Civic League model city charter and seek out the participation of the professional local government manager in problem solving.
3. Strike a partnership between the Funders' Network and ICMA to advance the Sustainability Initiative.

We cannot be successful unless we work together—professional local government management, community foundations, and national foundations. When trying to solve a problem, and recognizing that creating partnerships is the best way, I always try to remember the words of the famous American “Philosopher” Will Rogers:

“We are all equally ignorant, just about different things.”

Michael Van Milligen has served as city manager for the city of Dubuque, Iowa, for 16 years. He holds a master's degree in public affairs and has completed the John F. Kennedy School of Government's Program for Senior Executives in State and Local Government at Harvard University and the Kellogg Management Institute at Northwestern University's Kellogg School of Management. In 2003, Van Milligen was named the Outstanding Manager of the Year by the International City/County Management Association (ICMA). In 2004, Van Milligen was featured as part of the John F. Kennedy School of Government's “Innovators in Public Service” series at Harvard University. Van Milligen was named Manager of the Year in September 2007 by the Iowa City/County Management Association. The city of Dubuque was named an All-America City by the National Civic League in 2007, the Most Livable Small City in America by the U.S. Conference of Mayors in 2008, and One of the 100 Best Places for Young People by America's Promise in 2007 and 2008.

Advancing a Smart Growth Agenda in the Intermountain West: Building Coalitions for Success

Luther Propst, Co-Founder and Executive Director, Sonoran Institute

Addressing the unique context of the American West and three principal challenges confronting the region—aridity, energy development, and mega-sprawl—the author offers a smart growth assessment in a regional context. To advance smarter growth policies and practices in this unique region, the author contends that coalition-building, creating partnerships across unusual suspects, and investing in leadership development will be critical, and that philanthropy has an important role to play in these endeavors.

Congratulations to the staff, board, and supporters of the Funders' Network on your 10th anniversary—and on the beginning of the next 10 years of your vital work. I appreciate the opportunity to join in your celebration with a perspective on smart growth and livable communities in the American West.

America's Intermountain West is the fastest-growing region in the nation, home to four of the country's five fastest-growing states. To the surprise of many, it is also America's most urban region, with more than 80 percent of the population living in large cities.

The West's natural amenities are the primary draw for this influx of new residents. Quality of life—the climate, access to public lands for recreation or simple solitude, and a strong sense of place—is among the top reasons why people move to the West. This surge of

newcomers could lead to conflicts with long-time residents, yet the reality is that both groups share similar values about preserving the special qualities that define the West—the landscape that writer Wallace Stegner memorably characterized as the “geography of hope.”

Rapid population growth, changing demographics, and a maturing economy explain the increasingly important role the West plays in the national political arena. These factors also offer an opportunity for the West to emerge as a leader in smart growth if the region's metropolitan, resort, and rural communities can agree on a common agenda to meet their needs. I am hopeful this can happen because there is more that unites the West than divides it.

Three principal challenges confront the

Intermountain West: aridity, energy development, and mega-sprawl. The region's most defining characteristic is aridity and periodic drought so it is no surprise that water is the prevalent concern. As the old Western aphorism goes: “likker is for drinking and water is for fighting over.”

Faced with plummeting reservoir levels, the seven Colorado River basin states recently hammered out a basin-wide agreement recognized as the most important new agreement for managing the river since 1922. This agreement provides new rules for sharing in water shortages. The river, however, is stretched too thin. Las Vegas, among the most vulnerable of cities, is now looking to pipe groundwater from northern Nevada and build desalinization plants in Mexico, which under the new agreement would allow the city to tap more water from the river.

Paradoxically, many states in the West promote the wasteful use of water with exemptions from regulation for individual water wells in rural areas, even if those wells are part of large rural subdivisions. These policies are remnants of the homestead days. Unfortunately, these antiquated policies create an invisible water debt that will have to be paid in the future, and they promote the worst possible growth patterns from the perspective of fiscal responsibility, wildlife protection, groundwater contamination, vehicle miles traveled, and most other measures of a successful society.

About 80 percent of the water use in the Colorado River basin is for agriculture. It seems patent that we are facing a dramatic transfer of water from agricultural uses to urban users. There also are plenty of opportunities to promote additional water conservation, efficiency, and reuse throughout the region. It remains to be seen whether future water transfers and conservation will end up primarily fueling more sprawling development or whether some of this water will benefit rivers and wildlife or be set aside for future emergency needs.

The Intermountain West also is ground zero for the nation's energy development. Conventional oil and gas development is occurring at an astonishing pace in Colorado and Wyoming. Uranium mining is resurgent in Colorado, Utah, and Arizona. Oil shale leasing is about to begin in Colorado, Utah, and Wyoming. Meanwhile, identification of "renewable energy zones" and new transmission corridors is underway all across the West. The scale of these efforts is immense, and they will have profound impacts on communities and landscapes.

Development patterns in the West are best classified as exurban sprawl. Fueled by population growth, jurisdictions competed against one another to subsidize new development and gave little thought to controls on growth or how they would support new development if the real estate market were to cool down. In an era of low gas prices and cheap land, huge investments were made in road and highway construction to link outlying communities to the West's urban areas.

As a result, the West lags behind other regions in investments in alternative transportation systems. Voters in Denver, Salt Lake City, and Phoenix have only recently approved significant funds to develop rail systems. Albuquerque and Santa Fe are now linked by commuter rail, but more needs to be done to ensure these systems succeed and to expand commuter rail along key corridors (such as Phoenix to Tucson). These investments have the greatest potential to influence future development patterns and reduce the West's high per-capita contribution to greenhouse gas emissions.

Overlaying these concerns is a legacy of sprawl development promoted by state laws that limit local authority to manage growth. Too many provisions in state law promote inefficient and unregulated development patterns. Many rapidly-growing Western counties do not even have zoning. Existing zoning—if there is any—often dates back to the 1950s and 1960s, and local land-use codes are often designed to promote only sprawling suburban-style development. On the flip side, there are few incentives to

integrate transportation, water, and land-use planning or to encourage innovative development patterns.

The financial crisis has hit the West hard. If there is a silver lining, it is that the financial crisis and recession create an opportunity for smart growth advocates to engage decisionmakers in more careful land-use planning and in assessing the fiscal impacts of various development patterns. Add the public's concerns about energy security and climate change, and our current situation may build the case for federal and state policy reforms to promote more sustainable land-use patterns and infrastructure investments.

Social change typically happens in bursts. Consider the spate of federal and state efforts to promote smart growth (before the term was coined) in the early 1970s, with Oregon and other states adopting far-reaching and innovative measures. I believe we are entering another period of rapid transformation. California may be a trendsetter in this regard with its recent legislation tying land-use and transportation plans to specific greenhouse gas emissions targets.

So, my suggestion is to tighten your seat belt and prepare for action. The next 10 years will be seminal for smart growth in the West and elsewhere.

Energy security and climate change present related, powerful incentives to reform federal transportation spending and policy and land-use policy in the West. Federal transportation legislation is set for reauthorization in 2009. Concerns about energy security and the high cost of gas may finally lead to greater parity of funds among rail and transit and roads and highways.

On the energy front, the Western Governors' Association is working with the Department of Energy and others to identify potential "renewable energy zones" for solar, wind, and geothermal. Such large-scale planning is necessary if our country is to make a dramatic shift toward renewably energy. Conservation and smart growth advocates must closely track this planning to ensure that environmentally-sensitive lands are not compromised and that the final plan is consistent with regional transportation plans and local land-use plans. I am convinced

that we can dramatically increase our reliance on wind, solar, and geothermal energy without unduly compromising the ecological, archeological, and scenic values of the West. This challenge, however, will require careful planning, rather than the Bush administration's fire-sale approach in developing conventional energy resources.

Water is the wild card in the West. Water management requires unprecedented cooperation between federal, state, and local governments. This is especially true in the Colorado River basin, since the river is a principal source of water for Denver, Albuquerque, Salt Lake City, Las Vegas, Phoenix, Tucson, Los Angeles, and San Diego. Coordination is imperative between those who provide water for our cities and farms and those who make decisions guiding urban development. Federal policies are needed to further protect in-stream flows and encourage greater water conservation and efficiency by agricultural interests and in urban areas. As Western cities continue to grow, one fundamental question for society is how much agriculture do we intend to sustain in the West. Additional federal

oversight also will be needed to ensure that new energy development in the basin does not compromise water security for our cities and the integrity of our watersheds. The most intractable competition for water is between that needed for our cities and farms and that needed for proposed oil shale development in southwest Wyoming, northwest Colorado, and northeast Utah.

At the state level, a common smart growth agenda is emerging, which includes increased funding for rail and transit, reforming policies that promote inefficient development patterns, and more effectively tying development to water availability.

At the local level, updating land-use codes to promote smart growth is a priority, though many communities need to take some preliminary steps, like adopting county-wide zoning. Local capacity to address changes in land use runs the gamut in the West, and some communities are far behind in adopting basic local land-use policies. At the same time, some of the most innovative thinking about the next-generation of land-use codes is coming out of the West. For example,

the Rocky Mountain Land Use Institute is working on a sustainable community development code that seeks to address sustainability issues like renewable energy by removing obstacles to compact residential wind turbines or requiring subdivisions to be laid out to take advantage of solar power.

So what is a funder interested in smart growth to do?

In two words: coalition building. The key is to build “coalitions of the unlike,” bringing together smart growth advocates with traditional conservation advocates, those interested in reducing wasteful spending to support sprawl, ranchers and farmers who want to protect their agricultural land base, business and civic leaders who increasingly realize that protected open lands and vibrant downtowns are critical assets for economic development, public health advocates, and others.

The most effective approach is to identify a state-level issue that lends itself to broad coalition building. For example, in Montana, a coalition of smart growth groups and the development community was able to pass a regional planning process that provides

incentives for growth to occur where it can be serviced most efficiently and avoid adverse impacts on the environment. Nothing helps create lasting coalitions like success, so the key is to find that one issue that may serve as the foundation for a more comprehensive smart growth agenda.

Building such a coalition requires considerable outreach and education. In the Sonoran Institute’s work around the West, we find there is tremendous power in highlighting the economic impacts of growth. Attitudes of local elected officials

change noticeably when they understand that sprawl undermines local economic prosperity, drains local coffers, and saps the vitality of downtown business districts, and when they understand that fair, effective land-use regulation does not lower land values but, in many cases, increases them. Similarly, business and civic interests are more



likely to embrace smart growth when we demonstrate that it can significantly decrease capital outlays for infrastructure and that protecting natural areas and creating vibrant

The key is to build “coalitions of the unlike,” bringing together smart growth advocates with traditional conservation advocates, those interested in reducing wasteful spending to support sprawl, ranchers and farmers who want to protect their agricultural land base, business and civic leaders who increasingly realize that protected open lands and vibrant downtowns are critical assets for economic development, public health advocates, and others.

communicate their value to others. This cannot be a one-time investment, but should be part of a training and follow-up assistance program to help leaders advance smart growth in their communities.

communities promote a “knowledge-based” economy.

Coalition building also requires an investment in leadership development to help elected officials and other community leaders become familiar with smart growth tools and effectively

Over the past 10 years, the National Association of Counties and the Sonoran Institute have trained and assisted leaders in more than 40 Western counties grappling with growth. Teams representing individual counties are invited to a workshop to learn about and choose from a wide range of land-use tools. Participants receive follow-up help that has produced new comprehensive land-use plans and specific policies to more effectively manage growth. There remains a tremendous need for this type of assistance to address basic planning in under-resourced communities as well as for more complex efforts to address growth impacts that spillover into multiple jurisdictions.

At the Sonoran Institute we envision a West where civil dialogue and collaboration are hallmarks of decisionmaking; people and wildlife live in harmony; clean water, air, and energy are assured; and healthy lands, resilient economies, and vibrant communities reflect a prosperous and healthy West with a “civilization to match its scenery,” as Wallace Stegner conceived. Pursuing a smart growth agenda in the West is critical to realizing this vision.

Luther Propst co-founded and directs the Sonoran Institute, with offices in Tucson and Phoenix, Ariz.; Bozeman and Helena, Mont.; Denver and Glenwood Springs, Colo.; Cheyenne, Wyo.; and Mexicali, Mexico. The Sonoran Institute’s mission is to inspire and enable community decisions and public policies that respect the land and people of the West. The Institute focuses on conserving public lands, promoting “smart growth,” better managing water, and reforming local and state energy and climate change policies—the core issues that define how the West is growing and changing. Under his guidance, the Institute has grown to an annual budget of \$6.2 million and is now recognized as a leading practitioner of community-based, collaborative, and innovative conservation efforts to integrate conservation and economic values throughout the West. The Sonoran Institute works in a wide variety of settings, from the Delta of the Colorado River to the Canadian Rockies, and from Coastal California to the Rocky Mountain Front of central Montana. The Sonoran Institute also works throughout the West on policies to improve the management of state trust lands, to better integrate conservation into land development, and to assist cities and counties to better manage growth. Previously, Propst

practiced law, where he represented landowners, local governments, and organizations nationwide in land-use matters, and with World Wildlife Fund in Washington, D.C. Propst received his law degree and master’s in regional planning from the University of North Carolina at Chapel Hill. Propst has co-authored three books, including *Balancing Nature and Commerce in Gateway Communities* (published by Island Press) and frequently speaks and writes on Western conservation, growth management, economic development, and state trust lands. In addition, he serves on the boards of the National Conservation System Foundation, High Country News, the Murie Center, and the Rincon Institute.

Section 3: The Sustainability Imperative—Charting the Future

Perspectives from:

Rick Cole

Kaid Benfield

Michael Tierney

Cornelia Butler Flora

Rick Cole, City Manager, Ventura, Calif.

The author argues that there are three intersecting and overlapping realities that will shape the next decade: 1) a global economy; 2) the sustainability imperative; and 3) new responsibilities for the public sector. Building a more sustainable economy and society will require a new political and policy framework of reform. The author suggests that philanthropy can play a catalytic role in connecting the dots of current economic, environmental, and social equity crises so that ingrained habits can be challenged and reformed to shape a more sustainable future.

Like so many things in today's volatile world, thinking ahead 10 years is both necessary and daunting. Events overtake predictions and change undercuts certainty. But this very fluidity underscores the need to have a long-term vision to navigate the short-term storms of the day and year.

I would argue that there are three intersecting and overlapping realities that will shape the next decade: 1) a global economy; 2) the sustainability imperative; and 3) new responsibilities for the public sector. Under the theory that it is easier to ride a horse in the direction it is already heading in (even if you want to change that direction), we must frame “smart growth” in the context that will dominate the world we will be living in.

First, the global economy. In his new book, *Hot, Flat, and Crowded*, author Thomas

Friedman expands the narrative he began with *The World is Flat*. It is easy to confuse describing an emerging reality with embracing or even celebrating it. The global economy is real, whether we particularly like it or not. The international flow of investment, trade, communication, and—increasingly—people might (and probably will) be slowed, but it is hard to fight 500 years of history. It would be folly to underestimate nationalism, particularly at a time when international capitalism is undergoing its most severe test in decades. But particularly America's provincialism (and willful ignorance) about the rest of the world is simply untenable in today's world. Even a global superpower is not an island and global resource challenges and environmental threats will force us to think globally, giving a new and broader impetus to act locally with smart(er) growth.

Second, the sustainability imperative. The surface waves of economic cycles should not mask the deeper currents of change. The boom of the last 60 years that has transformed the planet was deeply rooted in cheap energy. That is not all—markets and innovation have played (and will continue to play) a catalytic role. But cheap energy has been the rocket fuel for advanced economies—and that era is drawing to a close. Obviously, “peak oil” is not an absolute—we are not about to run out of carbon to burn (in all its forms). But acquiring it easily, cheaply, and reliably enough to waste it on a Brobdingnagian scale—and burning it recklessly without regard to its impact on the planet's environment—that era is largely behind us. As the late economist Herbert Stein observed, “That which can't go on forever, won't.” Ruthlessly exploiting limited resources

(energy, water, air, etc.) in the short-run equally ruthlessly backfires in the long-run. We are now seeing this increasingly operate on a global scale. The stark realities of market failure are belatedly forcing a rethinking of *how the world works*—the patronizingly smug mindset of conventional apologists for what is more accurately described as *how the world has worked during the last 60 years*.

Third, the profound new responsibilities of the public sector. Even more telling than Ronald Reagan's pronouncement in his first inaugural address that "government isn't the solution to these problems, government is the problem" was the subsequent admission in Bill Clinton's inaugural speech that "the era of big government is over." The last worldwide collapse of market mechanisms led to the rise of the New Deal in America and social democracy in other advanced industrial nations. The renewed dynamism of those market mechanisms inexorably rolled back the power and scope of the public sector with increasing momentum, culminating in the Bush administration's dismal assault on public stewardship. Now another profound

market crisis is unfolding. If democracy and democratic capitalism are to be saved, the public sector must step in as more than just a lender of last resort. We will need a new political and policy framework of reform to focus on building a more sustainable economy and society. It is this imperative that President Barack Obama addressed in his Inaugural Address when he declared, "The question we ask today is not whether our government is too big or too small, but whether it works." In laying the foundation for an expanded public sector role in the "work of remaking America," the new president boldly enunciated the need for government to act "boldly and swiftly."

This, I believe, is the context for thinking about "smart growth"—and how philanthropy can move that agenda forward in the next 10 years. The "sprawl" paradigm is simply a symptom of the larger "unsustainable" era that is coming to a crashing halt.

Of course, just because things don't work doesn't mean they will be easily abandoned. "All experience hath shown that mankind are more disposed to suffer, while evils are sufferable, than to right themselves

by abolishing the forms to which they are accustomed," Thomas Jefferson wrote in the Declaration of Independence. That means that philanthropy can play a catalytic role in "connecting the dots" of the economic, environmental, and social equity crises—so that ingrained habits can be challenged and reformed to shape a more sustainable future.

For philanthropy to gain maximum leverage, it must respond directly to the global, sustainability, and public responsibilities triad that will influence the decade ahead.

First, we should stop talking primarily about an "American way of life." As it has evolved, the American dream is based on a "five planet lifestyle"—shorthand for the reality that if everyone lived like us, we'd need five planets to support our habits. For a long time, some lamented that the rest of the world could not afford us living this way. The economic crisis has brought home that we can't afford it either. As long as we operate within this artificial and obsolete context, we are caught in a "frame" that distorts everyone's ability to deal with reality. On a hot, flat, and crowded world, chanting "USA, USA" is

fine at athletic events, but is not a useful basis for energy, transportation, economic, environmental, and land-use policies.

In a practical sense, philanthropy is uniquely suited to broadening the discussion and deepening the understanding of the emerging global context. This is the first time in human history that a majority of humans now make their home in cities. Yet, particularly in America, there is a shameful ignorance about how cities around the planet are evolving. Bringing together scholars, officials, civic leaders, and activists on a global scale is no longer a nice change of scenery and a career perk. It is an essential ingredient of framing how we will design our future in American cities, towns, and suburbs. Even as we rediscover the value of locally-sensitive architecture and town planning, we need to be seeing the international dimensions of everything we do in a world where *my* car-centric zoning laws enrich *your* oppressors and *your* coal plant fouls *my* air.

Second, philanthropy can reframe the “smart growth” imperative in the larger sustainability context. This is vital for many reasons:

Critical mass: Overcoming the inertia and entrenched special interest defense of the status quo will require a democratic politics that unites in a far more durable way those unhappy with and/or disadvantaged by that status quo. Philanthropy should actively seek to engage and integrate “new partners for smart growth”—and to link “smart growth” as a new partner in the larger renovation of American society that is long overdue. Our new president has a mandate for *change*. Spelling out and implementing that broad theme will be the work of the next decade—which will likely be as dynamic as the decade that followed John Kennedy’s challenge to, “Ask not what your country can do for you—ask what you can do for your country.”

Outlasting fashion: Our short media/public attention spans cause us to lurch from “crisis” to “crisis” as symptoms of our unsustainable way of living present themselves. “Obesity,” “peak oil,” “climate change,” “mortgage meltdown,” etc., are not discrete problems, but interconnected dimensions of abandoning timeless ways of living and building—in favor of “modern”

development patterns. Philanthropy is notoriously guilty of responding to the “crisis du jour” by funding half-baked and transitory initiatives and pilot programs, only to abruptly short-circuit them for new fashions, *née* “priorities.” If we are to create a more sustainable society, philanthropy will need to sustain longer-term commitments to systemic change.

Leadership and activism: Sprawl is the product of nearly 100 years of intellectual, legal, economic, political, and social pioneering, some of it high-minded and much of it short-sighted. Go back to the crusaders for paving roads and “clearing slums” and “garden cities” and you will

The old economy cannot be successfully resuscitated by building wider highways or even public transit systems or converting cars to alternate fuels. A new landscape must be forged where transit can compete effectively and where issues like stormwater and air pollution and greenhouse gas emissions are not treated as “by-products” that must be regulated, but waste that’s preventable.

discover that prophets and activists cast long shadows. A long-term commitment to sustainability should be deeply rooted in far-sighted leadership and activism. That means the most valuable contribution philanthropy can make is to nurture those prophets and activists, as well as the networks and organizations that ultimately give them traction. Unglamorous work, except in the power of the ultimate results.

Third, the lengthy real estate downturn that will follow the housing/credit meltdown presents an opportunity for philanthropy to exert influence on the public sector. The dramatic intervention in the private financial markets is simply the opening act of a major rewrite of the economic and social contract that lies ahead. Philanthropy can ensure that “smart growth” plays a more prominent role in the rewriting of America’s financial and social contract.

“Zoning” and the larger legal and financial framework for suburban development were conscious products of “best practices” models nearly universally adopted by state and local governments. Landmark public initiatives

that shaped the American postwar landscape include the Supreme Court’s *Ambler v. Euclid, Ohio* decision that legalized zoning; Herbert Hoover’s advocacy for widespread adoption of local zoning laws; the New Deal’s construction of model “greenbelt towns”; and, above all, Eisenhower’s Interstate Highway Act. Philanthropy can actively lay the foundations for similar public initiatives in the coming decade at the national, state, and local levels.

Despite his campaign mantra of “Change that we need,” the key appointments and initial policy thrusts of the Obama administration have been bereft of an understanding of the need to move beyond dumb growth. The old economy cannot be successfully resuscitated by building wider highways or even public transit systems or converting cars to alternate fuels. A new landscape must be forged where transit can compete effectively and where issues like stormwater and air pollution and greenhouse gas emissions are not treated as “by-products” that must be regulated, but waste that’s preventable. Philanthropy can influence the new administration to make a

shift it appears ill-prepared to undertake.

Finally, history often turns on rusty hinges. The sources of landmark public policy changes are often obscure. Perhaps the most significant (and underappreciated) influence on the way we live today were the world’s fairs of 1893 and 1939-1940. The first, the Columbian Exposition in Chicago, drew over 20 million Americans in the time before auto travel. It is chiefly remembered today for such curiosities as the introduction of the Ferris Wheel and Wrigley’s chewing gum and the setting for the Erik Larson novel, *The Devil in the White City*. But its magnificent beaux artes 1,200 acre campus conjured up a brilliant vision of majestic architecture on a grand scale and launched the City Beautiful movement that influenced cities large and small for a generation. America’s “civic centers” are directly derived from its influence and it inspired grand boulevards, parks, and the whole “planning movement.”

The New York World’s Fair on the cusp of the Depression and World War had an even wider influence. General Motors’ “Futurama” pavilion alone drew more than 11 million

visitors, who waited an average of four hours to glimpse a compelling model of a modern future of freeways connecting suburban residential development with shopping malls, business parks, and high-rise center cities. This imaginative display indelibly shaped the wartime dreams of both G.I. Joe and Rosie the Riveter—and they rushed to embrace it as postwar developers rushed to build it. The America envisioned there is very much the America most of us now live in.

These gigantic expositions (part consumer trade show, part proto-theme park, and part civic extravaganza) changed the way Americans looked at how they should live. It might be asking too much of philanthropy

to replicate these watershed international models. But just as they were products of their time, some analogous device might be launched to reach millions of Americans who aren't focused on the built environment and whose understanding of sustainability does not go too far beyond recycling trash, using energy-efficient light bulbs, buying hybrid cars, and toting canvas shopping bags.

Perhaps incubating in the mind of some civic entrepreneur is the seminal idea that will allow millions of Americans to see and touch a post-sprawl urban form, if not by visiting an exhibition, then through advancing technology directly into their homes.

Thinking strategically has never been

more important. It is not that anyone can accurately predict the direction of the world's financial markets or anticipate technological advances. But precisely because of the volatility of the world we live in, we need to navigate by broader and more lasting ideas and values. "Smart growth" is not an end in itself, nor can it be achieved outside a broader context of economic, environmental, and social change. In the decade ahead, we need to think globally and act locally. We need to take the long view and the high road. And we need to step up to ensure that the public sector plays a constructive and effective role in the transition we must make toward a more sustainable way of life.

Rick Cole has been city manager of Ventura, Calif., since 2004. He was recently honored by *Governing* magazine as one of its nine "2006 Public Officials of the Year," the only city manager in the nation to earn that distinction. *Governing* cited his "intense focus on the details that add up to a vital city." Cole has focused on four key priorities—the ABCS of Ventura government: 1) Accountable government; 2) Balanced budget; 3) Civic engagement;

and 4) Smart growth. Called "one of Southern California's most visionary planning thinkers" by the *Los Angeles Times*, he previously served six years as city manager of Azusa, Calif. Under Cole's leadership, Azusa was described as the "most improved city in the San Gabriel Valley" by the *San Gabriel Valley Tribune*. He brings an unusual background to city management, having previously served as the Southern California Director of the

Local Government Commission, mayor of Pasadena, executive director of the West Hollywood Marketing Corporation, and co-founder of the *Pasadena Weekly* newspaper. Cole is widely cited as an urban policy expert and is a member of the Congress for the New Urbanism, the Urban Land Institute, and the International City/County Management Association.

Smart Growth Must become Greener, More Livable, and More Holistic

Kaid Benfield, Director, Smart Growth Program, Natural Resources Defense Council

While honoring its accomplishments, the author challenges the smart growth movement to do more for the environment and for the social health of our neighborhoods. The author asserts that the field should support a broader, more holistic vision of what smart, sustainable development should be in the 21st century—one that equally emphasizes what we build along with where we build it; more explicitly embraces environmental and social values; and proposes solutions to the sometimes harsh impacts of urbanism and density. The key is to advocate for these elements together, in the same forums.

Publisher's Note: This essay originally appeared on the author's blog (<http://switchboard.nrdc.org/blogs/kbenfield/>) on October 22, 2008 ("An open letter to the smart growth community"). The author adapted it for the purposes of this publication, to include a challenge to philanthropy.

It is time to take smart growth advocacy beyond "smart growth" as we have been defining it. In short, we should be doing more for the environment. And we should be doing more for the social health of our neighborhoods, too.

All of us in the national smart growth movement can be proud of our considerable achievements. We have redefined the country's civic discourse about growth and development, and one would be hard pressed today to find a community that is not already emphasizing, or at least contemplating, development that takes advantage of existing infrastructure and infill opportunities while creating more walkable, complete neighborhoods and more efficient transportation patterns when we break new ground.

But, having made this progress, I believe it is now time for advocates, practitioners, and philanthropic supporters to embrace a broader, more holistic vision of what smart, sustainable development should be in the 21st century.

This will mean retaining, but also being more ambitious than, the agenda for smart growth that has been based largely on countering sprawl and creating better development patterns. It will mean thinking as much about *what* we build as *where* we build and *how much*. It will mean more explicitly embracing environmental and social values within our smart growth communities. While we have been right to embrace urbanism, we cannot allow urbanism to become the goal. While we have been right in pushing for more compact,

dense development patterns, we have not done enough to soften the sometimes harsh impacts of urbanism and density.

Smart growth advocates are sometimes characterized as wanting to "place everyone in high-rises on top of transit stations."

While that is mostly unfair, it is not *entirely* unfair. Some of the denser, more urbanist development that we have promoted or celebrated makes that argument all too easy for our opponents to make. Just as NIMBYs ("not in my back yard") have taken advantage of environmental arguments to oppose worthy, smart development, developers now sometimes take advantage of our focus on dense urbanism to create "neighborhoods" that are little more than streets and large buildings.

Becoming more holistic will mean putting more emphasis on nature, and on creating environments for people. It will mean placing more of the broader environmental and conservation agenda within our work for smart growth.

On the other side, becoming more holistic will also mean reforming the broader environmental community's (yes, including my own group's) agenda for watersheds, green technology, and cities to place those issues in a context that more explicitly embraces growth and urbanism. The environment demands this of us, and so does our aspiration to teach and to lead.

We will, of course, continue to focus on the here and now, and we must. We must continue to work on the immediate legislative agenda (e.g., the federal transportation bill or the wonderful achievement of California's smart growth planning law, SB 375), our local communities' comprehensive plans, the latest proposed highways, or even LEED for Neighborhood Development, a fine and important program over whose criteria I have shed more personal blood than I wish. But

I believe that we must think not just about the menu right in front of us, but also about where we want to—and where we can—take our communities over the next generations and beyond.

Sprawl as we have known it may not be dead, but it is surely not well, and we are already seeing the beginning of its end. The smart growth movement can take a lot of credit for developing and pressing the more compact and transit-oriented development that will replace it. This is wonderful; but it is not enough. Smart, sustainable development for the 21st century should include not just infill, density, and better transportation choices, but also the following:

- Green building (there is simply no excuse for not doing it at this point);
- Urban green infrastructure, including neighborhood parks (that can help heal ecosystems while also making the densities we need for transportation efficiency more hospitable);
- Inclusive urban revitalization, with equity, affordability, and historic preservation

(most U.S. central cities and older suburbs have so much capacity for growth, if we do it right);

- Walkable neighborhoods that facilitate fitness and health; and
- Livable, *human-scaled*, place-based neighborhoods that create good ambassadors for our movement and that NIMBYs *want* rather than fight.

Let's address a variety of issues at once, with the goal of reducing more emissions than would land planning alone while creating complete, cohesive, inclusive neighborhoods.

Most of us, if asked, will say that we already support these things, and we do. But we almost never advocate them as a whole.

We're all guilty of being too narrow. Frankly, I think it is a disgrace that green building advocates have almost gleefully turned a blind eye to the locational consequences of building and the wasteful transportation patterns that poorly located "green" buildings generate. I was personally involved in an innovative initiative

that was remarkable in its accomplishment for green building, but that largely failed to embrace meaningful smart growth standards. My very good friends in new urbanism can be inspirational and are the very best at placemaking, but can sometimes turn soft when it gets to location and green building. Some of my colleagues in the environmental community still act parochially, as if growth and development will somehow disappear or become more benign if we chase it away from a place that occupies our attention, when in fact it is likely to find a place or a form that elicits less resistance but the prospect of even more environmental damage.

But we in the smart growth movement, too, are at fault. Much of what is being constructed, for example, in the name of transit-oriented development—frequently with our applause—does little for the environment other than improve transportation efficiency and is just plain ugly. I don't blame NIMBYs for being resistant. Yet we seldom push for models or incentives that are more nuanced and appropriately scaled to their neighborhoods; too often we simply

accept and promote whatever the developers are proposing. We need to stop only trying to defeat the NIMBYs and, instead, to listen to them, and advocate a smart growth product that is more responsive to their concerns.

We are all, nearly every one of us, being too limited in our vision.

We know that compact development patterns can reduce carbon emissions from transportation by 20–40 percent or even more if ideally located. But, if Greensburg, Kansas, can set a more ambitious goal of reducing its total carbon footprint by half through walkability and green technology, no environmentalist should aspire to less. If my favorite developer (Jonathan Rose Companies) can build project after project after project that includes not only great density and location, but also green infrastructure, green building, and affordability, we should not advocate less.

What might this new, more robust agenda look like, you may legitimately ask? To take the same examples of immediate advocacy I mentioned above, why shouldn't there be a sustainable communities title in federal

transportation legislation? The research makes clear that inner-city revitalization and transit-oriented suburban development dramatically reduce automobile use and the need for new roads. It would make perfect sense to develop a dedicated program to invest a portion of federal transportation funds not on transportation facilities *per se* but on attracting more development to these areas, conditioned on making the neighborhoods affordable, green, and mixed-use. We could focus the benefits especially where there are currently vacant or underutilized properties, and require or provide bonuses for parks, green infrastructure, and inclusive planning that will attract residents and businesses to these locations that have been proven to reduce driving.

For the kind of metropolitan land-use planning that will be undertaken to reduce carbon emissions under California's smart growth planning law, or pursuant to comprehensive plans in municipalities, why not address not just where growth will occur, but also green building and infrastructure, parks, and affordability in the same process?

Let's address a variety of issues at once, with the goal of reducing more emissions than would land planning alone while creating complete, cohesive, inclusive neighborhoods. And, where we must fight a sprawl-inducing highway or subdivision, we must never just fight; we must propose the constructive alternative that meets the same needs—including the needs of drivers, who deserve more attention and sympathy from our movement—without sprawl but in a greener, more appealing way.

These examples are just illustrative. The key is to start advocating these elements *together*, in the same forums. To close on a personal note, many of us who now work on smart growth were environmental advocates before we were smart growth advocates. We must become that again. And more.

Kaid Benfield is director of the smart growth program at the Natural Resources Defense Council (NRDC) in Washington, D.C. He supervises research, public education, and work with all levels of government and the private sector on behalf of sustainable land development in America. Benfield has spent nearly three decades working on environmental policy and practice and has authored or co-authored many leading publications in the field. These include the forthcoming book, *Green Community*, the 2007 book, *Smart Growth in a Changing World*, the 2001 book, *Solving Sprawl*, and the 1999 book, *Once There Were Greenfields*. Benfield is also a founder of LEED for Neighborhood Development, a national process for defining and certifying smart growth development, and a founder and board member of Smart Growth America, a nationwide coalition of organizations working together on smart growth strategies. Before serving as NRDC's smart growth director, Benfield served as the director of the organization's land program, and as its legal affairs coordinator.

Embracing an Integrated, Sustainable Approach to Smart Growth

Michael Tierney, Executive Vice President and Chief Operating Officer, LISC

Defining sustainability in the community context moves the conversation beyond environmental sustainability to questions about overall community sustainability. Using his organization's experience as an example, the author offers strategies for building sustainable communities, recognizing that environmental and smart growth issues can be incorporated into affordable housing, job creation, public health, and youth development in a number of ways. The author identifies opportunities for philanthropy to pursue to create vibrant, sustainable communities.

What can philanthropy do to secure better results around livable communities over the next 10 years? It is a great question, and one I think about often, both as a funder of local, state, and national initiatives and as a recipient of philanthropic funding. I believe there are three things that individual funders can do to make a significant difference over the next decade: 1) embrace an integrated, sustainable approach to smart growth; 2) pick winners and stick with them; and 3) provide operating support for partners and strategic interests. Collectively, the Funders' Network and its members can have an impact on a national scale around policy, best practices, and thought leadership. All of those are critical to building sustainable communities.

Embracing integrated, sustainable approaches to the challenges of low- to middle-income communities is fundamental. Although a

funder's mission goals may be specific, it is useful to think about them in a larger context. For example, environmental and smart growth issues can be incorporated into affordable housing, job creation, public health, and youth development in a number of ways. We have found that thinking outside the box when approached by an organization whose work may not immediately appear to be central to our mission is an asset. Bringing together entities that might appear to be unlikely partners can lead to success in ways that might not be possible otherwise.

LISC's experience and recent strategic focus illustrate the importance of this approach. We have been working in low-income communities for nearly three decades. Our primary focus for much of that time was building and preserving affordable housing within the context of creating neighborhoods

that are good places to live, work, and raise a family.

In 2006, LISC began implementing a new strategic plan: *Building Sustainable Communities*. The difference in this strategy versus our efforts even five years ago is both simple and dramatic. For years we built affordable housing, child care centers, playing fields, commercial space, charter schools, and many other facilities. But now, we look *strategically* at how best to support communities as a whole.

That means we now begin our work with collaborative, comprehensive community planning. Community space isn't just a physical facility, but houses critical neighborhood assets like health clinics. Schools include after-school and athletic programs. Housing is mixed income, mixed

use, and connected by transit to work and job training. We retrofit and build housing and commercial space to green standards. We renovate parks, build bike and walking paths, and consider food access in low-income communities. In short, we are the convener, connector, and—with our local partners—the creative force behind systemic, sustainable change. We look beyond the bricks and mortar of physical development to consider what really makes communities healthy. And in the process, we are attracting more funding partners, collaborating with new providers, and moving in new directions with long-time community allies who have for years pushed for progress in places too often ignored. These alliances bring together a range of expertise that complements our own, addressing the broader needs of the families and individuals living in these neighborhoods.

Everyday, both nationally and in cities and towns across the country, LISC ensures that communities with the vision to see beyond their history of stagnation and decline get the chance to build, to inspire, to thrive. All of this is accomplished through the innovative

partnerships that are the foundation for our five *Building Sustainable Communities* goals:

1. Expanding investment in real estate;
2. Increasing family income and wealth;
3. Stimulating economic activity;
4. Improving access to quality education; and
5. Supporting healthy environments and lifestyles.

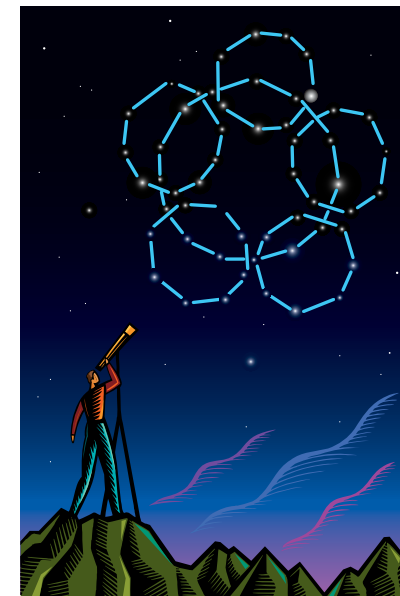
Building Sustainable Communities is not just an abstract ideal. It is an emerging reality that has implications for individuals, neighborhoods, cities, and for our broader competitiveness as a nation. We firmly believe that our economic future is tied closely to helping low-income residents and the communities where they live lift their standard of living. *Building Sustainable Communities* is the rubric through which we are helping make that happen.

The best way to illustrate this kind of transformation is to talk about a specific neighborhood. In Washington, D.C., our work in Congress Heights integrates all

the elements necessary to build a healthy, sustainable community in a dense, compact, urban setting. The work is comprehensive and transformative.

Congress Heights was, until recently, filled with untapped potential. Statistics often painted a bleak picture. But today, an unusual group of partners ranging from private-sector developers to the pillars of the Washington artistic establishment are involved in its revitalization.

The Shops at Park Village, for instance, is a joint venture between a private developer and a community development corporation (CDC) on the redevelopment of the long-vacant Camp Simms military site. LISC helped put together a financing package that included grant dollars and funding from our allocation of federal New Markets Tax Credits, giving the CDC an equity stake in the center. The result is a vibrant retail area with the only supermarket—Giant Food—that can be



found for miles, and it has generated 200 new jobs for local residents. Until Giant opened its doors in 2007, no supermarket had served this community of 30,000 in more than a decade.

The Shops at Park Village is just the most recent reason to celebrate here. In 2005, The Town Hall Education, Arts and Recreation Campus (THEARC) opened its doors. This remarkable arts and education center plays host to more than 2,000 residents every week. The Corcoran School of Art and Design, the Levine School of Music, the National Children's Medical Center, and the Washington Ballet School have all instituted programs there. LISC provides ongoing funding for THEARC's day-to-day operation, ensuring the doors stay open for this new community institution.

So what does all this mean? For the people of Congress Heights, it means better food and nutrition choices, quality medical care, artistic opportunities for their children, and living wage jobs. For the Congress Heights community, as part of metropolitan Washington, it means a vibrant neighborhood

that contributes to a sustainable city. Citizens are engaged in planning and connected by multi-model transportation options. Compact redevelopment is promoting a competitive quality of life, and Congress Heights is attracting mixed-income residents.

LISC's *Building Sustainable Communities* strategy is being implemented across the country. The work is diverse and far-reaching, and flexible enough to respond differently in different places. Every place we work has its own local set of partners, its own unique culture, and its own range of specific, sometimes entrenched economic and social challenges. But their residents share the same aspirations for a future marked by opportunity, stability, and hope. And we, as funders and partners, want to help them achieve it.

This kind of effort requires all kinds of resources—financial capital, intellectual capital, capacity-building support, and support for specific initiatives and programs. But perhaps the most important is general operating support for the organizations that undertake this work. In my travels and conversations with the groups LISC supports

all over the country, I hear the same thing: make sure we have operating support. It is a simple request—make sure the organizations that have the drive, commitment, and vision to act as change agents have the resources to do their jobs. Think about it: if a business is undercapitalized, it struggles to focus on the products or services it produces. Especially in tough economic times, without a capital cushion, many businesses fail. It is front-page news in our current economic circumstance. It is the same with nonprofits. It is very difficult for an organization to achieve its mission goals when it struggles to have enough cash flow to continue operations.

As every funder knows, operating support isn't as exciting as project support. It is not tied to specific outputs or outcomes, but rather to the productivity of an entire organization. Some might say it is difficult to tie this kind of philanthropic investment to a tangible return, but I would argue that all the work of an organization is a result of this type of flexible funding. It is absolutely critical.

Finally, it is also important for funders to pick winners, to stick with them, and to

expect measurable results from the work being funded. If an organization is doing a great job, continue to help them do that job. A long view and patient capital is extremely important to success in challenging circumstances. Without it, organizations find themselves scrambling to continue some of their most important work and are left without the ability to take successful initiatives to scale. This limits the potential of a good program that could have tremendous impact.

That being said, if it becomes apparent that something isn't working, it is critical to get out. Organizations need to be held accountable. Philanthropic resources should be directed to those that are creative, disciplined, and mission-focused and can deliver results in a professional manner. In other words, fund organizations that can get the job done.

As with any effort to transform, funders have an important individual role to play, but our ability to create a bully pulpit, frame issues, and transform policy is equally important. The Funders' Network has historically

been a great force for this work, providing thought leadership and policy ideas that have recast the landscape for both smart growth and community development over the past decade.

The Funders' Network has become the bridge between many of the organizations that care about a sustainable quality of life for the places we call home. It has helped smart growth advocates, funders, community groups, and environmentalists acknowledge that we are all committed to place—and that our commonality is far greater than our differences. Few really understand or appreciate this enormous sea change and its importance. It is invaluable.

Given this success, what should the Network do to have the most impact over the next 10 years? How can it best represent the interests of philanthropists that care about sustainable, healthy, vibrant communities? First, it should continue to be a thought leader and move us toward the cutting edge of possibility. It should advocate for cities and metropolitan areas and expand its role as a facilitator and SWAT team that brings sectors and issues

together at all levels. It should continue its commitment to policy and building policy as a component of funders' work. That is a critical role. Just think, for instance, of the transformation that is possible if all states and localities adhered to a fix-it-first policy. And finally, it should continue its work to keep funders honest about systemic change, which has been central to its mission and part of its great success.

The Funders' Network can lead in this new economic environment and time of political change. It can ensure that current problems become future opportunities through sound, long-term sustainability principles and far-reaching vision. Its history is a prelude to future leadership in creating vibrant, sustainable communities.

Michael Tierney, executive vice president and chief operating officer for LISC (Local Initiatives Support Corporation), has been with LISC since 1989. He began as the director of LISC's local program in Philadelphia and then moved to the program in Washington, D.C. After serving as a regional program vice president—overseeing local LISC programs throughout the Northeast—and as the senior vice president for field operations, he was promoted to executive vice president and COO. He now oversees local LISC programs across the country and a number of national LISC housing production and capacity-building initiatives. He also chairs LISC's internal credit committee and provides oversight to LISC's lending activities. Tierney previously served as deputy assistant secretary for neighborhoods and then assistant secretary for municipal government at the Massachusetts Executive Office of Communities and Development. He also served as founding executive director of Worcester Corporation Council, Inc., in Worcester, Mass., a nonprofit community development corporation that developed and rehabilitated more than 2,000 homes and provided financing or technical assistance to 900 local small businesses during his 10-year tenure. Tierney

received his bachelor's degree from the College of Wooster and master's degree from Yale Divinity School.

The Role of Philanthropy in the Next Ten Years: Innovative Systemic Change for Sustainability in a Climate of Scarcity and Uncertainty

Cornelia Butler Flora, Director, North Central Regional Center for Rural Development, Iowa State University

Combining experience and training as a sociologist with professional service to rural philanthropy, the author offers observations regarding foundation investment in sustainable communities. Given the current atmosphere of political hope and economic and environmental uncertainty, these circumstances provide a critical opportunity for philanthropy to facilitate sustainable communities through local innovations and practical policy change. The author suggests that sustainable change requires a radical vision for the future.

In the last 10 years, I have had a chance to serve on the board of the Northwest Area Foundation and as a consultant to the National Rural Funders Collaborative, resulting in working closely with a number of foundations (from local to national). I also served as a program officer for the Ford Foundation in the Andean Region and Southern Cone of Latin America.¹ That long-term opportunity to see effective foundations at work serves as the basis of the analysis that follows. As a sociologist, I have theorized my observations in order to gain useful lessons that can enhance future foundation effectiveness.

The next 10 years of foundation investment in sustainable communities will occur in an atmosphere of political hope and economic and environmental uncertainty. Taken together, these circumstances provide a critical opportunity for philanthropy to facilitate

sustainable communities through local innovations and practical policy change. It is a chance for foundations and community collaborators to pinpoint precise policies that enable localities and regions to move toward sustainability. Foundations can support communities to:

- Articulate norms and values concerning community sustainability: economic security, healthy ecosystems, and quality of life;
- Set local, regional, state, and—ultimately—national standards based on those norms and values;
- Change rules and regulations to meet those standards; and
- Provide enforcement mechanisms to make those standards the everyday community reality.²

When examining the work of foundations in the first years of the 21st century, a series of important lessons emerge.³ These lessons, which focus on transformation to sustainable communities, are ones of process—the much denigrated and underfunded part of systemic change and local empowerment.

¹Flora, C.B. 2004. “The Ford Foundation and the Power of International Sisterhood.” pp. 277-287 in A.R. Fraser and I. Tinker (eds.) *Developing Power: How Women Transformed International Development*. New York: The Feminist Press.

²This analysis is based on Conventions Theory, best articulated by Thèvenot (1995, 2002).

³These observations are based on my work with the National Rural Funders Collaborative and the many foundations investing in that effort toward sustainability, as well as a variety of consultancies and board of director experience, and a careful reading of the literature on social change.

Process Lessons from Foundations' Contributions to Sustainable Communities

Foundations have generated more systemic and long-term institutional change when they, individually or collectively:

1. Bring together people and organizations that have not systematically worked together in the past, yet also build on existing coalitions among market, state, and civil society actors.
2. Bring together people and organizations over a relatively long time period, supporting coaching that encourages collective reflexivity as well as action.
3. Are seen as having a long-term commitment to that area as part of a relatively narrow set of that foundation's priorities.
4. Are clear and consistently on message about the ends, but flexible and patient in the evolving means used to get there

Sustainable change requires a radical vision of the future. Foundations must let go of control and be willing to empower

local people to modify the vision in ways meaningful in their local contexts. Prior to any community-level investment, the foundation or foundation collaborative must struggle with its own theory of change and theory of practice. For foundations, it means investing in internal reflexivity, understanding that there is a dialectic between theory of change and theory of practice developed by the practice. Foundation internal capacity building is a constant requirement for continuing reflexivity and dynamic grantmaking.

Foundations must invest in local capacity building, over and above projects (which could be viewed as a tool to increase capacity as well as a means to the collective goals), including strengthening and sometimes transforming existing capacity building organizations and institutions. An example of this kind of long-term investment in institutions and communities is the Horizons program of the Northwest Area Foundation and its impact on the Cooperative Extension Service in seven states (Flora and Flora 2008, chapter 12).

Change can no longer occur at the margins. Foundations can leverage those changes—if there is careful oversight and monitoring of both their own efforts and community sustainability impacts.

Reallocation must occur. Reallocation naturally offends the historic foundation grantees and constituencies. Only if the foundation has a well-articulated theory of change and well-articulated new priorities can this occur. Since many foundations have undergone change in their CEOs in the last year or so, this may be a good time for weaning and refocusing.

Collaborative monitoring and evaluation is part of the ongoing dynamic of grant-funded social change and influences both the conduct of the foundation and the grantees. Foundations must work hard to overcome the fear of evaluation and integrate evaluation into the grant planning and execution process. The work of the W.K. Kellogg Foundation in their planning grant for the Northeast Iowa Food and Fitness Initiative in an example of moving evaluation from threat to tool for continual improvement.

Foundations can form unique links between the private and public sectors. Foundations, by learning from community experience, can identify opportunities for public sector improvement and help form new partnerships to take advantage of those opportunities.

Foundation investments could include staff from the relevant institutions as partners, with definite responsibilities for dissemination of the institutional-induced facilitators and blockages to sustainable community change.

Foundations can take on issues viewed as too sensitive for the public sector by providing key funding and linkages to propel both the market and the state to consider such issues as part of their mandate and corporate responsibility. For example, the initial unwillingness in extension to deal with rural poverty—or to understand that it is related to the structure of agriculture, which creates a few haves and many have-nots—was confronted indirectly by the Northwest Area Foundation in its Horizons program, despite the concentration of private land in Montana, Idaho, and Oregon, mirrored in access to public lands. The foundation built alternative

power bases in both rural and urban areas through communities and organizations equipped not to mobilize to protest but to organize to bring about positive change.

As we are in an era when problems will be solved locally, investing in local grassroots organizations with the skills and legitimacy to redirect local resources (there will be far fewer state and federal resources available) will be critical for economic vitality and social justice.

Foundations must insist on monitoring the impact of economic changes and investments on natural, cultural, human, social, and political capitals, as well as on financial capital and built capital. Accountability should be based on measuring things that matter. As private sector actors, foundations have a tradition of accountability. But accountability of a not-for-profit foundation means that “failures” can be as or more important for learning than “successes.” But that only occurs if there is ongoing monitoring and a continuous learning process. Bringing together groups involved in similar activities can facilitate building learning communities.

The W.K. Kellogg, Annie E. Casey, and

Northwest Area foundations are examples of foundations investing in building communities of practice for systemic change. Foundations can do that more easily than government-funded projects that cannot count on continuous funding. Foundations can focus on social goals as well as economic ones, which are critical for economic vitality.

Program Suggestions

1. **A systems analysis of value-added activities that involves participatory action research.** That analysis would link markets, environment, firms, and communities looking at alternative forms of organization, interaction, and cooperation. A study of “new cooperatives” shows that they can be totally concerned with the “bottom line” (what Max Weber [1947] called formal rationality) and ignore community and member well-being (beyond financial gain) OR they can be concerned with both return to investment and well-being (Weber’s substantive rationality). However, the tendency is to mirror the greed principle of other firms. A

widely distributed project partnering communities, value added firms (particularly co-ops), and researchers could greatly increase awareness and implementation of multiple measures of firm success.



2. A participatory action analysis of different alternatives that texture local landscapes. What are alternative ways to modify landscapes and build on environmental resources? Such research could include the macro fiscal environment, including identifying tax policies that engender communities where the environment is important and where a long time frame is the basis of judging community success. Ways landscapes have been and can be altered

through alternative investment strategies in rural infrastructure could also be addressed. Communities and multi-community collaborations could be the base for this activity, working with community developers (as opposed to economic developers) to facilitate community visioning and asset mapping as a basis for continuous action toward increasing community visual and social diversity. This is particularly important, as we find that many firms that would locate in rural areas cannot keep managers there—unless the communities have invested in themselves. Such investment then fosters self-development—the locally-owned enterprises mentioned above—according to our research.

3. Community-based approaches to welfare to work. This effort would bring together economic developers with social service and infrastructure providers and local government officials. It would identify goals for welfare to work—and consider ways to define it as an action for community development,

not charity. Attention would have to be given to building these teams over time. In our Pathways from Poverty efforts in the North Central region, we have found that there is an innate distrust of each group for the others. (Actually, county commissioners trust economic developers more than social service providers.) And all three groups tend to view the poor as clients, rather than citizens. A quick diagnosis of the situation—to what degree are folks now on welfare because of: 1) inadequate job availability (in our region in rural areas, about one-third of those on public assistance are working); 2) inadequate skills or education on the part of welfare recipients; or 3) barriers to getting the skills to the job: poor health, lack of transportation, lack of child care, inadequate housing requiring frequent moves, etc.—would be followed by a series of actions implemented, with the results monitored in terms of what it really means to be successful (hopefully moving from “fewer people on public assistance” to “more fully utilizing community resources” and “decrease in poverty”).

Foundations have an incredible opportunity to link practice to learning through systematic reflection and targeted action. Market, state, and civil society partners can co-invest in developing the theories of change and theories of practice that can then be carefully monitored as a basis for collective learning. Continuation of the foundation collaboratives that began in the late 1980s and the early 1990s, such as the National Rural Funders Collaborative or Environmental Grantmakers Association, will be critical contributors to setting the climate for sustainable community development for economic security, healthy ecosystems, and quality of life.

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Cornelia Butler Flora is the Charles F. Curtiss Distinguished Professor of Agriculture and Life Sciences and Sociology at Iowa State University and director of the North Central Regional Center for Rural Development, a 12-state research and extension institute. Previously, she was holder of the Endowed Chair in Agricultural Systems at the University of Minnesota, head of the Sociology Department at Virginia Polytechnic Institute and State University, a University Distinguished Professor at Kansas State University, and a program

officer at the Ford Foundation. A past president of the Rural Sociological Society, the Community Development Society, and the Society for Agriculture, Food, and Human Values, she is author and editor of a number of recent books including: *Interactions Between Agroecosystems and Rural Communities*, *Rural Communities: Legacy and Change*, *Rural Policies for the 1990s*, and *Sustainable Agriculture in Temperate Zones*. Her newest book is *Rural Communities: Legacy and Change*, Third Edition. Her current research addresses alternative strategies of

community economic development and community-based natural resource management, with particular attention to poverty reduction. Her bachelor of arts degree is from the University of California, Berkeley in 1965 and her M.S. (1966) and Ph.D. (1970) degrees are from Cornell University, where she received the 1994 Outstanding Alumni Award from the College of Agriculture and Life Science. She was chair of the boards of directors of the Henry A. Wallace Institute of Alternative Agriculture and of the Northwest Area Foundation.

Section 4: Pursuing Triple-Bottom-Line Returns—The New (Green) Economy

Perspectives from:

Angela Glover Blackwell

Ben Hecht

Van Jones

Doris Koo

Livable Cities for Whom? Crafting a Bold Vision for Full Inclusion and Sustainability

Angela Glover Blackwell, Founder and CEO, PolicyLink

While the resurgence of the city, on the streets and in the national imagination, marks a victory for the smart growth movement, it also presents a challenge. What will our cities look like 10 years from now? Who will decide? Who will benefit? What will the 21st century American city symbolize? The author asserts that we must capitalize on the renewed enthusiasm for cities to craft a bold vision for full inclusion and sustainability. We must back up that vision with an action plan infused by our collective wisdom and creativity, and by the fundamental American ideals of fairness and democracy. We must remember what really makes a city livable: diversity, cultural vibrancy, a healthy environment, and opportunity for all.

Livable American cities: not too many years ago, the idea seemed like an urban planner's fantasy, if not an oxymoron. Now America is reclaiming its cities. Young professionals, empty nesters, and well-heeled families have rediscovered the advantages of urban living, and once-neglected neighborhoods from New York to Chicago to San Francisco have become desirable places to live and work. At a policy level, government officials, researchers, and business leaders are recognizing the urgency of investing in cities if our nation is to meet the economic challenges of globalization and the environmental threats posed by climate change.

The resurgence of the city, on the streets and in the national imagination, marks a victory for the smart growth movement. But it also presents a challenge: What will our cities look

like 10 years from now? Who will decide? Who will benefit? Which organizations, issues, and constituencies will receive funding to help shape the American metropolis of the 21st century?

In short: livable cities for whom?

It is well documented that the remarkable urban revitalization of the past two decades has not benefitted everyone. Worse, it has reinforced and exacerbated longtime disparities of race, class, and geography. Even as some cities emerged from decades of disinvestment and neglect, others continued to languish in poverty and racial isolation: there was New York, and there was Detroit. The revitalization of downtown Los Angeles, parts of Chicago, and scores of other neighborhoods often displaced or pushed

out longtime residents, particularly people of color. For many African Americans who had been veterans of the civil rights movement, there was harsh irony in the turnaround of the places they call home: while they once fought to be able to live where they could afford, in many rapidly gentrifying neighborhoods black residents ended up struggling to afford where they live.

The old orthodoxies of cities and suburbs are crumbling. As some cities became whiter and wealthier, many older inner-ring suburbs became darker and poorer. Once symbols of prosperity and upward mobility, many suburbs now struggle with the problems that used to define the inner city: economic distress, unemployment, blight, and crime. The last thing we want is a metropolitan growth agenda that populates a revitalized

urban core with affluent residents while shoving lower-income people, immigrants, Latinos, and African Americans to the forgotten fringes of regions. But in the absence of bold policies at every level of government focused on social and economic equity, that is where we are heading.

Consider what happened in Atlanta. From 1990 to 2000, the city reversed a population decline that had begun in the 1970s, largely because of the influx of white families and immigrants. But while the overall population inched up and the white population grew a remarkable 6 percent, the black population fell an astonishing 9 percent, according to the 2000 Census. The Census showed a similar pattern in Chicago: population gains in prosperous neighborhoods around the Loop and along the North Side Lakefront, as old industrial areas gave way to gleaming condos, and population declines in traditional black neighborhoods on the South and West Sides.

San Francisco, a famously liberal city and a symbol of New Economy vitality, has lost nearly half its black population since 1970. The slide is so alarming that Mayor Gavin

Newsom has created a task force to figure out how to reverse years of policies and government disregard that have propelled the exodus.

While the mayor's effort is laudable, task forces after the fact always run the risk of offering too little, too late. As a nation, we must become attuned to trends that portend a bleak future. The demographic shifts of recent years should serve as a wake-up call, indeed a moral imperative, for everyone who cares about building inclusive, vibrant, sustainable metropolitan communities. Displacement and re-segregation are not inevitable byproducts of urban revitalization, but they will happen if we don't act deliberately and decisively to put equity front and center of the metropolitan development agenda. Philanthropists, advocates, planners, researchers, and government officials dedicated to charting a new course for cities and regions must ensure that change processes, programs, and policies are in place to create opportunity-rich communities where everyone can participate and prosper. The goal must be livable cities for all.

Our nation is at a pivotal moment, economically, environmentally, and politically. As surely as they did in the decades after World War II, the planning and investment decisions we make—and the way we make them—will shape cities and regions for generations to come. Development patterns never result purely from market forces and personal preferences but also from federal, state, and local policies. While we no longer permit the type of explicitly racist policies that fueled inequitable growth and sprawl in the postwar era—from home-loan underwriting rules that excluded blacks to zoning that precluded affordable housing to discrimination in employment and housing—we have tolerated and even applauded development strategies that effectively limit opportunity, particularly for the most vulnerable people in society, by failing to address equity seriously.

For example, the issue of sustainability has rightly gained urgency in the face of global warming and given fresh, broad impetus to the movement for livable communities. Yet how often do we see a “sustainable” land-use plan that focuses on a *triple* bottom line: good

for the earth, good for the pocketbook, *and* good for the poor? How often do we hear of a “sustainable” metropolitan development agenda that takes into account the voice and wisdom of communities of color that have deep roots in the city—communities that contribute to the very cultural vibrancy that gives the city caché?

The failure to address equity from the start of metropolitan development processes could have grim consequences, as the pressure on cities increases. The convergence of demographic, economic, and environmental realities means that cities will be magnets for years to come. Research shows that many young adults reject the white-bread environment of the suburbs they grew up in; they long for a grittier urban feel—a Paris-style city, with diversity, nightclubs, coffee houses, restaurants, and museums. And in many cases, their parents do, too. So many empty nesters have traded in the quiet isolation, labor-intensive homes, and property tax burdens of suburbia for lively, dense, mixed-use urban neighborhoods that demographers have begun to take note. And

while golf communities still attract retirees, cities increasingly beckon. In 2007, *AARP Magazine* named five great places for seniors to live, and four were big cities: Atlanta, Boston, Portland, Ore., and Milwaukee.

Increasingly, though, urban living is more than a personal lifestyle choice. Widespread concern about climate change has underscored the importance of utilizing the built community rather than consuming exorbitant amounts of land and other natural resources on ever-distant tracts of regions. The push to reverse global warming will make reduced driving—and shorter commutes—a necessity. And the price of gasoline will seal the deal. Although the price has fluctuated sharply in the past year, it will eventually climb high enough to end Americans’ love affair with the car. Will public transit become the new sweetheart? The idea, which once might have seemed laughable, now appears inevitable. In the spring of 2008, when gas prices approached \$4 a gallon, ridership surged on mass transit systems around the country. The biggest increases occurred in metropolitan areas in the South and West,

where the car culture is most entrenched.

Without careful planning, all these trends will make city living more desirable and available to the most affluent and push out people with the fewest resources. The result

would be an unconscionable replay of the segregation and disparities of the past, now flipped: wealthy whites living in sparkling downtowns and the poor struggling in aging, underserved suburbs. The Paris ideal, understandably, holds allure for people with the money and time to soak up urban amenities, but as the 2007 riots made clear, the Paris reality stands as a warning: consigning low-income people, immigrants, and people of color to disinvested outskirts that offer little opportunity and even less hope for the future is a prescription for disaster.

Conditions in our cities, of course, differ from those in Paris; our cities, in fact, differ from one another. But no city can thrive on



a resurgent downtown alone or on pockets of affluence in a landscape of poverty and disenfranchisement. To create prosperous metropolitan areas, everyone must have access to the essential ingredients for success in our society: good schools, decent housing,

To create prosperous metropolitan areas, everyone must have access to the essential ingredients for success in our society: good schools, decent housing, living-wage jobs, transportation, safe neighborhoods, strong social networks, a clean environment, basic services, and sound infrastructure.

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The movement for smart growth and livable

communities has brought together scholars, policymakers, advocates, and philanthropists, and each has a vital role to play in building inclusive, sustainable cities. Researchers have already produced valuable data on the relationships between poverty and inequality in metropolitan areas, and this work

demonstrates that reducing inequality has positive benefits for everyone. Going forward, we need data on the equity impacts of all significant development and sustainability proposals, from major infrastructure projects to congestion pricing plans to specific strategies for transit-oriented development.

Advocates from disparate organizations must grapple with the intersection between issues—for example, land use, development policy, and public health; or jobs, housing, and public transportation. Sustainable metropolitan development isn't an issue only for environmentalists, and poverty isn't an issue only for social justice activists. Advocates must forge coalitions and partnerships focused on people *and* place. These groups must work to ensure that cities grow in ways that benefit all residents today and protect resources for tomorrow.

Policymakers must make sure that cities—those emerging as economic and cultural powerhouses as well as those still distressed by the policy mistakes and political disregard of the 20th century—develop pathways to opportunity for everyone. This means

working to attract good jobs in growing industry sectors while promoting compact, energy-efficient development. It means supporting indigenous entrepreneurship and business development, particularly among communities of color. And it means investing in strategies—not only in cities but also in inner-ring suburbs—that have proven to stabilize neighborhoods and lift people out of poverty: higher minimum wage, local living wage laws, community benefits agreements, workforce development programs, an adequate stock of affordable housing, public transportation, and high-quality education.

Foundations must insist that savvy, well-resourced advocacy groups sit at the decisionmaking tables and play a significant role in shaping plans for fair, equitable metropolitan development. Funders should also use strategic grantmaking to strengthen organizations rooted in and accountable to communities of color. Foundations must support grassroots leadership and networks that amplify the political voice of people of color and carry their ideas through to lasting policy change—convenings that

encourage groups of all sizes and expertise to form partnerships; planning efforts that focus on sustainable, equitable, affordable communities; and economic and workforce development programs that connect people of color to emerging job sectors.

In its heyday in the early 20th century, the American city stood as an engine of commerce and an emblem of United States power and prosperity. What will the 21st century American city symbolize? We must capitalize on the renewed enthusiasm for cities to craft a bold vision for full inclusion and sustainability. We must back up that vision with an action plan infused by our collective wisdom and creativity, and by the fundamental American ideals of fairness and democracy. We must remember what really makes a city livable: diversity, cultural vibrancy, a healthy environment, and opportunity for all.

Angela Glover Blackwell is founder and chief executive officer of PolicyLink, a national research and action institute advancing economic and social equity. By Lifting Up What Works®—using research to understand and demonstrate the possibilities for positive change—PolicyLink presents new and innovative solutions to old problems. Since its inception in January 1999, PolicyLink has partnered with a cross-section of stakeholders to ensure that equity issues receive the highest priority in addressing major policy questions, including: ensuring reinvestment in low-income communities, encouraging smart growth, bridging the digital divide, eliminating racial health disparities, and developing leaders for policy change. Blackwell is a national authority on poverty issues, recently contributing a chapter to *Ending Poverty in America: How to Restore the American Dream* (The New Press, 2007), an anthology edited by former Sen. John Edwards. She also collaborated with Tavis Smiley to develop *The Covenant with Black America*, a *New York Times* bestselling book of community and policy strategies for economic and social empowerment, and the follow-up, *Covenant in Action*. Along with Manuel Pastor and Stewart Kwoh, she co-authored *Searching for*

the Uncommon Common Ground: New Dimensions on Race in America (W.W. Norton, 2002), a book that demonstrates the existence of continuing racial inequity and explores new policy framings to address the challenges that lie ahead. Blackwell earned a bachelor's degree from Howard University and a law degree from the University of California, Berkeley. She co-chairs the Center for American Progress task force on poverty and sits on the Robert Wood Johnson Foundation's Commission to Build a Healthier America. She currently sits on the boards of the Children's Defense Fund, Sojourners, and the Corporation for Enterprise Development.

Cities, Philanthropy, and the Green Economy Virtuous Circle

Ben Hecht, President & CEO, Living Cities

Philanthropy has a rare opportunity to harness current forces of change to ensure that cities both anchor a more sustainable way of life and bring the economic benefits of the emerging green economy to those people and neighborhoods historically left behind. The essay identifies the current forces of change, connects these to the strengths of cities, and outlines specific opportunities for philanthropy to lead, arguing that philanthropy has the tools required to accelerate the creation of a more sustainable and equitable nation.

America's cities are at a unique moment in time. Distinct characteristics such as large populations (especially minority and low-income) and mass transit systems combined with extraordinary forces of change—such as global warming, the bursting of the housing bubble, and growing frustration with economic disparity among Americans—position cities as the drivers for America's future in ways not seen since the early 1900s. Philanthropy has a rare opportunity to harness these forces of change to ensure that cities both anchor a more sustainable way of life and bring the economic benefits of the emerging green economy to those people and neighborhoods historically left behind.

The Forces of Change

The convergence of issues such as global warming, skyrocketing fuel prices, the

collapse of the financial sector from the bursting of the housing bubble, and recognition of the growing income disparity among Americans has created a unique environment for change in our country.

Global warming or climate change is caused by the increased concentration of heat-trapping, greenhouse gases in our atmosphere. Today, scientists agree that humans are pouring greenhouse gases, especially through energy consumption in buildings and automobiles, into the atmosphere much faster than plants and oceans can absorb it. Experts are surprised how rapidly warming is accelerating and actually expect that over the next two decades, the Earth will see an acceleration of ecosystem changes already underway beyond the melting of ice caps and glaciers often reported in the popular press.¹

Energy costs for the average U.S. household have more than doubled since 2001.

Fifty-one percent of the U.S. population (60 million households earning less than \$50,000) now devote 24 percent of their after-tax income to energy expenses.²

For many Americans, their housing and transportation burdens alone exceed 75 percent of their incomes. As gas prices double, for example, the increase in costs represents a disproportionate increase in the burden for below-poverty commuters—from \$2 per gallon, the increase takes 4.3 percent of income from below-poverty

¹“Global Warming Fast Facts,” *National Geographic News*. June 14, 2007.

²“Impact of Rising Gas Prices on Below-Poverty Commuters,” Urban Institute. September 2008.

commuters and 1.0 percent from those above poverty.³

The *housing bubble* is broadly believed to be the root cause of the current financial crisis. Housing prices are grossly inflated in large part because individuals, regardless of their creditworthiness and income, were able to get low-cost home loans, and because mortgage securitization enabled lenders to make more and more of such loans with no financial ramifications when they went bad. As of October 2008, write-downs from losses on these loans was believed to exceed \$592 billion.

Economic disparities among Americans increased dramatically in the 1990s and have worsened in this decade. In 1976, 10 percent of the people owned 49 percent of the wealth in the United States, and 90 percent of the people owned 51 percent of the wealth. By 1999, 10 percent of the population owned 73 percent of the wealth, and the remaining 90 percent of the population owned only 27 percent of the wealth.⁴ In this decade, the disparity between races widened as well. From 2000 to 2007, median family income for

whites declined .02 percent compared to a loss of 3.1 percent for Hispanics and 4.6 percent for African Americans. In 2007, 8.2 percent of whites lived in poverty, while poverty rates for Hispanics and African Americans exceeded 20 percent. As of October 2008, whites had an unemployed rate of 5.9 percent, Hispanics of 8.8 percent, and African Americans of 11.1 percent.⁵ Nowhere are these disparities more evident than in cities, where the 100 largest metropolitan areas still retain a dominant share of high-poverty tracts (62 percent in 2000).⁶

Playing to the Strengths of Cities

While these have become the defining issues of our time, they all point to one thing that is actually quite promising—the primacy of cities to our future. Unlike so many other issues where cities have to change to be vital, such as attracting the creative class or certain types of industries, the current conditions of cities actually give them a competitive advantage. Cities are at the center of solutions to the critical issues of our time simply based on what they currently have (buildings, density, transit) and who lives there (low-income minorities).

Addressing Climate Change

Cities have to be the first line of attack on climate change if we really want to address the root causes of our current condition. Urban areas account for approximately 75 percent of all energy use and greenhouse gas emissions in the world, with more than half of that coming from buildings.⁷ To address the problem, we need to deal with the existing buildings in our cities. According to a study by McKinsey & Company, four of the five most cost-effective ways to cut carbon dioxide emissions are by retrofitting existing buildings (public, commercial, and residential)

³Ibid.

⁴“Economic Apartheid in America: A Primer on Economic Inequality and Insecurity.” Chuck Collins and Felice Yeskel (2000).

⁵“The State of Minorities: How are Minorities Faring in the Economy.” Center for American Progress (2008).

⁶<http://www.urban.org/publications/310790.html>.

⁷“Landmark Program to Reduce Energy Use in Buildings,” William J. Clinton Foundation and 2007 Buildings Energy Data Book, Table 1.1.3.

through changing insulation, lighting, air conditioning, and water heating. While the adoption curve for energy retrofits historically has been anything but steep, a new generation of approaches to energy-efficiency retrofitting holds great promise for achieving scale. For example, new models recently launched or in formation in Cambridge, Mass., Berkeley, Calif., and Milwaukee, Wis., aim to:

- Overcome lack of knowledge, transaction costs, and other disincentives by bringing together audits, financing, construction, and other program elements into a unified and streamlined experience for the customer and the contractor and other players in the supply line;
- Include proactive marketing efforts to elevate participation rates through outreach by trusted sources, personal contact, and/or block-by-block community mobilization;
- Attain greater scale by addressing the entire building stock, focusing on components of the stock that have scale potential (e.g., single family housing or subsidized housing); and

- Take advantage of points of entry that offer scale potential (e.g., large property management companies or trade associations).

In addition, experiments with new financing strategies are: 1) helping qualify a broader range of borrowers by taking into account utility bill and property tax payment history to ameliorate dependence on credit scores for the purpose of qualification; 2) elongating loan maturities (and payback periods) to make more extensive retrofit projects more feasible and affordable; 3) achieving competitive terms due to good quality collateral/repayment streams; and 4) establishing structures through which financing can remain with the property or the utility meter, regardless of changes in ownership or tenancy, thereby averting mandatory prepayment of any outstanding balances. Because of the credit crisis, some lenders are averse to permitting subordinate financing. As such, structures that can provide competitive rates for unsecured loans are particularly attractive.

Creating Economic Opportunities

By addressing climate change through cities, we also have a unique chance to create new, unprecedented economic opportunities for low-income people, especially those of color, who have not benefited from past economic booms. The economic stimulus that large-scale retrofitting activity alone would bring is significant. The adoption of city-wide retrofit efforts across the country would provide direct economic dividends from money saved by tenants and jobs created to do the retrofitting work. Moreover, these kinds of programs, broadly implemented, could create long-term markets for energy-saving technology.⁸ From construction workers and manufacturers of energy-efficient products to retailers, there would be potential for job growth in an array of areas.

In addition to saving money and creating jobs from retrofitting activities, the overall growth opportunities that lie ahead with a

⁸“Green Recovery: A Program to Create Good Jobs and Start Building a Low-Carbon Economy.” Center for American Progress.

smart and intentional transition to a green economy are enormous. The past is a good indication of the potential for the future. In 2006, renewable energy and energy-efficiency technologies generated 8.5 million new jobs, nearly \$970 billion in revenue, and more than \$100 billion in industry profits.⁹ Among the most promising signs for continued green economic development in the United States is the rapid rise of the clean tech market in the last decade (U.S.-based venture capital investments in energy technologies more than quadrupled from \$599 million in 2000 to \$2.7 billion in 2007).¹⁰

Sustaining a Reduced-carbon Lifestyle

Dramatically reducing current carbon emissions through building retrofits and harnessing the economic opportunities from the green economy for low-income people living there are only part of the climate change puzzle. We also have to establish a much more sustainable, reduced-carbon lifestyle. Statistics and studies show that the urban lifestyle is the most environmentally-sustainable, carbon-friendly way of life.

Wired magazine recently documented what many instinctively thought was true but weren't so sure about: "The fact is, urban living is kinder to the planet, and Manhattan is perhaps the greenest place in the U.S. A Manhattanite's carbon footprint is 30 percent smaller than the average American's. The rate of car ownership is among the lowest in the country; 65 percent of the population walks, bikes, or rides mass transit to work. Large apartment buildings are the most efficient dwellings to heat and cool."¹¹ We need more people reducing their carbon footprint through urban living if we are to permanently enjoy the benefits of retrofitting. A May 2008 study by the Brookings Institution showed that those urban areas with the highest population density and availability of rail transportation were associated with the lowest per capita carbon emissions.¹²

Riding the End of Urban Sprawl

The low carbon footprint of cities makes them even more attractive now with the end of cheap credit and gasoline. No two factors led more to unsustainable urban sprawl and

flight from cities than these. Cheap credit and lax underwriting made it affordable for people to buy large homes in distant suburbs and cheap fuel made it affordable for them to drive sometimes two or three hours from those homes to get to work. Both of these factors are gone forever. It is no coincidence that sales of homes in urban areas, like Boston, Chicago, and New York, have grown while suburban sales have slumped since the economic downturn in spring 2008.¹³

The Role of Philanthropy

These realities provide philanthropy with an extraordinary opportunity over the next five years to:

⁹www.greenforall.org.

¹⁰Ibid.

¹¹"Urban Living Is Kinder to the Planet Than the Suburban Lifestyle," *Wired*, May 19, 2008.

¹²"Shrinking the Carbon Footprint of Metropolitan America," Brookings Institution, May 2008.

¹³<http://abclocal.go.com/kgo/story?section=news/business&id=6155218> (May 2008).

Climate change provides us with a unique opportunity to engineer a Green Economy Virtuous Circle, or a new integrated model for economic development that benefits all urban residents. The Circle is created and sustained by the coming together of the following elements: 1) creation of environmentally-oriented jobs; 2) reengineering local education; and 3) intentionally linking people to steady employment pathways.

1. Lead with a Point of View. Positioning cities to both address the climate crisis and create new opportunities for low-income people will require major transformations in our economy and society, along with billions of dollars

of investment and major policy reforms. If history is any guide, this will not happen without leadership from philanthropy. Philanthropy's words and actions should express a definite point of view that:

1) the time for tackling climate change is now; 2) cities must be central to any strategies; 3) there must be an intentionality toward ensuring that low-income people ride these changes as

never before; 4) those institutions and individuals with high net worth should dedicate a modest percentage of assets to financing these changes; and 5) critical local, state, and federal policies that will accelerate this transformation—such as renewable portfolio standards, pollution pricing, and utility company incentives—must be adopted en masse.

2. Support a new Green Economy Virtuous Circle. Climate change provides us with a unique opportunity to engineer a Green Economy Virtuous Circle, or a new integrated model for economic development that benefits all urban residents. The Circle is created and sustained by the coming together of the following elements: 1) creation of environmentally-oriented jobs (these can result from the enactment of local, state, and federal laws, such as 'renewable portfolio standards,' which create sustained demand and attract manufacturers of energy and city and/or statewide building retrofitting efforts that bring scale to public, commercial,

and residential retrofitting and further stimulate demand for retrofitting services); 2) reengineering local education systems to create a system-wide focus on training large numbers of workers for jobs such as construction, building maintenance, design, and energy services for retrofitting activities (Bronx (NY) Community College, for example, has developed a particular expertise in renewable energy, with both degree programs and non-credit training in solar installation and building performance analysis); and 3) intentionally linking people to steady employment pathways, connecting low-income and struggling workers to good paying jobs with the potential for career advancement. The laws and retrofitting mechanisms drive continuing demand while an expanded, educated, and trained workforce continues to fill the need and attract more investment. Philanthropic support could facilitate the needed changes to laws and systems and provide the third-party validation that parties will need to make these changes possible.

3. Redefine Place. Climate change gives us a chance to fundamentally redefine the way we look at and invest in places. Since the Federal Housing Administration (FHA) fueled suburban growth with low-cost insured mortgages after World War I, we have viewed cities through an ‘us vs. them’ lens: ‘urban vs. suburban,’ ‘rich vs. poor,’ ‘black vs. white.’ This has given rise to policies and investments that work directly against climate change goals, such as expanding highways, instead of providing transit options; supporting housing developments that are hours away from jobs instead of locating them near transit stops or preserving existing inner-city housing units. To transform the way we use energy and permanently reduce our carbon footprint, we need to model dramatically different behavior. We need to show that cross-jurisdictional efforts such as the Great Communities Collaborative in the Bay Area and the Central Corridor Funders Collaborative and Learning Network in the Twin Cities that

marry transit-oriented development, economic diversity, community planning, and jobs can work. We need to overhaul state laws and constitutional provisions that encourage multiple, small municipal governments where one effective regional entity makes more sense. We need to reauthorize federal transportation policies so they discourage more highways and encourage more transit.

4. Make the Work Easier to Do.

Finally, we need to make it easier for policymakers, grantmakers, and community organizations to play a pro-active role in building this greener, more equitable world. Lack of good information is one significant hurdle that leaders must overcome. For example, good economic analysis must be married with local context in constructing green economies and career pathways. Solid analysis of the markets and opportunities must be conducted. Although there are a number of organizations—such as U.C. Berkeley’s Renewable and Appropriate

Energy Laboratory and the Renewable Energy Policy Project—which provide detailed analysis on the potential of renewable energy, other areas such as local green-collar job campaigns and energy efficiency have yet to be studied closely. Where there is available data such as in renewables, analysis needs to be contextualized locally, and that is still too difficult to do.

Another huge hurdle is capital. For example, many jurisdictions are looking to aggressive land acquisition strategies in order to take advantage of many of the opportunities described above. They want to use mechanisms, such as citywide land acquisition funds, which aggregate and deploy capital from multiple parties to make acquisition quicker and smoother, and community land trusts that acquire land, hold it in perpetuity, and lease it to parties providing community



benefits (e.g., affordable housing, greenspace). Significant obstacles, however, stand in the way of fully implementing these strategies. For example, aggregating capital from numerous sources can be time consuming and expensive. Legal fees alone can be enormous if every participant requires their own terms and documents. To ensure that this strategy can grow to the necessary scale, the process must evolve to become more efficient and uniform. Philanthropy can use its own grant, loan, and investment dollars toward this end.

A Time to Lead

Leadership from philanthropy is absolutely critical with the private sector in disarray, governments in financial distress, and the planet in peril. Philanthropy has tools in its toolbox—from supporting those working for important policy and system change to creatively using its balance sheet to bridge the current limitations of private markets—that are needed to accelerate the creation of a more sustainable and equitable nation.

Ben Hecht is an experienced nonprofit executive, author, and social entrepreneur. He was appointed president & CEO of Living Cities in July 2007 to lead the organization's new and ambitious agenda to transform the lives of low-income people as well as the urban neighborhoods in which they live. In 2000, he co-founded One Economy Corporation, a nonprofit organization that has become one of the most effective vehicles for social change in the nation. Hecht led the growth of the organization from three employees to a \$15 million organization with 50+ staff, online media properties serving more than 150,000 low-income people a month, and programs in 40 states, the Middle East, and Africa. Immediately before One Economy, Hecht was senior vice president at the Enterprise Foundation. In that capacity, he led the organization's efforts beyond housing, building well-respected programs in child care, workforce development, and economic development. Under his leadership, the number of community-based organizations working with the Foundation doubled from 750 to more than 1,500 in 48 states; capitalization of the organization's revolving loan fund grew from \$30 million to \$200 million; and regional networks of nonprofit

organizations linked by technology were born in New England and the Northwest. Hecht received his J.D. from Georgetown University Law Center and his CPA from the state of Maryland. For 10 years, he taught at Georgetown University Law Center and built the premier housing and community development clinical program in the country. Hecht has written three books: *ManagingNonprofits.org* (2001) with Rey Ramsey, *Developing Affordable Housing: A Practical Guide for Nonprofit Organizations* (3rd Edition, 2006), and *Managing Affordable Housing: A Practical Guide for Building Stable Communities* (1996), all published by John Wiley & Sons.

Looking Forward: Green Jobs and the Green-Collar Economy

Van Jones, Founder and President, Green For All

Current economic, environmental, and social conditions have created an opportunity to design a new economy—one that will sustain us throughout the 21st century and beyond. This fundamental overhaul presents a once-in-a-generation opportunity to solve not only our environmental problems, but also the social problems that have plagued us for centuries. The author suggests that as we design our new economy, we must make sure that low-income people and people of color have a place in it from the beginning. The author identifies three immediate opportunities to invest in projects that honor these principles: 1) creating a national Clean Energy Corps; 2) working locally to create green-collar cities; and 3) making the Transportation Act of 2009 green and equitable.

The accelerating environmental crisis has pushed the human family to a moment of decision. The time for debate is running out.

Humanity must figure out, once and for all, if it can find a way to live with the planet.

Luckily, we have a chance to do just that.

The United States, the world's largest economy and biggest polluter, has a new president who has pledged to make energy and the environment a top priority for his administration. We have a population increasingly looking for ways to reverse global warming and climate change. And we have philanthropists like you, eager to invest in solutions to the environmental crisis.

Millions of us have the will. Now it is a matter of finding the way.

Here are some things to consider as you look for giving opportunities moving forward.

1. We need to reboot, retool, and retrofit America from the ground up to get on a green footing that can sustain us throughout the 21st century and beyond. Dressing the old economy up in new clothes won't do.
2. This fundamental overhaul gives us a once-in-a-generation opportunity to solve not only our environmental problems, but also the social problems that have plagued us for centuries. As we design our new economy, we must make sure that low-income people and people of color have a place in it from the beginning.

3. To meet these two imperatives, it is critical that we focus on creating jobs for everyday people in the new, green economy.

In the years to come, there will be countless opportunities to invest in projects that honor these principles, and there are three right now that deserve your immediate attention:

1. Creating a national Clean Energy Corps;
2. Working locally to create green-collar cities; and
3. Making the Transportation Act of 2009 green and equitable.

As we embark on a 10–20 year effort to green America, these three projects will get us off on the right foot.

The Clean Energy Corps

On the campaign trail, President Barack Obama pledged to create five million green-collar jobs.¹ The Clean Energy Corps Working Group has a new proposal that is both practical and innovative in its approach to making that promise real.

The Clean Energy Corps would be a combined service, training, and job-creation effort to combat global warming, grow local and regional economies, and demonstrate the equity and employment promise of the clean energy economy.

Service

The Clean Energy Corps would directly engage Americans in diverse service, service-learning, and volunteer work—like planting trees, restoring wetlands and rivers, and performing energy audits on homes. This work would enlist America's people, lands, and buildings in the fight against climate change while giving corps members from disadvantaged communities a critical entry point to a career pathway.

Job Training

Millions of Americans would like to find

family-supporting work in the emerging clean energy economy, but lack the necessary skills and connections to unions or employers. The Clean Energy Corps would work with employers, unions, educators, and community organizations to provide these people with the training they need to get these jobs. Most green-collar jobs are middle-skill jobs, meaning that almost anyone can qualify with quality training (or re-training, like construction workers who just need to learn about the latest energy-efficient techniques).

Job Creation

Training people for jobs will do no good if there are no jobs for them when they finish the training program. The Clean Energy Corps would ensure newly-trained workers have positions waiting for them by launching a national, comprehensive effort to retrofit and weatherize our nation's buildings. This would create hundreds of thousands of jobs while slashing our national energy costs and contribution to global warming. It will also more than pay for itself with energy savings.

The best thing about the Clean Energy Corps is that it can and should appeal to people

in every part of the country, from every background, and of every political stripe:

- The Clean Energy Corps **creates jobs**;
- It **fights poverty** by targeting low-income communities;
- It **brings down energy costs**, which have been a major drag on the economy;
- It **puts money in people's pockets** by cutting their utility bills, giving them more purchasing power, and strengthening the entire economy; and

¹Green For All defines green-collar jobs as ones in sectors such as renewable energy, sustainable agriculture, and green building. Green-collar jobs pay family wages and provide opportunities for advancement along a career track of increasing skills and wages. Most green-collar jobs are middle skill, requiring more education than a high school diploma, but less than a four-year degree—and are well within reach for lower-skilled and low-income workers, as long as they have access to effective training programs and appropriate supports. While some green-collar jobs are new (e.g., renewable energy technicians), even more are existing jobs that are being transformed as industries transition to a clean energy economy. For more information, visit www.greenforall.org.

- It **calls on us as a nation** to build a better tomorrow **together**.

Several groups are advocating for the Clean Energy Corps, including:

- 1Sky;
- Energy Action Coalition;
- Apollo Alliance;
- Center on Wisconsin Strategy (COWS);
- The Corps Network;
- Center for American Progress Action Fund;
- Innovations in Civic Participation;
- Community Action Partnership;
- And many, many more.

Local Efficiency Efforts: Creating Green-Collar Cities

One of the reasons that the Clean Energy Corps is so attractive is that it tackles America's biggest energy-waster and emissions-producer: our building stock. Buildings account for 40 percent of U.S. energy consumption and 43 percent of our carbon emissions. Making them more energy

efficient is key to preparing the country for a fully green economy. It will require not just federal action, but local action as well. And that will require strong philanthropic support.

Retrofitting buildings to make them more efficient saves money and energy; one would think the idea would sell itself, without any help from the philanthropic community. But in fact, very few Americans are retrofitting their buildings. A number of systemic challenges get in the way. The most obvious is that most people don't know about the benefits of retrofitting. But even those who do face real obstacles. For instance, in rented buildings, who is responsible for retrofitting: the owner, or the tenant? Even though it saves money over time, retrofitting costs money upfront—money that many people don't have readily available. And why would someone spend the money if they may sell or leave the building before realizing the savings?

Some social entrepreneurs are developing exciting local models for making retrofits easy and affordable for everyday people and small businesses. Look, for instance, at the Milwaukee Energy Efficiency (Me2) program,

a joint effort where the Center on Wisconsin Strategy (COWS) is teaming with the city of Milwaukee.

The Me2 program would allow building owners and occupants to pay for the cost of improvements as a charge on their municipal services bill or utility bill, on a schedule that allows them immediate savings. The savings and obligations would run with the building, making it more attractive to tenants and short-term owners.

And Me2 would create thousands of good jobs—ranging from entry level to highly skilled—and fill them locally. The Center on Wisconsin Strategy is currently working with state and local partners toward a 2009 pilot of the Me2 model.

Projects like this will be key to retrofitting America's building stock. We need effective local models that can be adapted and adopted nationwide. Getting those models up and running should be a focus for the philanthropic community.



The Transportation Act of 2009: Make it Equitable

Buildings may be the biggest consumers of energy, but transportation is not far behind. Making our transportation systems more efficient and effective would be a huge step towards greening America.

In 2009, we have a chance to do just that.

This spring, Congress will pass the next federal

America has a chance to do something extraordinary: lead the way in reversing global warming and solving the climate crisis by retooling, rebooting, and retrofitting our economy on a green footing.

Transportation Bill. The last one, passed in 2005, was the largest public works bill in history, totaling more than \$286 billion.

This year's bill

promises to be much larger. The federal government is poised to spend at least \$57 billion a year on the country's transportation systems. The question is, "How?"

Right now, about 80 percent of our transportation budget goes towards roads and highways. Only 20 percent goes towards

public transportation. That just won't do. In this next bill, we must shift the emphasis from private, personal transportation to public transportation, integrating systems and allowing people to travel more efficiently.

Making our transportation systems sustainable will require an enormous amount of work, creating millions of green-collar jobs. It will also ensure that getting to and from work, school, the hospital, or anywhere else about town will not be a luxury reserved for those who can afford cars.

A massive national coalition has formed to deliver this 21st century transportation system to us. Transportation For America (T4A) brings national, state, and local organizations together to advocate for a green, equitable transportation bill. The campaign has five goals: 1) create green jobs; 2) build a world-class rail system; 3) rehabilitate our highways; 4) help people drive less; and 5) encourage fiscal responsibility.

Transportation For America's estimates about job creation are truly exciting. The campaign expects that expanding rail and rapid bus

projects in 78 cities would create 6.7 million jobs. Restoring bridges, roads, and transit systems would create another 14.8 million jobs.

Groups like T4A and its members are working to create a world-class, 21st century transportation system for America. They need and deserve strong support from the philanthropic community. Please consider these groups as you look for places to invest.

America has a chance to do something extraordinary: lead the way in reversing global warming and solving the climate crisis by retooling, rebooting, and retrofitting our economy on a green footing. To do that, we will need strong and sustained action from the philanthropic community. I have high hopes and great confidence that philanthropy will rise to the challenge.

Van Jones is founding president of Green For All and a senior fellow with the Center for American Progress. He is also *The New York Times*-bestselling author of *The Green Collar Economy: How One Solution Can Solve Our Two Biggest Problems* (Harper One 2008), which is endorsed by Nancy Pelosi, Tom Daschle, and Al Gore. Green For All is a U.S. organization that promotes green-collar jobs and opportunities for the disadvantaged. Its mission is to build an inclusive, green economy—strong enough to resolve the ecological crisis and lift millions of people out of poverty. In 1996, Jones co-founded the Ella Baker Center for Human Rights, which advocates for juvenile justice reform, police reform, youth violence prevention, and green-collar jobs. In the wake of Hurricane Katrina in 2005, Jones co-founded Color Of Change with James Rucker. Boasting 400,000 members, Color Of Change has become the nation’s biggest online advocacy organization that focuses on African American issues. Jones is also a co-founder of a new national coalition that promotes the idea of a national “Clean Energy Job Corps.” Additionally, Jones is a founding board member of the National Apollo Alliance and 1Sky, two national organizations promoting clean energy jobs

and climate solutions. A 1993 Yale Law graduate, Jones is a tireless advocate, committed to creating “green pathways out of poverty” and greatly expanding the coalition fighting global warming.

Cooler, Smarter, Greener Communities: How Foundations are Leading the Way

Doris Koo, President & CEO, Enterprise Community Partners, Inc.

Bringing the health, economic, and environmental benefits of environmentally-sustainable development to low-income families and communities is an example of philanthropy's catalytic role in fostering partnerships and achieving systemic impacts. Green and affordable need not be contradictory or mutually-exclusive goals. Metropolitan areas are well-positioned to lead the way on solutions to climate change that also increase economic growth for our country and expand opportunities for more citizens. Philanthropy has an opportunity to fill gaps in innovation, experimentation, and collaboration in order to expand and sustain a vital new vision, one that helps communities grow and develop as cooler, smarter, greener, and more equitable places.

Introduction

The economic, demographic, social, and political forces that shape the built environment in this country are so large, diffuse, and complex that creating better places for people and planet can seem both daunting and distant. Where to start and what to do? Philanthropy is increasingly leading the way in answering these questions.

While public policy and private capital continue to drive most of how and where we grow as a nation, philanthropy has begun to play an important role in reversing longstanding negative trends and articulating alternatives to pollution, sprawl, and inequitable development decisions at the local level.

In fact, many of the most successful “philanthropic” efforts to create cooler, smarter, greener communities are actually partnerships catalyzed by funders. These partnerships engage the private and public sectors in ways that tap their more enlightened self-interests—and achieve more systemic impact.

Lessons from the Green Communities® Initiative

Enterprise's Green Communities® initiative is an example of philanthropy's catalytic role. We launched Green Communities in 2004 with the goal of bringing the health, economic, and environmental benefits of environmentally-sustainable development to low-income families and communities. At the time, very few affordable housing stakeholders

understood sustainable design and development practices. Most, including us, were concerned that green and affordable were contradictory goals, perhaps even mutually exclusive. Through Green Communities, we set out to refute that premise.

To start, we needed funds to seed our own capacity to do research and development, and to design what was a highly experimental program. The Blue Moon Fund and Surdna Foundation made those first early investments. The next challenge was raising enough funding to enable Enterprise to test the proposition that all affordable housing, and not just a few cutting-edge projects, could be green on a cost-effective basis. We knew we needed to encourage and incentivize developers to try new ways of working. We also had to enable them to enlist the technical

support necessary to marry green and affordable on tight development budgets.

A group of visionary funders saw the initiative's potential: They committed \$5 million for capacity building support to groups that stepped up to meet the comprehensive environmental criteria we developed specifically for affordable housing.

That early commitment—by the Kresge Foundation, the Home Depot Foundation, the Citigroup Foundation, the Paul G. Allen Family Foundation, the Bank of America Foundation, and an anonymous donor—helped spur interest and activity among developers all across the country. Enterprise provided \$550 million in financing to take projects into development. Hundreds of projects and thousands of units got under way; as of February 2009, there are 325 Green Communities developments with 14,500 green affordable homes complete or in development.

The second challenge entailed getting to scale. Even as we saw the opportunity to realize the ultimate goal of Green Communities—that all affordable housing

in the United States be environmentally sustainable—it was clear that Enterprise's own efforts would never be enough to transform the affordable housing system. Such a transformation also would require policy change and financing innovation.

Again, funders stepped up. Foundation support from the Living Cities collaborative enabled Enterprise to advise state and local governments in developing policies to implement greener, smarter affordable housing. In many cities and a growing number of states today, any affordable housing that receives public funds must meet at least baseline green criteria. State and local governments, along with funders, are active partners in Green Communities, adopting and adapting the initiative to meet their housing priorities.

And foundations are now seeding Enterprise's R&D to create new financial tools that reflect the operating savings and other monetary benefits of green affordable projects. The Kendeda Sustainability Fund and the JPMorgan Chase Foundation have helped capitalize the Green Communities Retrofit

Fund, which is developing new approaches to finance energy-efficient retrofits in existing affordable properties. The Deutsche Bank Americas Foundation, the Citi Foundation, and the Merrill Lynch Community Development Company are supporting our groundbreaking efforts to tap the emerging carbon market as a new source of support for green affordable housing through the Green Communities Offset Fund™.

The capital markets crisis has halted temporarily most financial innovation. However, our data show that green affordable projects are cost-effective and deliver significant operating savings. We are confident that the growing body of experience we are amassing will set the stage for banks, pension funds, and other entities to come forward with financial products and services that reflect the superior performance of green projects when the markets recover.

New Opportunities for Funder Leadership

Of course, Green Communities is just one example of how philanthropy has played a major role in shaping smarter growth and

more livable communities. It is exciting to see many other initiatives delivering real results. These include collaborative efforts such as 1Sky, Design to Win, and Transportation For America (T4A) as well as foundation-specific grantmaking programs and countless individual projects on the ground.

The sobering news is that even with this progress, many of the major land-use and development challenges we are all working to solve are getting worse. Whether our indicator is carbon emissions from the built environment, the deficit of decent affordable homes, or the spatial mismatches between where low-income people live and where the best opportunities exist, we clearly have much more work to do. And the rubric of “smart growth and livable communities” contains a host of equally-important priorities, all worthy of deep funder engagement. By now, we generally know where to start and what to do. Still, funders must make tough calls on how best to deploy their resources.

Three priorities would build on the momentum already under way and drive further public-private progress: 1) creating

and investing in new vehicles for green and equitable project finance; 2) expanding grassroots coalitions and capacity to change public policy at all levels of government; and 3) seeding and sustaining organizations that can leverage and amplify efforts in the first two areas.

New Vehicles for Green and Equitable Project Finance

While we hope the capital markets will return to normal functioning soon, it seems clear that financial institutions of all kinds will be reluctant for some time to make more experimental or community-based loans and investments in large-scale land-use and development projects. This would be a major setback amid increasing recognition among social mission developers of sustainable development’s many benefits and its growing capacity to create true triple-bottom-line projects. Funders have an opportunity to intervene and help reinvigorate the innovation and prudent risk-taking that will be required to create cooler, smarter, greener communities.

The New York City Acquisition Loan Fund exemplifies effective intervention. The

Fund, which received a 2008 Innovations in American Government Award from the Harvard University Kennedy School of Government, is a \$234 million public-private partnership. It provides early-stage capital to community-based developers for the acquisition of privately-owned land and buildings to create or preserve 30,000 units of affordable housing. The Starr Foundation made the initial \$12.5 million challenge grant that helped lead to the creation of the Fund, leveraging up to \$190 million from major banks and financial institutions, an extraordinary commitment of \$8 million from the city of New York and support from other leading foundations. The model will allow the Fund to continue *without* further investments from foundations or taxpayers.

In addition to infill redevelopment, there are a number of other smart growth and livable community priorities that could benefit from forward-thinking funder leadership. For example, we need capital pools for mixed-income transit-oriented development; conservation loans for greenspace and green infrastructure; and investments in

community-based renewable and distributed energy projects to serve entire neighborhoods.

Retrofitting affordable housing, schools, community facilities, and other buildings represents an especially important opportunity in the area of project finance. In fact, retrofitting the current built environment constitutes the most sustainable form of development. It can help cut carbon emissions and generate economic growth with existing technologies and know-how. One of the primary barriers to increasing efficiency in buildings has been the inability to fund the upfront costs of retrofit improvements. Recent years have seen the emergence of promising models for tapping future savings from enhanced efficiency to pay for improvements; the Green Communities Retrofit Fund is one such effort. There is a huge opportunity for foundations to help launch these efforts and attract large infusions of private and public capital.

While foundation support for these kinds of projects can certainly include grant funds, funders should also look for opportunities to deploy program-related investments

(PRIs), loan guarantees, and other more innovative uses of their assets. Longtime PRI leaders such as the Ford Foundation and MacArthur Foundation have shown an increasing willingness to invest PRIs in large-scale initiatives with the express purpose of leveraging large flows of private and public capital. The Russell Family Foundation and the Bullitt Foundation provided PRI support for Green Communities. The F.B. Heron Foundation and the Annie E. Casey Foundation, among others, have gone beyond PRIs to introduce even more innovative and catalytic uses of foundation resources.

Such approaches are both appropriate and necessary for expanding smarter growth and livable communities because private capital, especially in the current environment, will need additional enhancements to participate and because these projects can and will generate financial returns—for all parties. It is all the more important for foundations to lead now, when the current capital markets are in disarray. This third aspect has been made infinitely more complex by the credit collapse. As Rip Rapson from the Kresge Foundation

recently said, “It is very difficult to stimulate private investment when markets have been so fundamentally disrupted. If banks aren’t lending, deals aren’t going to happen ... Foundations aren’t banks, however, and should have the courage and creativity to move dollars into at least part of the vacuum.”

Expanding Grassroots Coalitions and Capacity to Change Public Policy

Members of the Funders’ Network can point to a number of successes in supporting public policy change at the local, state, and regional level. That support should continue and be expanded to fund efforts that will drive a national commitment. While much of the decisionmaking that affects land use and development rests at the local level, federal policy could play a much more active

To create prosperous metropolitan areas, everyone must have access to the essential ingredients for success in our society: good schools, decent housing, living-wage jobs, transportation, safe neighborhoods, strong social networks, a clean environment, basic services, and sound infrastructure.

and progressive role. Even in this difficult environment, a real window of opportunity is in sight.

President Obama outlined a number of good ideas for more sustainable development in his campaign. Moreover, progress on other key issues on his agenda—economic recovery, energy independence, and climate change—will require a more robust federal commitment to greener, smarter, cooler communities. There appears to be some consensus on this very broad idea. However, designing specific policy proposals, mobilizing support for them, and ensuring their effective implementation will require investing substantial new philanthropic resources in a wide range of organizations.

Seed and Sustain Organizations that Can Leverage and Amplify Efforts

Given the stakes, successfully advancing the priorities of the Funders' Network for Smart Growth and Livable Communities demands a level of scale and speed that even many of the legitimate success stories of recent years have not achieved. Still, funders should never stop supporting small, grassroots organizations and

projects because they often give rise to truly original innovations.

At the same time, foundations should consider larger, longer-term commitments to entities that can bring both the financial capital and the policy capacity to bear in helping reshape and reknit our built environment. Some of these commitments are evident; others must be created.

“A robust and efficient marketplace of investment options for social mission investing does not yet exist,” Heather McLeod Grant and Leslie R. Crutchfield write in the *Stanford Social Innovation Review*. “The sector needs new investment intermediaries that offer foundations easy participation with low transaction costs in a wide range of investment vehicles targeted toward specific programmatic objectives.”

Conclusion

A new vision for U.S. growth and development must take on the challenge and seize the opportunity to address climate change as a central priority at the local and regional level. Our metropolitan areas are a

major source of global warming pollution and are at greatest risk of its fallout in the future. Meanwhile, metro areas are well-positioned to lead the way on solutions to climate change that *also* increase economic growth for our country and expand opportunities for more citizens.

We need a federal policy commitment to help communities grow and develop as cooler, smarter, greener, and more equitable places. We need the capital markets to recognize all the costs and benefits of capital allocations, for the long term. And we need the nation's leading foundations, such as the members of the Funders' Network, to redouble their efforts to fill the gaps in innovation, experimentation, and collaboration. With their leadership, together we will expand and sustain this vital new vision.

Doris W. Koo, a nationally-respected leader with nearly 30 years of experience in affordable housing and community development, is president and CEO of Enterprise Community Partners. Koo also serves as chairperson of the board of directors of the Enterprise Community Loan Fund and as a member of the board of trustees of Enterprise Community Partners and the board of directors of Enterprise Community Investment. Enterprise Community Partners is a national nonprofit provider of development capital and expertise for creating decent, affordable homes and rebuilding communities. For more than 25 years, Enterprise has pioneered neighborhood solutions through public-private partnerships with community organizations, financial institutions, and other public and private agencies and institutions. Since 1982, Enterprise has invested \$9 billion to provide more than 250,000 affordable homes. Koo began her career as a community organizer and has been a highly successful developer, public agency administrator, and nonprofit executive. Koo joined Enterprise in 2001 as vice president and was promoted to senior vice president in 2002 and executive vice president in 2006. She was appointed president and CEO in 2007. From 1979 to 1992,

Koo led Asian Americans for Equality in New York City, first as a member of the board of directors and later as founding executive director. After moving to Seattle in 1992, Koo continued her involvement in affordable housing development as senior housing developer at the Fremont Public Association. Koo joined the Seattle Housing Authority as director of development in 1994 and was named deputy director in 1999. Koo has a bachelor's degree in sociology from the University of Wisconsin-Madison and a master's degree in social service administration from the University of Chicago.

Section 5: Place, Context, and Scale Matter—Views from the Field

Perspectives from:

Stuart Cohen

Mike McKeever

Brian Dabson

Marty Johnson

Executive Ron Sims

We Need a Perfect Storm

Stuart Cohen, Executive Director, TransForm

The threats and opportunities related to both the climate crisis and the country's intensifying economic problems create conditions that may enable us to change the sprawling patterns of development that were institutionalized at every level of government. A renewed and expanded focus on regional planning efforts to guide infrastructure investment and on deeper community engagement to help drive local development plans are tools for achieving this change. The author draws lessons from the state of California, where smart growth planning is increasingly becoming the law of the land, to demonstrate opportunities to bring the movement to scale.

After World War II, sprawl took root in America, propelled by the baby boom demographic and the freedom offered by private cars. Levittown, the first mass-produced suburb, became a model for growth and landed on the cover of *Time* magazine. A 1957 episode of “I Love Lucy” cemented the dream in popular culture: Lucy and Ricky left New York City and moved to a Connecticut suburb.

During this period, sprawl became institutionalized at every level of government in America. Most famously, the Interstate Highway System was launched in 1956. But just as significant was regional planning that focused investment far from existing downtowns, local zoning and parking codes that prioritized cars over people, and inefficient tax subsidies.

Luckily, changing demographics and a new view of homogeneous suburbs as traffic-filled “blandburbs” are already swinging the pendulum back in our direction. These days, *Sex and the City* is the hip TV show and Portland, Ore., is the city to study.

Unfortunately, we're still stuck with sprawl that was institutionalized at every level of government. This can be our decade to change that.

This essay first draws out threats and opportunities related to the climate crisis and the country's intensifying economic problems. It then identifies the need for a renewed and expanded focus on regional planning efforts to guide infrastructure investment, and on deeper community engagement to help drive local development plans. It draws lessons

primarily from California, where smart growth planning has gone from a buzzword 10 years ago—when the Funders' Network was just beginning—to the new law of the land (though that law, SB 375, must still be implemented and advocates must make sure that growth is also equitable). During this time, foundations have often been more than funders in California; they have served as important catalysts for the movement, nurturing collaborations and supporting cutting-edge policy work.

Rising Tide May Sink All Boats

With sea levels rising—up to two trillion tons of ice have melted in just the last five years—climate change will continue rising on the policy agenda. From small cities up to Congress, climate strategies are being

debated. Transportation is the largest and fastest-growing source of greenhouse gas emissions, so reducing driving through smart growth and transportation choices should be “no-brainer” solutions. Yet the growing urgency for emission reductions that are large, fast, and highly predictable may mean smart growth is passed over for less-complicated measures that do not rely on behavioral change.

That was potentially the fate of AB 32, California’s climate law, but for the foresight of some foundations. Passed in 2006, AB 32 gave state agencies two years to determine where emission reductions would come from. There was a predictable rebellion by some local governments and sprawl developers against having smart growth as part of the final package.

In response, the Surdna Foundation and The San Francisco Foundation identified the urgent need for a more coordinated California smart growth movement to make the climate/land use link. With the Funders’ Network, they pulled together a few environmental groups and planted the seed for a new

collaboration: ClimatePlan. Both foundations gave early funding to hire an organizer.

After a year-long campaign, the first draft of the “AB 32 Scoping Plan” did call for some emission reduction from more compact land use and “intelligent” transportation, but the targets were incredibly modest. Over the following months, ClimatePlan members were able to convince the Air Resources Board to increase the transportation and land-use target by 150 percent—by far the largest increase of any sector between the draft and the final plan.

Climate will continue to be a major policy driver, but as the California example shows, we clearly cannot take for granted that local, state, or federal climate strategies will include smart growth policies and solutions. Foundations can play a key role by conducting scans to identify the greatest opportunities. As in the prior example, they can also act as conveners and catalysts to ensure gaps in the movement are filled.

The opportunities will abound at all levels of government. The next one-to-two years will be critical at the federal level. Most

importantly, the federal transportation bill will need to dramatically break from the past and offers a chance to bring a new paradigm for transportation planning. Transportation For America and others will need continued funding for a full-scale national campaign, especially since the federal bill may not pass in 2009. Federal climate legislation also represents an enormous opportunity to, at a minimum, get funding through a cap and trade program or carbon fees. The California delegation is poised to bring smart growth planning into the bill, but to succeed in a meaningful way, will need a significantly ramped-up effort.

At the regional level, funders could work to identify states that are likely to act on climate legislation to ensure that a divergent set of smart growth frameworks can emerge across the country. These could include key progressive states like Washington, California, and Oregon that are likely to adopt innovative “VMT reduction” frameworks. Older industrial states, such as Michigan or Ohio, may create strategies focused on urban revitalization and economic development.

High growth, highly suburban states, like Arizona or Florida, will need to focus on placemaking in older suburbs.

At the local level, city climate action plans have often shied away from explicit strategies related to growth, and we quickly need better model codes and strong tools to quantify potential benefits. Organizations tied directly to local governments, such as the Local Government Commission and ICLEI (Local Governments for Sustainability) will be critical for quick dissemination.

Money-Saving Solutions Will Rise First

Even before the recent economic meltdown, governments at every level were facing tremendous budget pressures. So every new policy or investment, whether instigated by climate, public health, mobility, or other objectives, will be viewed through an economic lens, with policies perceived as expensive sifted out.

Unfortunately, most people did not get involved in the smart growth movement because of the economic benefits and, on the whole, we do an inferior job of making

these arguments. In California, for example, transit advocates (including myself) have relied heavily on environmental and social arguments to promote public transit, which often worked well enough. But faced with an enormous deficit for 2009, Gov. Schwarzenegger proposed eliminating all state funding for public transit operations. In the same budget, he proposed expediting highway expansion in the name of job creation. If we had more effectively promoted the job creation benefits of public transit (nearly 20 percent more jobs per dollar than new roads), as well as the household savings that accrue from having alternatives, we may have avoided at least some of these draconian cuts.

Here's the good news—providing walkable, compact communities with great transportation choices is one of the best ways local governments and households can get out of this bind and ensure long-term economic security. Quantifying and communicating this evidence can align environmentalists and community advocates with fiscal conservatives, which has already created winning political alliances in places like Salt Lake City and Denver.

Even concepts that seem intuitively obvious need to be made evident, with robust quantification. Over 15 years ago, for example, there was a wave of analyses identifying the high costs of building and maintaining sprawling development compared to infill. Greenbelt Alliance used these analyses to help pass nearly 40 urban growth boundaries in cities and counties across the San Francisco Bay Area.

We must also elucidate the economic benefit for consumers. A groundbreaking tool pioneered by the Center for Neighborhood Technology (CNT) and others estimates the joint cost of housing and transportation for any census tract, and for metropolitan areas as a whole. It clearly identifies the financial savings on transportation that derive from living in transit-rich communities that are near shopping, schools, and work.



Foundations can play a critical role by encouraging grantees to identify and quantify the economic advantages of smart growth policies, or the negative impacts of the status quo. They can fund groups like CNT to do more localized analyses of household costs and develop communication strategies in tandem with state and regional partners.

The economic crisis and shrinking revenues will also prompt increasingly fierce debates about how to raise new funds. To avoid the stigma of new taxes, a slew of new “user fees” or “pricing mechanisms” will be proposed, including congestion pricing and fees on gasoline, vehicles, or new auto-dependent development. Highway pricing, in particular, is likely to become extraordinarily widespread over the coming decade. If done poorly, these fees can be highly regressive, and they can exacerbate sprawl by funding the next highway construction boom. But, if done correctly these fees have tremendous potential to reduce and manage demand for high carbon activities, provide funds for transportation alternatives, and reduce the cost of transit—especially for low-income riders.

I believe pricing is one of the issues we are most unprepared to take advantage of, and one that is most likely to divide environmental and equity organizations. It is imperative to identify arenas where pricing will be proposed and fund applied research and advocacy. The failure to find the win-win solutions in pricing would be a tremendous loss for the movement.

Regional Vision

The climate and economic crises clearly offer new opportunities to change federal policy, but in California they are leading to fundamental change in the two places where sprawl has been truly institutionalized—in regional planning and in local zoning codes.

At the regional scale, federally mandated Regional Transportation Plans (RTPs) have institutionalized sprawl by having planners look at “most likely land-use assumptions” for the next 25 years (read: sprawling development) and identify how to best provide for it (read: subsidize it). The problem is, even if you can get a regional agency to look at a transportation alternative focused on walking, biking, and public transit, it will still

show terrible outcomes if those investments are trying to feed sprawling development.

As described so well by Mike McKeever in this same publication of essays, this regional scale is the best place to model “smart growth” scenarios that model changes on both land use and transportation.

In 1998, the very first effort of TransForm’s diverse regional coalition was to get one of these scenarios in the Bay Area’s Regional Transportation Plan. The resulting vision showed tremendous benefits, but did not carry the force of law. Still, it empowered the Metropolitan Transportation Commission (MTC), which had co-sponsored the vision process, to adopt a few policies and investments to support smarter growth. The MTC gave out dozens of grants to cities to create and implement walkable community plans near transit and started shifting funds toward bicycle and pedestrian infrastructure. In 2005, it passed a landmark policy that required cities anticipating regional funding for a new transit project to zone for significant housing within a half-mile of future transit stations.

And most importantly, other regions in California quickly followed suit. Sacramento conducted a top-notch “regional blueprint” exercise, and the state’s transportation agency started a “Blueprint Planning Network” so regional agencies could learn from each other.

The growing enthusiasm for implementing these regional visions formed the foundational support for SB 375, California’s pioneering anti-sprawl law passed in 2008.

The bill (SB 375) requires the state to designate to each region a target for reducing driving by 2020 and 2035 (compared to current projections). Each region will produce a “Sustainable Communities Strategy” as part of its RTP, which will attempt to meet these targets—essentially institutionalizing smart growth scenarios by requiring the inclusion of housing, land use, pricing, and demand management strategies in the RTPs. ClimatePlan members along with the Natural Resources Defense Council (NRDC) and the California League of Conservation Voters (CLCV), the two sponsors of SB 375, are now gearing up to ensure there is strong implementation of this

law and capacity in the region to watchdog these plans.

The Surdna Foundation has been the sole national foundation with a long-term focus on regional planning. But as we look to California’s example, it is clear that regional land-use planning will become a primary venue for breaking the self-fulfilling prophecy of sprawl and unifying diverse coalitions.

Local Action

Ultimately, bringing smart growth to scale will require busting old zoning codes to allow a major focus on infill development, usually near existing residential communities. Yet there are at least three major obstacles to reaching the potential—both in terms of benefits for the existing community and long-term growth absorption—for infill development: neighborhood resistance to development and change (aka NIMBYs); dedicating too much space to parking and other auto uses which reduces space for people and causes local traffic congestion; and a very real and appropriate concern about displacement of existing residents and businesses.

To confront the first roadblock (NIMBYs), we should understand that neighbors are often rebelling against new growth that they probably had little or no voice in creating. It is easy to think this should be overcome with “improved communications” when, in actuality, we need to ensure there is early and deep community engagement in planning. Planners must identify existing assets the community wants to maintain and amenities the community needs.

Seven years ago, the East Bay Community Foundation started a program to engage communities while hiring technical experts to improve local planning. To scale this effort up and work in 25 sites over three years, it teamed up with two other community foundations—The San Francisco Foundation and the Silicon Valley Community Foundation—and five nonprofits to form the

Foundations can play a critical role by encouraging grantees to identify and quantify the economic advantages of smart growth policies, or the negative impacts of the status quo.

Great Communities Collaborative. And it's working.

At one of the Collaborative's first sites, near the San Leandro BART station, Urban Habitat (one of the nonprofit partners) worked with local organizations and identified additional affordable housing, child care, a youth center, safe pedestrian crossings, and a grocery store as priorities for new development. Great Communities Collaborative experts showed where these amenities could be developed and how they could be made affordable to developers by, in part, reducing required parking and sharing parking between uses. Simultaneously, a host of policies were pursued to protect existing residents from displacement. The resulting plan met the community's needs, and—even with much higher densities and a seven-fold increase in anticipated housing in the area—had 38 speakers request the city council approve it, with just two speakers against. With deeper public involvement and smarter policies the three major obstacles to infill development melted away.

Our culture is ready for a paradigm shift: it is no surprise that TV's *Desperate Housewives* live in a typical suburb. The tremendous economic and climate disruptions that we face offer key windows-of-opportunity to catalyze this shift. Over the next 10 years, Funders' Network members, who helped seed so much of the last decade's groundbreaking work, will play a key role in bringing this movement to scale and creating vertical linkages for the movement—through groups like Smart Growth America—so that new models like California's SB 375 can be disseminated in real time.

Stuart Cohen is co-founder and executive director of TransForm (formerly known as the Transportation and Land Use Coalition—TALC). Based in the Bay Area of California, Cohen has helped lead a number of TransForm's efforts, including developing a \$1 bridge toll increase to fund public transit, which was approved by voters in 2004. He also spearheaded the campaign to initiate a regional smart growth process. Cohen has been the primary author of eight TransForm reports, including *World Class Transit for the Bay Area*. Previously, he worked with ICLEI to promote alternative transportation policies, and the New York Public Interest Research Group as a toxics campaign coordinator and statewide canvass director. He received a master's degree in public policy from the University of California, Berkeley.

Making High-Quality Decisionmaking the Rule, Not the Exception

Mike McKeever, Executive Director, Sacramento Area Council of Governments (SACOG)

Decisions about land-use policies and practices are, by nature, public decisions—ones that are made every day in city halls and county board chambers across the nation. To shape the future growth patterns in our country, democratic decisionmaking processes should be improved to increase the number and diversity of involved participants and to provide better information about the short- and long-term impacts of planning choices before decisions are made. Not only is it important to build and sustain capacity for information-based citizen planning, but also to ensure that regional contexts and implications are considered.

Because public decisions about growth and development directly shape land-use policies and practices, members of the Funders' Network should focus their efforts on increasing the quality of the democratic processes that produce millions of decisions each year in the city halls and county board chambers that will shape the future growth patterns in our country. The two keys to improving our democratic decisionmaking processes are: 1) increasing the number and diversity of involved citizens; and 2) providing better information about the short- and long-term impacts of planning choices before the decisions are made. In the last decade or so, several areas of the country have experienced the benefits of this commitment to citizen planning.

Metro—the Portland, Ore., regional government—adopted a long-range growth vision (Metro 2040) in the mid-1990s. That action spawned a number of regional-scale scenario planning exercises around the country, starting in Utah with Envision Utah and most recently becoming a statewide Blueprint Planning program sponsored by the California Department of Transportation for all of the regions throughout that large state. The process became popular enough in California that in the fall of 2008, the state legislature passed and the governor signed SB 375, a landmark law that requires regional planning agencies to integrate planning for climate change, transportation, land use, and housing. There are several initiatives to advocate for inclusion of some of the concepts in SB 375 in the new federal transportation

bill, which is just starting the re-authorization process.

Most of the regional scenario planning initiatives share the following characteristics:

- They use more and more sophisticated data, models, and analysis to estimate the trade-offs and impacts of growth decisions on a broadening array of variables, including travel behavior, air emissions, water quality, demand and supply, habitat and natural resources, agriculture, infrastructure costs, floodplains, environmental justice, affordable housing, economic development, and even health.
- They almost always result in adopted growth strategies that use compact development, mixed-use, transit-, and pedestrian-oriented design and other

smart growth principles to reduce per capita vehicle miles traveled (VMTs) and air emissions (including greenhouse gases), increase non-auto trips (transit, walk, bike), and reduce the impact of urbanization on agricultural, habitat, and natural resource lands.

- The planning processes educate large numbers of citizens and stakeholders about complex technical planning issues, and engage the participants in hands-on, interactive mapping exercises (sometimes aided by the use of laptop computers “live” in public meetings) that help citizens understand the full range of impacts of planning choices and build consensus across usually disparate interests and groups.

The members of the Funders’ Network should invest in building and sustaining capacity for information-based citizen planning to help ensure that the regions with existing smart growth initiatives effectively implement them and that the practice is mainstreamed to other regions in the country. Effective planning begins with regional-scale

scenarios because so many of the systems that affect growth patterns primarily function at a regional scale (i.e., not local or state), including: airsheds, watersheds, housing markets, economies, commute sheds, and, possibly again someday, foodsheds. Existing federal planning requirements for Metropolitan Planning Organizations through the Federal Highway Administration and U.S. Environmental Protection Agency can be expanded and refined—in most major metro areas in the country it is not necessary to start from ground zero.

The region is also the most cost-effective scale to build the data, modeling, and analysis tools necessary to adequately support serious planning. The local level is too small and costly, the state level (usually) too big and unwieldy. But while the region is the right scale to build a parcel level geographic information system (GIS), forecasting tools, scenario building models (including three-dimensional visualization capability), and travel and air emissions forecasting models, it still takes money and management-level commitment to make it happen. And many

of the technical tools and methods should not be different from one region to another. Some standardization would help cut costs, increase the reliability of results, and support good inter-regional planning to address the cross-border impacts.

Members of the Funders’ Network should provide funding to regions that are willing to invest in data and tools to upgrade the quality of their modeling. This funding should come with conditions, including plans by the regional agency for:

- High-quality standards (only state-of-the-art appropriate);
- Commitment to ongoing use of the information;
- Commitment to data development and tools that can be used up and down the scale, by local governments/communities as well as multiple regions and even statewide in some cases;
- Commitment to use the information and tools not just by professional planners—to support regional plans, local general and community plans, and even individual

development plans—but with citizens and stakeholders as well; and

- Development of a public participation plan that ensures that the information will be used on a sustainable basis to support more informed decisionmaking.

There are multiple benefits to this approach to members of the Funders' Network, including:

- Honoring the local democratic process—you would be funding better democratic decisionmaking, not explicitly pursuing a particular policy agenda or appearing to try to dictate an outcome to local elected officials;
- High leverage value—you would be building on existing processes and budgets, but also providing funding for specific data and model development that will increase the quality and outcomes of those processes; and
- Sustainability—the point is not to help a region develop a perfect plan, but to build permanent capacity that ensures that more people are involved in a more

informed way than before in all of the planning decisions that will be made over the next several years and decades.

The following is a theoretical example of how this might work. Like historical fiction, it is based in significant part on the Sacramento Area Council of Government's (SACOG) experience over the last several years, but includes some things we wish we would have been able to do in the past and hope to do in the future.

For years, the COG had created and updated Regional Transportation Plans (RTPs) with transportation models that used land-use inputs from large zones (sometimes 1,000 acres or more) and focused on longer-distance automobile travel behavior more than transit, pedestrian, bicycling, carpool, commercial or shorter distance, local auto trips. When the COG decided to conduct a comprehensive study on the nature of future land-use patterns in the region—and how those patterns might influence travel behavior, air emissions, and other variables—it embarked on a serious upgrade to its data and models. It had parcel level land-use data on existing

conditions, zoning, and General Plan designations for a small percentage of the nearly one million parcels in the region. The COG formed a GIS cooperative and signed agreements to receive and use the data from counties that had already developed them and to use staff and consultants to create the electronic parcel files where they did not exist.

The COG also collected from state and federal agencies a wide variety of GIS data layers on soils, floodplains, vernal pool complexes, wetlands, hardwood stands, habitat, and other natural resource issues. To analyze the economic feasibility of different land-use patterns, the COG collected data on rents, sales prices, land values, constructions, and other economic factors associated with various types of current and future development practices in the region.

The COG brought in-house a web-based land use scenario building model which, using the new regional-scale parcel level land-use data, made it much simpler to



build “what if” scenarios at any scale: neighborhood, city, county, the entire region, or any other subset of parcels. In the same year, the COG upgraded its travel model so that it was smarter at detecting the effect of detailed planning choices, such as how parcel level changes to the density, land-use mix, design, and job-housing balance would change behavior for all modes of travel. The vastly improved data and modeling capabilities allowed COG staff to conduct far more serious analysis about the interactions between land-use patterns, travel behavior, air emissions, and other impacts than it had ever been capable of in the past.

The land-use software was also used in dozens of public meetings with thousands of citizens. Sitting at tables of 6–8 each, groups of broadly representative citizens designed plans for their neighborhoods, counties, and the region (in separate workshops through the course of the project). A computer operator entered their plans into a laptop computer as they were developed. The computer software informed the citizens what impacts their draft plans would have on travel behavior, air

quality, and other variables. The citizens were then able to use this information to refine and improve their plans.

A regional forum was held at the end of the land-use visioning project at which nearly 1,500 citizens used individual electronic keypads to vote for their preferred scenarios. A meeting with all of the region’s elected officials about a month later used the same technology to reach agreement on the final plan.

Following adoption of the long-range land-use strategy for the region, the COG updated its RTP to match the transportation investment to the new, citizen-created and more compact future land-use pattern. The interactive software was upgraded to embed the travel model so that, once again, citizens could conduct interactive planning exercises—this time for the transportation system—and receive real-time computer analysis on how their draft plans would perform. Building the capacity of citizen planners in the region worked as well for the RTP as it did for the preceding long-range growth plan: the COG board unanimously adopted an updated RTP that showed much

superior performance on transportation, air quality, and other performance metrics over the prior plan.

During the course of the RTP, the COG developed a new, even more sophisticated and finer-grained travel model that is now used in-house for complex analysis functions. This newest model allows travel behavior to be forecast from the parcel level instead of an aggregate of parcels known as a transportation analysis zone and further enhances the ability to compare the effects of detailed planning options. The COG is now doing the programming work to add the even more sophisticated travel model into the interactive software so that it can be used in public meetings.

As the land-use strategy and RTP are being implemented, the COG is working to build capacity to use its data and modeling tools among all of its member cities and counties, stakeholders, developers, and citizens on an ongoing basis. The two-dimensional graphics used by the interactive model are being supplemented with three-dimensional graphic imagery to make it easier for people to visualize

different planning choices. Training manuals and courses are being prepared to teach lay people and professionals to use the modeling tools. The COG is considering purchasing a traveling van that will have the modeling tools, maps, computers, and other materials to take to neighborhood association meetings.

More analytical capability is being added to the modeling tools. The impacts of land-use patterns on public health, greenhouse gas emissions, water resources, and rural lands preservation are being added. The goal is to continue to increase the number

of people and the range of issues involved in policymaking. With this will come more informed and effectively engaged citizens, better capability to integrate knowledge among disciplines, better decisions and resource allocations, and more durable, effective plans.

The recipe for successful regional planning and action is the same as for a successful democracy. Help to create a broad-based, educated group of citizens and trust them to make good decisions for their future. The urgency of this need is clearer today than

ever. The world economic and environmental crises mean that we can no longer take small steps or give ourselves the luxury of continuing to ignore the very real trade-offs of the growth and infrastructure choices that we make. Over the last decade, the state of the practice in information-based, interactive regional planning has advanced by leaps and bounds. Now is the time for high-quality decisionmaking to become the rule, not the exception.

Mike McKeever, AICP, was appointed executive director of the Sacramento Area Council of Governments (SACOG) board of directors on December 17, 2004. Previously, McKeever was project manager of the Blueprint Project at SACOG. Over his 20-year career specializing in the field of planning, he has owned and managed two private businesses that specialized in working with local governments on innovative multi-jurisdictional projects. He has been instrumental in developing cutting-edge planning techniques to integrate land use and transportation planning. McKeever was the founder and

president of McKeever/Morris for 13 years and then a senior supervising planner for Parsons Brinckerhoff before joining SACOG as Blueprint Project Manager in 2001. More recently, McKeever was the principal creator of PLACE³S planning method and software, designed to help professional and citizen planners to understand the connections between land use, transportation, and air quality issues. He has authored several manuals and guidebooks on various aspects of local government collaboration and has taught “Stretching Community Dollars” seminars throughout California for the City,

County, Schools Partnership to help these units of government find creative ways to work together. McKeever has also been involved in projects with the Sacramento Regional Transit District and regional planning projects in Portland, Ore.; Salem, Ore.; San Diego; San Francisco; Chicago; Albuquerque; Austin, Texas; and Victoria, British Columbia.

Regionalism, Assets, and Entrepreneurship: The Future of Rural Economies

Brian Dabson, President and CEO, Rural Policy Research Institute (RUPRI)

Changing the way we think about the future of our nation requires a departure from talking about an urban-rural-suburban divide and instead, an exploration of how to best put to work all of our resources for the common good. Rural people and places have a very important part to play in applying resources that will lead to economic prosperity, environmental sustainability, and social equity.

Admitting that you are an advocate for rural people and places generates some interesting responses these days. Once we just had to contend with simplistic views of the countryside based on distant memories of life on grandpa's farm, and then with the belief that what's good for commodity agriculture is good for all of rural America. Recently, both during and subsequent to the presidential election, our cause was not helped by politicians' attempts to distinguish rural people from everyone else by reference to their values—"real Americans." It led to an inevitable push back, including articles such as "Village Idiocy," which suggested that the real action is to be found in the big cities and metropolitan regions, and that rural and small town America is little more than a remnant of our nation's past.

I have therefore two starting points for this essay. First, rural America has, and will

continue to have, a vital role in the future of the whole nation and beyond. Second, it is to the benefit of neither city nor rural residents to be framed in terms of their divisions and differences. The emphasis should be on the complementarity and interdependence of metropolitan and micropolitan futures.

So what are the contributions that rural people and places make? I suggest that there are four interconnected categories of contribution. First, the growing and processing of food is the most obvious, ranging from large-scale commodity production to local and regional food systems. Agriculture in the United States, on large farms and small, has been nothing less than a miracle of productivity and innovation over several decades creating the yield, quality, and variety needed to feed our people as well as those in other countries. In the future, we can expect the same level of invention

to respond to the increasing demands for food that is healthier, more environmentally compatible, and less reliant upon fertilizer and pesticide inputs.

Second, the dream of energy independence has gained widespread support and it is clear that rural America will be very much where the action is. Rural operators are already exploring a range of opportunities, from wind power to "grass-oline" to make this a reality. Whatever the future may bring, whether it will be continued extraction of coal ("clean" or otherwise) and natural gas, the building of more nuclear power plants, or the development of solar, wind, and wave facilities, it will require people of vision, inventiveness, and skill to realize the dream.

Third, although it is hard to fully grasp the real economic value of the services that rural ecosystems provide, it is clear that

wetlands, forests, barrier islands, and other natural systems provide billions of dollars of benefits in the form of flood prevention, pollution mitigation, and biodiversity, as well as reducing the impacts of climate change. Again, it is, and will be the ability of rural people to provide quality stewardship of our natural endowments that will be critical to the quality of life for all Americans.

The final category is the protection and management of the wide range of experiences offered by the countryside. These include the enjoyment of natural landscapes and wilderness, participation in active outdoor pursuits, or immersion in rural culture and heritage. Thousands of bustling entrepreneurs are creating activities and engagement for locals and visitors while preserving what makes the countryside so valuable.

Now we all know the vulnerabilities of rural America. There are inherent challenges associated with low density and remoteness that lead to diseconomies of scale and high costs of service delivery. There are the consequences of long-term policy neglect that have led to under-

investment in infrastructure, diminishing availability of financial and human capital, and weak institutional capacity. It is also painfully evident that the evils of poverty, discrimination, and powerlessness are to be found in large measure in many regions of rural America. But we also know that there are many different rural Americas that defy attempts to assign everyone into one non-metropolitan policy basket.

There are other threats over which rural leaders have little or no control but for which they will need all the human, technical, and financial resources they can muster. These include continuing metropolitan expansion, large-scale migrations in and out of rural regions, the growing realization of the effects of climate change, and the continuing impact of global economics that bring shifts in demand and greater competition for resources and products.

I would argue that any attempts to deal with these issues have to be incorporated into a policy frame with these main components—regionalism, assets, and entrepreneurship. Regionalism is the antidote to diseconomies

of scale, implying cooperation and collaboration across jurisdictions and urban-rural divides, and efforts to identify and articulate common priorities. A focus on assets recognizes the importance of communities and regions being able to build on their particular strengths using strategies to improve competitiveness and sustainability. Entrepreneurship, along with innovation, is the process by which these assets can be converted into economic opportunity and social equity.

Interventions recommended within this policy frame are enhancing institutional capacity, whether for local governance, health care delivery, or educational opportunity; upgrading human capital at all levels; increasing availability of appropriate financial capital; and rebuilding and improving physical infrastructure.

The outcomes we should be striving for are exactly those espoused by the Funders' Network—economic prosperity, environmental sustainability, and social equity. We need to bring the incomes and wealth of rural people to at least the levels of

the population as a whole; we need to ensure that in the pursuit of jobs and economic development, we become better stewards of our rural environment and natural resources; and we can no longer tolerate disparities and powerlessness as inevitable byproducts of remoteness and policy neglect.

A grand vision, but how can we make a difference, and what in particular is philanthropy's role in rural renaissance? It seems as though there are three main options on the table for philanthropy—to increase the overall scale of resources that flow into rural America, to find ways of increasing the scale of locally-generated resources from within rural America, and to be much more strategic about the nature of investments in rural America.

The Blue Sky Institute in Montana highlighted the philanthropic divide between urban and rural states. This was followed by a challenge from Montana's Senator Baucus to the nation's foundations to significantly increase their grant-giving in rural America. The Council on Foundations took up the challenge and convened a national

conference in Missoula and subsequently published a journal of articles on the topic of philanthropy and rural America. But, particularly given the current economic climate, the likelihood of a flood of new philanthropic dollars into rural communities and regions is unlikely. In fact, it seems as though the number of foundations with an explicit interest in rural issues is decreasing.

The idea of locally-generated resources has attracted much attention. Since 2002 when the Nebraska Community Foundation carried out its assessment of the potential of intergenerational wealth transfer, the RUPRI Center for Rural Entrepreneurship has conducted similar studies in 19 states. An estimated \$53 trillion is expected to transfer between generations by 2055; the challenge for rural communities is to ensure that this does not mean simply a transfer out of rural America into suburban America. This is where community foundations have a particularly important role to play both in capturing a proportion of those transfer dollars and investing them wisely in rural development for future generations.

The other option is related to the first two—the need to make smart and strategic investments that will address both the needs of and the opportunities for rural Americans. Here are my top five suggestions for smart rural philanthropy.

1. Encourage initiatives that support regional collaboration focused on micropolitan centers and on their competitive advantage in food systems, renewable energy, ecosystem services, and rural experiences. The 2008 Farm Bill has within it approved (but not yet appropriated) provisions for a Rural Collaborative Investment Program to foster cross-jurisdictional and cross-sectoral regional collaboration. Foundations, both at the national and regional level, will have a vital part to play as conveners to ensure that processes are inclusive of community interests and that the above outcomes are central to strategic planning and investment.
2. Encourage continued exploration of rural-urban interdependence. The groundwork has been laid by

the Aspen Institute's Roundtable on Community Change, which published a report in October 2008 on *Our Shared Fate: Bridging the Rural-Urban Divide Creates New Opportunities for Prosperity and Equity*. This provides an organizing framework that offers many philanthropic opportunities to support research, learning, and experimentation.

3. Invest in building institutional capacity among planning and service delivery organizations in rural regions. This is needed particularly in the areas of health care, education, and local governance, and there are many different entry points for philanthropy. These might include the use of information technologies for distance learning and interaction as alternatives to consolidation of facilities and institutions; the support of peer learning and exchanges among elected officials and practitioners to expose them to excellent practices; and action research to support innovations in institutional development in sparsely-populated regions.

4. Invest in improved metrics and processes for measuring the impact of philanthropic and other investments in rural and regional contexts. Some pioneering work by the University of Missouri has already been done in assessing the socio-economic benefits of federal government investments in rural development and this will soon be extended to environmental impacts. The Ford Foundation and others have been looking to operationalize “triple-bottom-line” approaches and this work needs to continue. In other efforts, exploration of what it takes to create healthy communities could yield major improvements for rural people and places—here there are many lessons to be learned from Canadian experiences in rural revitalization efforts over the past decade or so.

5. Invest in entrepreneurship development in a rural context, particularly to help communities and micropolitan regions become more supportive of entrepreneurs and innovation. The

Kellogg Foundation paved the way with its *Entrepreneurship Development Systems in Rural America* project and the lessons from that and subsequent initiatives need to be translated into expanded philanthropic action across the country. The work of the RUPRI Center for Rural Entrepreneurship provides an excellent resource for such efforts.

Contained in these suggested actions are three crucial principles for philanthropic engagement without which impact will be hard to achieve:

- Foundations have to actively embrace the notion of collaboration between foundations at the national and regional levels and across the public, private, and nonprofit sectors. Go-it-alone efforts will never yield the

It seems as though there are three main options on the table for philanthropy—to increase the overall scale of resources that flow into rural America, to find ways of increasing the scale of locally-generated resources from within rural America, and to be much more strategic about the nature of investments in rural America.

scale of resources and programmatic impact needed to transform rural economies and regions.

- Foundations have to be willing to support efforts to shift policy through advocacy and engagement. Rural communities need support in the development of tools to argue their case in state capitols, and in Washington, D.C., so that their voices can be heard alongside those of entrenched, and well-funded sectoral interests.
- Foundations have to be more like venture capitalists and invest patient capital in

rural people and institutions to build their capacity for the long-term so that they are better able to both deliver services and programs and adapt to rapidly changing economic circumstances.

It is time to change the way we think about the future of our nation. We need to cease talking about the urban-rural-suburban divide, but to explore with vigor how we can best put to work all of our resources for the common good. Rural people and places have a very important part to play in the mix but they need philanthropy, as well as others,

to step up and apply resources in a smart, strategic way that will lead to outcomes of economic prosperity, environmental sustainability, and social equity.

Brian Dabson is the president and CEO of the Rural Policy Research Institute (RUPRI) and board chair of the RUPRI Center for Rural Entrepreneurship. He is research professor at the Harry S. Truman School of Public Affairs at the University of Missouri, Columbia, where—among other things—he teaches a graduate course in regional development policy. Dabson has over 30 years of experience in public, private, and nonprofit sectors on both sides of the Atlantic dedicated to expanding economic opportunity for low-income people and distressed communities. Recognized

nationally and internationally for his work on entrepreneurship development, particularly in a rural context, he is a frequent speaker and writer on rural policy and the implications of global forces on rural America. He is a member of the Community Development Advisory Council of the Federal Reserve Bank of St. Louis. Prior to his current appointment, Dabson was president of CFED (formerly the Corporation for Enterprise Development), a Washington, D.C.-based national nonprofit organization dedicated to expanding economic opportunity through asset

building, entrepreneurship, and economic development. He held that position for 13 years. At the same time, he served two terms as president of the Organization for Economic Cooperation and Development's (OECD) Forum on Social Innovations. Before joining CFED in 1992, he was for nine years the managing director of a European consulting and research organization specializing in economic development, training, and employment issues. Prior to that, he worked for 13 years in metropolitan and city governments in Liverpool and Glasgow.

Learning to be Regional

Marty Johnson, President, Isles, Inc.

The future of effective community change may lie in the capacity of organizations to tackle local development issues with an eye toward the broad regional forces that weigh on distressed local communities, such as concentrated poverty. The author describes one community development corporation's transformation from a CDC to a Regional Equity Development Corporation (REDC), in an effort to address the core forces of sprawl and achieve community and neighborhood goals.

Seven years ago, as a 20-year-old community development corporation (CDC), Isles was a model of effectiveness. In Trenton, N.J., quality, energy-efficient homes were being built, high school dropouts were trained in the construction trades while receiving full diplomas, environmental hazards were cleaned up, IDA accounts were established, and community planning and research was in high gear. With strong management systems, multiple sources of funds, and awards from the White House, the United Nations, and many other sources, Isles was on top of its game.

In the year 2000, Isles changed how it measures its success—and the health of the communities where it works. As a result, a vexing problem kept arising: even though hundreds of homes were built by Isles, countless family self-help successes were achieved, and millions were spent

to redevelop Trenton communities, the population of the city kept shrinking. Working-class families continued to flee to the suburbs, leaving behind increasingly concentrated poverty. In fact, the suburbs around the city were witnessing white flight out to the even further exurbs.

Could we be winning and losing at the same time? While we were successful at the community development game, our work was growing more difficult as overall neighborhood deterioration worsened. Once we mapped the regional social and economic forces fueled by sprawl, we were surprised. It was as if we were making waves at the local level, but the tide was heading out on us.

Not only was our community development work not addressing the core forces of sprawl, but also sprawl was undermining

the important community work we had accomplished. And participants in our training were weighing in: 85 percent of the 300 families that came to us annually to buy a home sought homes *outside* of Trenton.

Learning to be Regional

We pulled together organizations in the area that might help us better understand—and address—these regional challenges. They brought planning, research, racial justice, environmental, and community development interests to the table. Recognizing the common ground—that sprawl was deteriorating the social and economic life of the region (not just environmental)—we formed a regional coalition. From the initial focus of central New Jersey, we quickly realized that an effective response had to be statewide.

The New Jersey Regional Coalition (NJRC) was incorporated in 2003 and is now a statewide nonprofit, coordinating three organizations in the north, central, and southern parts of the state. As chair of the board of the NJRC, I've had to learn how to look at the broader regional issues (property tax reform, regional land-use decisionmaking, suburban affordable housing, and suburban white flight) in addition to our work on critical issues in the inner cities.

The future of effective community change may lie in the capacity of organizations to tackle local development issues with an eye toward the broad regional forces that weigh on distressed local communities, such as concentrated poverty. To do this, Isles is transforming itself from a CDC to a Regional Equity Development Corporation (REDC). This requires us to:

- Understand the limits to community development-type projects. Bootstrap, self-help development projects are important, but they will be undermined if the poverty is too concentrated and other systemic reforms are not achieved.

- Challenge segregation and foster integration. Racism is a powerful force that drives slash-and-burn land-use patterns and many other ills.
- De-concentrate poverty as a program and policy goal.
- Build affordable housing in places with the greatest social, educational, and economic opportunities within a region. In New Jersey, these are almost always in suburbs and almost always where low-income housing is not welcomed. This requires a regional analysis, including:
 - A housing market analysis;
 - An analysis of education, employment opportunities, tax base, services, and transportation;
 - An analysis of segregation, concentrated poverty, and their symptoms—crime, poor schools, diminished services, and jobs; and
 - An analysis of trends and projections based on land use and transportation plans.

- Impact public policy. Tax, housing, regional governance, and other issues are best addressed by statewide policy changes. It is not enough to be “right” on the issues, though. Average people must get educated, organized, and be able to support courageous public leaders that support regional equity.
- Connect to the suburbs. Few organizations understand the markets, leaders, politics, and development strategies needed to succeed in the suburbs. Yet that is where over 70 municipalities are in fiscal distress and at risk.
- Link working families with educational, economic, and employment opportunities within a region.
- Support lower-income families that seek a greater voice and choice in moving to opportunity.
- Build relationships with organizations that use organizing, advocacy, and litigation to advance a regional housing agenda.
- Persevere when resistance comes.

Wealthier municipalities (those most able to absorb some lower-income families) will most fiercely oppose building affordable housing. Thus, a fighting spirit, capacity to challenge local zoning, discrimination, state funding policies, and other institutional forms of segregation are important.

- Remain involved in and support inner-city revitalization. For New Jersey to prosper, maintain critical open spaces, public transit, and biodiversity, cities must work. Low-income housing is now more needed in the suburbs because the private sector won't build it and because the political establishment has erected barriers.

Obstacles and Incentives

In transforming to become a REDC, we are encountering some—not surprising—obstacles. For example, the REDC follows market trends but defies political forces. Traditional CDCs (and community development in general) do the opposite: They are usually supported by the political establishment but defy the market forces.

They are fed by money from state, federal, and philanthropic sources. The incentives are powerful to keep building low-income housing in low-income communities.

Regionalizing housing policy—as important as we believe it is—can appear to be a threat to that system.

The REDC is driven by market forces seeking out areas experiencing growth in jobs, population, and development. But it will likely be opposed by political forces and artificial obstacles set up by state federal and local governments through zoning, funding biases, and, at times, environmental restrictions. It is important to be aware of this and push through.

Conclusion

Few REDCs exist in New Jersey, but we expect that to change over the coming decade. Conventional, urban CDCs can start by expanding into the suburbs. But that is not enough. We must also work to educate the public and meet the political challenges ahead with our eyes open. Challenging segregationist policies will, for the near future, be met with fierce resistance from segregated communities.

Can we build upon the civil rights movement and its challenge of institutional segregation? In New Jersey, the Mount Laurel doctrine resulted from a struggle that started with the open housing movements of the 1960s. Today, the same anti-segregation movement is extending beyond the city line into the suburbs.

The good news is that:

- The pain is being felt more broadly. Suburban (not just urban) threats abound, such as growing fiscal distress, traffic, and smart growth pressures, as well as shrinking business productivity and open space. Over 50 percent of New Jersey residents live in at-risk or distressed suburbs. With full build-out occurring over the next 30–40 years, the “flight to the exurbs” option is running out.
- The demand from lower-income communities for better options is growing.



- Many African American congregations are increasingly regional in their membership.
- The electoral support for African American and Latino leaders is increasingly regional.
- Inner-ring majority white suburban communities have a self interest in supporting regional housing, if it is truly regional.
- Those most in opposition (wealthy leaders) have the least to lose.
- Court action and litigation continue to break down barriers.
- The New Jersey Regional Coalition is broadening the tent and building a constituency, using maps and analyses that are easier to understand and organize.

The time is right to learn to be regional and act in a regional context. Philanthropy—by embracing and supporting these principles—is in a position to bring planning, research, racial justice, environmental, and community development interests to the table.

Martin Johnson is president and founder of Isles, a community development and environmental organization based in Trenton, N.J. Started in 1981, Isles was founded by Princeton University students and has received broad recognition for its work developing tools that families and neighborhoods use to build assets, restore the environment, and achieve self-reliance. Johnson is a founder and chairman of the New Jersey Regional Coalition, and a trustee of the Capital Health System, Capital City Redevelopment Corporation,

and National Housing Institute. He is a former trustee and Executive Committee member of Princeton University, a founding director and former chairman of the New Jersey Community Loan Fund (now New Jersey Community Capital), and a founding trustee of the Housing and Community Development Network of New Jersey. He taught at the Woodrow Wilson School of Public and International Affairs at Princeton University from 1996–1997. During that time, he co-founded the Success Measures Project, a national

effort to re-think impact measures for community-building work. A 1981 graduate of Princeton University, Johnson and his family have resided in Trenton for 26 years.

Catalysts for Change—Smart Growth: The Next Ten Years

Ron Sims, King County Executive, Seattle, Wash.

By placing smart growth policies and practices in the context of a place (King County, Wash., home to Seattle and a population of 1.8 million), the author provides a compelling example of what smart growth means, how it can be implemented, and what results when a county government commits to creating equitable, healthy, economically-prosperous, and climate-friendly communities for the residents and businesses that reside there.

Smart growth is not just about land use or transportation or climate change or equity—it is all of this, and more, coming together to create communities that improve the quality of life for all residents and establish sustainability for generations to come. Some may see this as a daunting prospect, but the leaders in a community, whether elected or simply designated to take on leadership roles for particular constituencies, must find opportunities in challenges. I believe the best way to approach this particular challenge is to find that one project or set of projects that will be embraced by the community to spark action. Some call it a tipping point. I call it the catalyst for change.

Smart Growth in King County

In King County, Wash., smart growth started as a single initiative in 1997, but has since grown to include quality of life

and smart growth principles that are now embedded in everything we do in King County. By breaking down walls between departments, we can now craft policies that integrate land use, transportation, public health, environmental management, equity, and economic development into how we do business countywide. This is an ongoing program that is flexible and seeks new opportunities and challenges. My hope is that by embedding smart growth principles into every aspect of county work, it will become a dynamic force in King County whose approaches and benefits last well beyond my tenure.

In King County, smart growth means working together—citizens, the business community, environmentalists, health professionals—to improve the quality of life for all residents. It means not sacrificing the

environment for jobs; it means promoting health and mobility; and it means supporting local farms and vibrant urban cores.

Our goal is to create equitable, healthy, movable, economically prosperous, and climate-friendly communities for the citizens and businesses that reside in King County and to integrate this thinking into all that we do. We have adhered to the smart growth mantra of creating walkable neighborhoods, preserving open space and farmland, directing development toward existing communities, and providing a variety of transportation choices as the driving principles that determine the distribution of funding, creation of programs and projects, and for how the county interacts with local, state, and federal agencies.

By implementing smart growth policies, we help improve air quality through the

reduction of greenhouse gas emissions (King County operates the largest hybrid transit fleet in the nation and is using 20 percent biodiesel in its bus fleet); reduce fuel consumption; create higher urban densities by directing 96 percent of the growth into the urban cores of the region; preserve irreplaceable resource lands, parks, and critical areas; improve mobility by making transit service more accessible; and sustain a vibrant economy.

Smart growth in King County is about a multitude of programs and initiatives coalescing to change how we build and grow into the future. These topics—including climate change, HealthScape, social equity, food policy and planning, the environment, and measurement and monitoring—represent our commitment to constantly evolve our growth management strategy to take advantage of new ideas and to form new partnerships. We have learned that tackling problems as they arise will yield fragmented results. We must collaborate to accomplish lasting change and establish a sustainable King County.

Identifying the Catalyst

Catalyst: Something that initiates or causes an important event to happen.

This term is rooted in chemistry but it is clearly applicable to communities. A catalyst project is one that can begin the transformation of a community from a place of despair and lost potential to one of hope and boundless opportunity. It becomes the focal point where we apply our collective knowledge and resources to affect change. It is a way to leverage the best of a community into bigger and better results. A catalyst becomes the first domino creating a chain-reaction of transformation. Frequently, it is one action that will bring in private investment to affect greater change.

When identifying what a catalyst could be, we also need to consider the *social determinants of health*. This terminology, adopted by public health professionals, refers to the social conditions shaping individual behaviors, environmental exposures, and access to resources that promote health. Social determinants can include such factors as education, poverty, housing, and

transportation. We also call this *moving upstream*. Instead of just treating diabetes, obesity, and other chronic diseases, we should be looking at the root causes of these diseases. When looking at obesity, let's see if there are opportunities within the community for walking and purchasing fresh, healthy foods. That's moving upstream.

We need to focus on neighborhoods because place does matter: accessible parks, affordable ways to move around, and safe and affordable housing. We can continue to labor in providing crisis services in the areas of family support, health, or child welfare, or we can focus on building strong, resilient communities through these approaches that create opportunities and make for healthy people and healthy communities.

The health care system in America today treats symptoms but not problems. We need to go upstream where we can attack disproportionality faster. The more we work upstream and do it effectively, the more likely we will make progress in eliminating the root causes of our problems.

The ideal catalyst project sparks a turnaround

in a community and leads to an improvement in some social determinants of health to result in lasting improvement. Long term, this approach also frees up resources for use on other catalyst projects.

Finding the Catalyst

When deciding how to attack a challenge, first I always ask: who are our partners? Remembering that smart growth is not just about land use but about transportation, public health, and parks too, I identify what expertise we need to look at a community comprehensively. I believe we should first direct our attention to those communities most in need. Since we know that place matters, we need to change the neighborhood to improve outcomes. All our residents deserve a high quality of life within in a livable community—not just those fortunate enough to live in a wealthy ZIP code.

With our limited resources, I propose that we direct our money and our efforts to those areas that are most disadvantaged and lacking in the basic tenets of a livable community.

Then, we work within these communities to help the residents identify what is lacking and

what can be improved. By working directly with residents, we empower community members to see the possibilities and have a say in their future and then help them to achieve it.

In King County, we are strong believers in the catalyst method of improvement. In the White Center neighborhood, just south of Seattle, we have worked with small business owners to improve the facades of their buildings along the main commercial strip to increase pride in their businesses and to attract new customers. This increase in foot traffic also promotes safety by putting more eyes on the street. Another catalyst project involves a pedestrian and bicycle pathway connecting the newly developed Greenbridge community—a HopeVI project that will eventually have over 1,000 housing units—to transit services and shops. These are examples of how public money combined with foundation resources can spark improvement by the private sector.

The HealthScape Project

As we move into the 21st century, we need to understand the complex nature of our

business lines and operations and how their connections can yield positive action. This means funders should avoid the temptation to spread resources widely but thinly and instead focus their efforts on providing more substantial resources for a limited number of well-planned projects that can be catalysts for further development. We need to realize the complex nature of land use and transportation beyond typical smart growth approaches and focus on how both the transportation system and urban form affect people's health and affect climate change and direct resources accordingly.

In King County, we did a study called HealthScape which looked specifically at this relationship. We found that people living in the most walkable areas of the county were less likely to be overweight and more likely to report being physically active. Further, people who live in these walkable areas drove 26 percent less than people living in the most sprawling communities. More importantly, this study showed us that we, as a local government, can influence health and climate change through our actions

that shape the built environment. For example, creating expedited or overlapping review and permitting processes for projects that provide trails, open space, and affordable housing options.

Moving Smart Growth Forward into the 21st Century

In King County, we draw inspiration from our namesake, Dr. Martin Luther King, Jr., who in 1964 proclaimed, “I have the audacity to believe that people everywhere can have three meals a day for their bodies, education and culture for their minds, and dignity, equality and freedom for their spirits.”

My challenge to funders of smart growth is to target your limited resources to those projects that can best be a catalyst for change in the communities that are most in need. We must become smarter at how we look at our challenges and problems and we must be more creative and collaborative in how we develop our strategies and solutions.

King County **Executive Ron Sims** has built his career in public service around the progressive principles of social justice, good government, and environmental stewardship. He has a national reputation for boldness and vision and is a champion of reforming government processes to better serve the people of the dynamic, forward-thinking Puget Sound region. His accomplishments at home have earned him two national leader of the year awards, the most recent in July 2008 from *American City and County* magazine. Sims has taken a leadership role on a range of issues and has compiled a notable list of accomplishments. During his three terms as County Executive, Sims has established a strong record of environmental protection. An ardent conservationist, Sims has protected more than 100,000 acres of greenspace in King County since 1997 and increased the county’s trails to 175 miles. His Climate Plan, which is aimed at reducing and adapting to the effects of global warming, is lauded as one of the most comprehensive in the nation. Sims has been a regional leader on managing growth in the economically booming King County region by driving smart, comprehensive strategies to reduce traffic congestion. The county links land-

use planning with creating communities that encourage active lifestyles and less use of automobiles. Nationally, Sims’ propensity to push for innovative solutions earned him a Public Official of the Year Award from *Governing* magazine and a national award from the Sierra Club. In 1996 Ron was appointed King County Executive after then-Executive Gary Locke was elected governor. As Executive, he is charged with overseeing the 14th largest county in the nation. It includes the city of Seattle, and with an overall population of 1.8 million, King County is home to about 30 percent of Washington state’s population and alone accounts for more than 40 percent of the state’s jobs. Sims is a Board Member for Reconnecting America’s Center for Transit-Oriented Development, advisory board member of the Brookings Center on Urban and Metropolitan Policy, board member and former chair of Sound Transit, and board member of the Puget Sound Clean Air Agency, the National Committee on Quality Assurance, and Rainier Scholars. He is Co-Chair of the Committee to End Homelessness, and founding chairman of the board of the Puget Sound Health Alliance.



Conclusion

Public policy problems demand public policy solutions. Can philanthropy help society to be bold, engage politically, and demand answers to the persistent community problems that result from poor—and often uninformed and short-sighted—public decisions about growth and development issues? It's time to bridge gaps between rural places, older cities, and metropolitan regions and advance a collaborative agenda that results in positive impacts for residents, no matter where they choose to live. It is time to invest in a transportation infrastructure that provides better choices, reduces greenhouse gas emissions, and connects workers to regional economies. It's time to demand triple-bottom-line returns—ones that benefit people, place, and prosperity. Can we provide the strategies and solutions that will create more sustainable communities for all? Indeed, it's time for philanthropy to step forward in this potentially transformational era.

The authors included in this report each reflect a unique voice—and yet many of them issue similar charges and recommend similar solutions. Among them are the challenges to engage politically, think regionally, build capacity, foster collaboration and partnership, take efforts to scale, and facilitate holistic and integrated approaches to complex problems.

The Funders' Network exists, in part, because of the optimism of a small number of funders about what can happen if philanthropy steps up and leads, whether visibly or behind the scenes. By asking questions, convening conversations, providing safe-spaces for dialogue, challenging policymakers to think about the big picture, leveraging the power of investments, and making grants, funders have a tremendous set of tools from which to draw. Will we respond to the challenges in these essays to use these tools to achieve progress on the issues and improve the places that we care about?

We hope that many readers—not just funders—might gain value and insight from this publication. The Funders' Network believes that now is time for yelling, as a captain might shout in a time of crisis, “ALL HANDS ON DECK!!” Yet every organization has its niche. Please do your part while we do ours ... working with funders to achieve a better future where regions provide every person the choice to live in communities and places that are environmentally healthy, socially equitable, and economically vibrant.







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