

*The Big Rethink:
Positioning Pittsburgh
for the Next Stage of Urban Regeneration*

SUMMARY REPORT

PITTSBURGH

is at a critical pivot point in its

DEVELOPMENT.

After years of public and private investment, Pittsburgh is one of the first Rust Belt cities to be poised for growth, with a rate of unemployment below the national average, a stronger urban core, and a more vibrant Downtown.

The community development system in Pittsburgh is also at a pivot point. While there is little disagreement that the system has been highly productive and innovative, it has been slow to respond to important changes that have produced challenges to long-held strategies. Primary is an uneven geographic distribution of community development success. Although some neighborhoods in Pittsburgh have seen physical revitalization and population increase as they transformed from distressed communities to those of choice, not all residents or neighborhoods have shared in the new opportunities.

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SUMMARY REPORT

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SECTION I /

Setting the Stage: A Time to Pause

Recognizing that they were in a “sea change,” the major funders of community development in Pittsburgh—its leading foundations and the city—as well as the members of Pittsburgh’s Community Development Collaborative realized that, from time to time, stakeholders in such systems need to pause, assess their successes, and seek to respond to new needs, challenges and opportunities.

pg 1

With this in mind, the Big Rethink report was designed to achieve the following:

- » Map the current community development system and capture the progress made to date.
- » Describe the current challenges and opportunities for revitalizing Pittsburgh neighborhoods.
- » Recommend a future direction and a process for deploying resources in a context that is both local and informed by best practices from other, similar cities.

This summary will focus primarily on the challenges faced by Pittsburgh’s community development system, and the recommendations cited by the report for rethinking the overall goals and strategies of community development in the city.

The past two decades of community development work have brought significant success in changing Pittsburgh neighborhoods and the lives of their residents for the better. But “America’s most livable city” isn’t equally livable for all: Many neighborhoods have not seen any positive change in this 20-year period, with property values, population and quality of life in some communities dropping significantly even as adjacent neighborhoods regenerate and flourish.

The report recommends creating an overarching set of strategies and goals for community development. The consequences of not acting now to invest in these changes to the system are grave. The ongoing geographic imbalance in development activity threatens to further isolate “left behind” neighborhoods and destabilize those that are regenerating. If that were to happen, the city’s overall growth will be limited and entire segments of the population will miss opportunities to prosper.

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BIG RETHINK

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for **21ST-CENTURY SUCCESS.**

Methods and terms

To accomplish these goals, the Big Rethink was created from an extensive analysis of Pittsburgh's community development system, including primary source data and a series of interviews and new surveys conducted with foundations, intermediaries and community-based organizations.

This summary will use the term "community-based organizations" (CBOs) to refer to a broad category of groups generally doing place-based work on improving neighborhoods, and "community development corporations" (CDCs) to refer to a more specific and traditional category of CBOs focused on real estate development. "Intermediaries" are groups providing a link between resource providers and CBOs. Together with funders—foundations, the city and other resource providers—these categories of organizations comprise the entirety of what we will refer to as the community development system.

The Big Rethink data-gathering process included, but was not limited to:

- » Collection and analysis of data from 10 years of funding from major Pittsburgh foundations, the Community Development Block Grants Program and the Urban Redevelopment Authority.
- » Surveys collected from 31 CBOs and eight funding organizations, plus data collected from six intermediaries.
- » Community meetings, and on-site and telephone interviews (51 interviews and approximately 75 people contacted).

The system as it stands

The vast majority of the city's relatively large number of community-based organizations involved in neighborhood revitalization serve small geographic areas, with populations averaging about 6,500 people. These groups tend to focus on community planning, amenities and engagement.

Four main intermediary organizations—Pittsburgh Partnership for Neighborhood Development, Community Technical Assistance Center, Community Design Center of Pittsburgh, and the Pittsburgh Community Reinvestment Group—and two other groups, Growth Through Energy and Community Health Strategies and NeighborWorks of Western Pennsylvania, are considered a significant part of the city's community development system. These organizations, along with the Office of the Mayor, the Pittsburgh Department of City Planning, and the Urban Redevelopment Authority of Pittsburgh, make up the Community Development Collaborative.

The Big Rethink looked closely at the funders, intermediaries and CBOs in Pittsburgh—and, more importantly, at the systems that funnel money and expertise through the links in that system—to discover where there are gaps, overlaps and varying levels of confidence in how the system is working.

New Challenges

The research undertaken as part of the Big Rethink revealed that the community development system faces significant challenges in spite of, and in some cases due to, exciting achievements.

A LACK OF DEFINITION

For a city of Pittsburgh's size, there are a large number of community-based organizations (CBOs) involved in neighborhood revitalization. In fact, it's hard to pin down how many CBOs there are in the region, particularly as there is no cohesive definition of categories for groups in Pittsburgh operating at the neighborhood level. Meanwhile, despite major investments in capacity-building over the past two decades, only a handful of Pittsburgh's CBOs have developed significant capacity.

While there are far fewer intermediary groups, there is considerable overlap in the functions fulfilled by these organizations, and there are gaps that no intermediary is filling. Areas in which there is clear overlap among the functions of intermediaries include technical assistance, capacity-building and assistance in community planning. What is missing appears to be larger-scale and longer-range planning: large projects that work across several neighborhoods or can be packaged and exported to other neighborhoods, talent development, and performance and outcome measurement.

GEOGRAPHIC LIMITATIONS

In keeping with strong local neighborhood identification in Pittsburgh, what can be called hyper-localism, most community organizations serve a very small geographic area.

The level of capacity of CBOs is geographically quite uneven. So while the East End hosts a large number of community development organizations, including some of the highest-capacity ones in the city, a number of neighborhoods with the highest concentration of poverty and abandonment have very limited CBO capacity.

FINANCIAL GAPS

Pittsburgh's community development organizations have a relatively undiversified revenue base. The research shows that Pittsburgh-based foundations remain the most important source of funds for the city's community development organizations. This problem is magnified for smaller CBOs with lower capacity and funding that does not appear to be performance-based, which has created an entitlement mentality that may have kept alive unsuccessful organizations at the expense of innovation.

Support among CBOs for community development intermediaries is in a state of flux, with intermediaries' role as conduits for philanthropic funding diminishing.

The development finance system faces a number of challenges that affect the supply and effective delivery of capital. Practitioners identified a number of financing gaps, including insufficient predevelopment funding and inadequate availability of specific streams of loans and debt. Beyond other finance capital gaps, Pittsburgh lacks a predictable system to assemble financing for larger and more complex projects. Consequently, the complexity, cost and time needed to assemble and negotiate terms when a project needs multiple subordinate capital can be challenging even for experienced developers.

SYSTEMWIDE
CHALLENGES

Pittsburgh’s community development work has not been guided by a well-developed, well-articulated set of goals or strategies, and there is no system in place to track outcomes. There are no overarching goals that link the strategies and activities of its various constituent organizations to clearly defined outcomes.

One result of this is that some “legacy” assumptions about community development get in the way of bold thinking. This problem can be seen in the continued focus on resident-controlled, neighborhood-targeted organizations, and the reliance on technical assistance, training and specialized community development intermediaries.

The system’s hyper-local focus has created an often-hermetic system in which community development organizations have not been successful in building relationships and partnerships with external actors: the regional economic and workforce development systems, and federal and national philanthropic resources for place-based development in the city.

Talent attraction and retention is seen as a critical constraint to future effectiveness. Much of the success of the past two decades has been due in part to a generation of homegrown talent and leaders brought in from other cities who made great contributions to the revitalization of areas of the city. But similar talent and leadership have not emerged in the community development system in the geographic areas where they are needed most.

Moving Forward

Until relatively recently, the community development system in Pittsburgh had been operating within a declining regional economy, in a city that was rapidly losing population. The system met with significant successes within this milieu—developing affordable housing, revitalizing some key commercial corridors, and making some neighborhoods more desirable places in which to live and work.

pg 7

Pittsburgh must now pivot to a new paradigm that no longer is based on loss and decline, but instead is focused on building opportunity for all residents and all neighborhoods. Particular attention needs to be paid to those primarily African-American neighborhoods that have been left behind—where capacity is limited, opportunities are few, and physical conditions have continued to deteriorate. Meanwhile, in those neighborhoods that have seen significant market improvement, focus should be on accelerating private-sector development and investment.

To make transformative change in the lives of neighborhood residents, stakeholders must also engage systems at the city and regional levels that determine the fate of neighborhoods. This shift requires a more efficient and strategic community development system, bold new approaches to addressing the city’s most distressed neighborhoods, and attention to the larger systems that work at the city and regional levels to affect the development of neighborhoods and the lives of residents.

Recommendations

There are two major categories of recommendations emerging from the findings designed to achieve the goals noted above:

- 1 Develop a more effective and efficient community development system that supports more market-driven, collaborative and comprehensive approaches to neighborhood development.
- 2 Enhance linkages with the multiple systems, such as economic, workforce and transportation, that affect low-income residents and distressed neighborhoods, and that operate across neighborhood boundaries.

GOAL #1

Develop a more effective and efficient community development system.

Funders of the system should facilitate the articulation of a strategy with identified outcomes and accountability mechanisms.

- » The major philanthropic funders, investors and actors in the community development system should develop a more deliberate strategy around community development.

Establish a more entrepreneurial and effective intermediary system that reduces overlap and is more market driven.

- » A new reconfigured and staffed Community Development Collaborative should be established that takes leadership in developing strategies, convening key stakeholders around critical issues that affect neighborhoods, and overseeing the tracking of and reporting on system performance.
- » Intermediaries should develop new centralized functions for community organizations, including funding of innovative and collaborative projects and programs in the city's neighborhoods.
- » A more cohesive and accountable technical assistance and capacity-building program should be established that is market-driven and that has the capacity to address the new challenges and strategies targeted under a reinvented and more networked system.
- » There are three areas of the system that should be considered seriously for consolidation: technical assistance, data collection and analysis, and planning.

Incorporate a more comprehensive set of strategies and a broader set of actors involved in neighborhood development.

- » Think beyond CDCs. There is a wide range of actors in each neighborhood working on critical issues but not part of the current community development system.
- » Emphasize partnerships with private developers.
- » Think more boldly about comprehensive community development approaches. Increased efforts are needed to provide organizations working in neighborhoods with a larger set of tools to address the needs in their community.
- » Continue to promote cross-neighborhood approaches.
- » Develop new models for working in the lowest-capacity, distressed African-American communities. After many years of capacity-building and organizing, many neighborhoods that are home to high concentrations of low-income African-American residents still face enormous challenges.

Establish a stronger community development finance system with a leading Community Development Financial Institution (CDFI) that has expanded products and capacities.

- » Establish a working group among the main financial intermediaries to create a unified strategy to address key funding gaps, solidify funding roles, and identify ways to better coordinate and streamline the financing system.

GOAL #1
(CON'T)

- » Establish a senior-debt loan pool at a local bank.
- » Build Bridgeway Capital's capacity as a strong regional CDFI.
- » Build stronger relationships with New Markets Tax Credit (NMTC) intermediaries and work with them to understand barriers to funding deals.
- » Build on the successful East End Growth Fund model to pool flexible project and business financing resources for priority initiatives or geographies.

Put in place a pipeline of talent with sustainability.

- » Create a new Talent Development Fund. This will provide a higher wage and compensation package for key staff positions so as to attract and retain highly skilled and effective professionals.
- » Develop a support system for current and future staff that builds a greater sense of unity and camaraderie within the community development staff.
- » Create a mentoring program that pairs community development staff with senior-level professionals in the public and private sectors.
- » Partner with the higher education institutions and business organizations in the city and region.
- » Support and evaluate the pilot program being undertaken jointly by Pittsburgh Community Reinvestment Group and NeighborWorks of Western Pennsylvania to develop a training and leadership development program.

GOAL #2

Enhance linkages with systems that affect low-income residents and distressed neighborhoods, and operate across neighborhood boundaries.

Develop a high-impact initiative or series of initiatives that links regional initiatives to low-income residents.

- » There are undoubtedly several organizational configurations that could be created to lead and oversee these initiatives:
 - Create a cross-sector and cross-disciplinary set of high-level leaders working together to better address system barriers or to develop systemwide approaches to leveraging the city's economic assets.
 - Form working groups that focus on specific issues, and have the groups work with and through an existing or restructured intermediary.
 - Explore less formal options that provide maximum action and minimum bureaucratic delay.

Initiatives could be developed in any of the following three areas:

- » Transit-oriented development.
- » Anchor institutions.
- » Regional employment connections.

SECTION IV/

Conclusion

This report identifies a number of significant challenges to the community development system, as it is currently configured, that prevent it from achieving its overall objectives of revitalizing neighborhoods and creating opportunities for low-income residents to improve their well-being.

The recommendations made in this summary report set forth a series of changes that will move the system toward defining commonly desired outcomes, developing a set of measures to promote accountability, incorporating dynamic actors that have, to date, operated at the margins of the system, and imposing greater discipline on existing participants.

Without action, the challenges and issues the system faces will not simply stagnate but will grow exponentially, further restricting community development successes and isolating blank spots on the community-development map.

The hope is that over the next decade Pittsburgh's community development system itself will be revitalized. Envision a system in which there will still be organizations operating at the neighborhood level whose roles are to articulate residents' vision and needs, but there also will be a handful of very effective nonprofit development entities that will operate across neighborhood lines and are able to generate a development pipeline in the city. At the same time, the intermediaries that support place-based work in Pittsburgh will be more effective, more efficient, and a more integral part of the regional economy in promoting both growth and equity.

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