Beyond Housing: Delivering the Promise

Generating economic success through mixed income communities

May 2008

The Community Builders, Inc.
The Promise of Mixed Income Communities

• TCB Mission: “Building strong communities where people of all incomes can achieve their full potential”

• Focus on mixed income, larger scale developments creates unique residential platforms for the working poor

• TCB has redesigned its practice to provide structured economic opportunities to community residents

• IDEO and Bridgespan provided the analytic base for the new strategy, called Ways & Means
At its best, life in a mixed-income community helps all residents to transition to the opportunities, challenges and choices of the market.

### The Public System

**Equality of Result**
- Wait, wait, wait... maybe receive!
- Better safe than sorry.
- Safety net becomes a spider web. (Difficult to navigate or leave.)

### The Market

**Equality of Opportunity**
- Climbing the ladder.
- Without risk, there’s no reward.
- Market forces are slippery and unforgiving. (One moment can unhinge years of progress.)

**TCB residents**
- Secure, affordable built space, plus tools with which to negotiate the market and build economic security.
Navigating from Subsidy to Self-Sufficiency

Residents at all income levels share common values & aspirations – family, financial stability & upward mobility

The tools they need vary based on drive, skill and ability to manage their future
The Right Time in an Evolving Practice

- Community development field is ready to realize the full potential of a residentially-based platform to help the working poor overcome barriers to success.

- Comprehensive neighborhood developments have reached scale and moved away from the old public housing culture, and are ripe for a new model that helps families engage the market economy.

- Plumley Village (Worcester, MA), TCB’s resident services flagship, teaches us that a systematic program of structured tools and supports can help residents achieve economic security.
Delivering the Promise: *Ways & Means*

- *Ways & Means* is a new model based on the themes of self-help and investment, designed to help residents meet their current challenges and anticipate their future needs.

- A comprehensive, integrated practice will:
  - Provide basic **financial counseling and tools** to build incomes and wealth and make hard work pay
  - Deliver **proven, specific workforce and academic support services** to help residents succeed in their current challenges
  - Develop a broad menu of **networks, connections and referral services** to take advantage of the untapped assets in the community
Goals & Impact

Our Goals

- Participation in career development and asset building will **double residents’ real earned income over the next 10 years**.

- Engaging youth in a continuum of age-appropriate programming focused on the critical intervention points, will **halve the high school drop-out rate in 10 years**.

Impact on Residents:

- For **adults**, promote the skills and drive necessary to achieve financial success, including increased savings and reduced debt.

- For **youth**, skills and personal mentoring that lead to academic success.

- For **communities**, the networking infrastructure and social interactions that support individual and family success.
Theory of Change

• On the platform of stable, affordable housing, Ways & Means will develop social networks and provide self-help tools so residents gain the skills they need to succeed in today’s fluid, market-driven economy.

• Ways & Means will:
  • Create stability for families by providing safe and affordable housing and giving residents tools to achieve financial security.
  • Promote economic and academic goal-setting and achievement.
  • Maintain a sustained focus on the same people over time.
  • Provide educational and financial self-help tools which residents can leverage to progress toward their economic goals
  • Establish a structure for collaboration and the exchange of talents to generate mutual support.
Meeting the Challenges of Different Trajectories

<table>
<thead>
<tr>
<th>Time</th>
<th>Level of Intensity Of Consultation with Work Counselor</th>
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<tbody>
<tr>
<td></td>
<td>Maintaining: Engages with career and financial coaches when issues arise</td>
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<td></td>
<td>Slipping: Seeks coach and specific help to solve a specific problem</td>
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<td>Dreaming: Starts with career planning then engages more with programs to meet new, ongoing challenges</td>
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Are Our Goals Realistic?

**Earnings**: At our Plumley Village community in Worcester, MA, TCB resident services achieved a **121% increase in real earnings** among residents over a 10-year period.

Households at Plumley saw significant growth in real earnings and income from 1996-2005...

...especially when compared to a peer group of low-income households.

[Graph showing real income growth]

<table>
<thead>
<tr>
<th>Year</th>
<th>CAGR '96-'05</th>
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<tbody>
<tr>
<td>'96</td>
<td>2.0%</td>
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<tr>
<td>'97</td>
<td>1.3%</td>
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<tr>
<td>'98</td>
<td>3.2%</td>
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<td>'99</td>
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<td>'05</td>
<td>1.3%</td>
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Average real income by source for 2005 Plumley tenants:

- **Total Income**: Average real income from 1996-2005 was $20,000.
- **Earnings**: Growth rate of 9.2%.
- **Other Income**: Growth rate of 2.0%.
- **US low-income households with children**: Growth rate of 3.2%.
**Are Our Goals Realistic?**

**Academic Achievement:** Studies have shown that at-risk youth who participate in a continuum of programming focused on key intervention points are more likely to achieve success.

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**Sources:** America’s Promise Alliance; Cunha & Heckman, 2006
Halve the High School Dropout Rate by 2018

Halve the High School Dropout Rate – from 47% to 20-25%, through sustained elementary through high school youth development and engagement activities.

Sources: TCB, US Dept. of Education
Build Social Capital

• **Build Social Capital** through network organizing

• Create the **infrastructure for mutual support** and locally driven community improvement projects

• We anticipate that each community will undertake **2-3 major, multi-year projects**

• Projects will address health, transportation, and public safety issues in residents’ communities

• Projects will involve residents working with governments and other public and private service providers

• Working to improve their neighborhoods and help their families, TCB residents will acquire skills that will help them in their professional and academic challenges
Replication and Impact

**Planning and Initial Demonstration**

- Research by IDEO and Bridgespan
- Hands-on experience with many operating programs at Plumley Village
- Open-source sharing of information regarding practice, methods, outcomes and learnings

**Scale up to Multi-Site Level**

- Seven TCB communities
- Potential network of 4-6 other leading non-profit affordable housing providers, with components or the entire practice demonstrated at their sites
- Dissemination of learnings from TCB and peer network
- External evaluation

**Replication and Roll-out in Other Communities**

- Communication of lessons and impact to the field
- Advocacy for others to replicate the practice and for governments to expect comparable impacts as part of their RFP processes
Potential Demonstration Sites

Oakwood Shores
- Chicago, IL
- 65% affordable, 35% market
- 70% rentals, 30% for-sale units
- 355 units today, ~3200 units expected by 2014*

Mill Crossing
- Indianapolis, IN
- 90% affordable, 10% market
- 100% rentals
- 383 units today; fully completed

Plumley Village
- Worcester, MA
- 100% affordable
- 100% rentals
- 430 units today; fully completed

Broad Creek Renaissance
- Norfolk, VA
- 90% affordable, 10% market
- 60% rentals, 40% for-sale units
- 300 units today, ~500 units expected by 2014*

Villages at Park DuValle
- Louisville, KY
- 70% affordable, 30% market
- 55% rentals, 45% for-sale units
- 915 units today, ~960 units expected by 2014*

City West
- Cincinnati, OH
- 60% affordable, 40% market
- 75% rentals, 25% for-sale units
- 723 units today, ~900 units expected by 2014*

East Downtown
- Durham, NC
- 66% affordable, 34% market
- 60% rentals, 40% for-sale units
- 158 units today, ~450 units expected by 2014*

* Not all units cited are being developed by TCB. Expected TCB units by site are as follows: ~783 at Oakwood Shores, 723 at City West, ~400 at East Downtown, 513 at the Villages at Park DuValle, 300 at Broad Creek Renaissance
Supporting Start-up & Implementation

- TCB has **invested over $1 million in the planning effort**, matched by $150,000 from each Ford & MacArthur.
- Develop philanthropic sources for **initial venture support**.
- Initial venture philanthropy will build the case to obtain **local sources of support**.
- Initial philanthropic investment will support Ways & Means start-up and 5 years at each site at $3,500 per unit per year.
- TCB has developed **sustainable funding sources** as take-out financing for the venture investments.
Sustainability Strategy: Oakwood Shores, Chicago

- **Six revenue components for long term sustainability**: Program income, local fundraising, community investments from real estate transfer fees, enhanced cash flow, real estate refinancings, and contributions from TCB
- **Transition from Philanthropic Support to Self-Financing**
- Initial investments will deliver increased amenities, increased incomes for residents, and a more engaged community—leading to **increased property values which can be capitalized to reinvest in Ways & Means**
- At Oakwood Shores, multiple sources provide excess capacity for reinvestment in Ways & Means
Sustainability Strategy: Park DuValle, Louisville

- **Six revenue components for long term sustainability**
- Initial investments will deliver increased amenities, increased incomes for residents, and a more engaged community—leading to *increased property values which can be capitalized to reinvest in Ways & Means*
- **Transition from Philanthropic Support to Self-Financing**
- At Park DuValle restructuring of debt will provide significant reinvestment in Ways & Means
- TCB contribution will be increased as necessary to assure sustainability, as generated across multiple sites
Ways & Means: A New Change Dynamic

- **Housing first** – Stable and affordable housing harnessed to provide a “solid and safe” base on which to build economic security.

- **Financial and market orientation** – provides the missing rungs on the ladder and the tools to negotiate new challenges as families climb into more turbulent “market” environment

- **Affordability** – Long-term sustained approach + “solid and safe” base + ability to leverage housing financing = cost range of $3500 - 4000 per household per year. This represents “breakthrough economics” for a package of this breadth and depth.

- **Balance between top-down and bottom-up initiatives** – professionally designed and delivered core practice elements combined with an infrastructure for mutual support and cooperative community improvement projects

- **Long-term commitment** – neighborhood change requires a long time horizon and a clear, continuing commitment to both individuals and community as a whole. Plumley experience suggests that multi-year approach works.

- **Financial Sustainability** – establish long-term, sustainable, locally-generated financial sources as take-out funding for initial venture philanthropic support