Building a St. Louis Regional Community Development System

Prepared by: Strengthening St. Louis Neighborhoods Task Force Members and Facilitator, Karl Guenther, Community Development Specialist at University of Missouri St. Louis
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INTRODUCTION: WHY STRONG NEIGHBORHOODS ARE NECESSARY FOR A STRONG REGION
By Todd Swanstrom, Des Lee Professor, University of Missouri St. Louis

Neighborhoods are not islands; they are linked to each other in an interdependent system of neighborhoods that drives the economic prosperity and well-being of the entire region. If anyone doubts that the well-being of the region is linked to the well-being of its neighborhoods, you need only reflect on recent events in Ferguson. In the first 52 days after the tragic shooting of Michael Brown, the CEO of the St. Louis Economic Development Partnership estimated that Ferguson generated over 88,000 national and international news stories resulting in more than 100 billion overwhelmingly negative media impressions. The broader public does not distinguish between Ferguson and the St. Louis region. What happened in one community of about 21,000 has negatively affected the image of an entire region of 2.8 million people.

Neighborhoods impact the region not just because they shape the perceptions of outsiders but because neighborhood trends impact the region in concrete ways. Building a better community development system to invest in disinvested communities, often means investing in older parts of the region. The older parts of the region that were fully built out in 1950 have lost almost 40 percent of their population in the past forty years. This includes not just the city of St. Louis but older suburbs, as well. The physical footprint of the region has been growing at a much faster pace than the population. The rapid outward movement of population and jobs, leaving behind neighborhoods with high rates of poverty, crime, and underperforming schools, has negative impacts on the entire region.

First, it is costly to abandon infrastructure in the older parts of the region while building expensive new infrastructure on the suburban fringe. At the same time that we are tearing down schools in some parts of the region, we are spending millions of dollars to build expensive new schools in rapidly growing suburban communities. Older disinvested parts of the region could accommodate some of the growth in the population without taxpayers having to pay for expensive new infrastructure – not just schools but also roads, water lines, sewers, and other utilities. Infrastructure is more expensive to build and maintain in low-density suburban settings than in more centralized urban settings. If the region developed in a more compact fashion, it could reduce transportation expenditures. This would reduce spending on imported gasoline and put more money in the pockets of families to spend locally, boosting the regional economy.

In short, if some growth were directed to older disinvested communities, the overall tax burden in the St. Louis region would fall. We recognize that many families prefer a low-density, car-oriented suburban lifestyle. But some families would choose to live in pedestrian friendly older parts of the region if these communities had high-
performing schools, low crime, rising home values, etc. And the way to strengthen older disinvested communities is through smart community development practices.

Strong neighborhoods are also important because they help regions to compete in the global economy. Increasingly, economic growth depends on brains not brawn. Attracting creative professionals is essential for regional prosperity. When highly educated workers are clustered together in dense urban settings they are more productive and enjoy higher earnings. Young creative professionals prefer to live in amenity-rich, pedestrian-friendly urban environments. The revival of the Central West End has helped to attract investments to Cortex, specializing in bioscience research, and to the cluster of institutions around Barnes Jewish Hospital, specializing in medical research.

When we allow neighborhoods to decline as a result of concentrated poverty, housing abandonment, neglected public infrastructure, and other dysfunctions, we waste human resources that could be better put to use to bolster the regional economy. For example, when people live in communities without access to jobs, the result is an underperforming job market characterized by pockets of high unemployment. Economically and racially segregated neighborhoods are associated with poor health outcomes caused by stress, poor air quality, and lack of access to medical services. We all end up paying for these costs through our public and private health insurance.

In short, supporting community development for older disinvested neighborhoods would result in a stronger regional economy and a better quality of life for everyone in the region. Walk-able older neighborhoods with a dense mix of uses and newer suburban communities with single-family homes on large lots are not competitive but complementary. Families with children often prefer a suburban lifestyle while young singles and empty nesters prefer a more urban lifestyle. St. Louis needs a diversity of neighborhoods to accommodate a diversity of lifestyle preferences.
St. Louis has many great community development actors, including community economic development nonprofits, Rise (formerly RHCDA), St. Louis Equity Fund, city and county governments, banks, state government agencies, and community development financial institutions. Many of these groups have been doing excellent work in the community for a long time but they have fundamentally lacked a consensus-driven strategy and long-term funding plan. Building on the great work already being done in the region, a concerted effort is underway to strengthen the community economic development system.

Three factors have converged over the past three years culminating in a multi-sector task force focused on building a system that can more effectively strengthen the region’s neighborhoods:

1. The formation of the Community Builders Network of Metro St. Louis whose mission is to strengthen the capacity and professionalism of community economic development nonprofits;
2. The creation of the Metropolitan St. Louis Community Reinvestment Act Association which aims to coordinate the work of banks in community economic development;
3. The interest of the Greater Saint Louis Community Foundation and United Way in strengthening place-based work in the St. Louis region.

Des Lee Professor Todd Swanstrom at the University of Missouri St. Louis (UMSL) focused the resources of his endowed professorship on strengthening the region’s community economic development system. In partnership with 30+ community building nonprofits, Swanstrom supported the formation of the Community Builders Network of Metro St. Louis (CBN) and hired a community development specialist, Karl Guenther, to staff that regional association. CBN now consists of 27 members and focuses on organizational capacity building, civic (system) capacity building, and public awareness about the importance of community economic development.

While CBN was getting underway, the banking community established the Metropolitan St. Louis Community Reinvestment Act Association (MSLCRA) in 2012. It has grown to include 36 bank members focused on developing a noncompetitive environment where bankers can share best practices and learn from one another. MSLCRA works with members to improve their connections to the community economic development world and increase their ability to invest in community revitalization.

In the same year MSLCRA began, the Greater Saint Louis Community Foundation (Community Foundation) began to get involved with community economic development issues. Guenther worked with the Greater Saint Louis Community Foundation to create Invest STL, a small community investment fund housed at the Community Foundation.
Foundation. This fund supports local community building initiatives and is working to build a permanent endowment for investing in community revitalization. In 2013, Mary McMurtrey joined the staff of the Community Foundation as the Director of Community Engagement. Working with CBN and UMSL, the Community Foundation sponsored a series of programs for nonprofits and funders (donors with funds at the Community Foundation as well as other grantmakers in the region) to introduce key ideas and concepts about place-based community economic development work.

Alongside that series, the Community Foundation began working with Paul Brophy, a national consultant working with foundations around the country on community economic development strategies. Brophy facilitated a meeting hosted by the Community Foundation in St. Louis that included community foundations and key stakeholders from St. Louis, Milwaukee, Baltimore, and Pittsburgh. The participants shared best practices on how to build stronger community development systems coordinating public, private, and nonprofit actors. As a result of these meetings the Community Foundation decided to make community economic development one of its key emphases.

Around the same time that the Community Foundation was being introduced to this work, CBN began a conversation with Evan Krauss at the United Way of Greater St. Louis (United Way). Working with the faith-based community in the St. Louis region, Krauss began to see important connections between faith-based groups and place-based community development. Krauss began to investigate how the United Way in other regions participated in place-based community development. He helped organize an 8-person delegation from St. Louis that visited Cincinnati to learn about their Place Matters initiative (http://www.lisc.org/greater_cincinnati/place_matters/index.php).

In 2013, David Noble, MSLCRA Board President, and Guenther, on behalf of the CBN Board and Civic Capacity Building Committee, began exploring the creation of a task force on strengthening the community economic development system in St. Louis. At the end of 2013, the boards of CBN and MSLCRA agreed to create a task force on strengthening St. Louis neighborhoods.

In January 2014, MSLCRA and CBN came together with the common understanding that public investment in neighborhood improvement is shrinking and the region needs a comprehensive and sustainable system for investing in community development. The objective of the Task Force is for organizations who do this work and those who invest in communities to establish policies for how financial institutions and community economic development organizations can better foster sustained neighborhood improvement. The Task Force met for the first time in March of 2014.

Over the next few months the Task Force grew from bankers and community practitioners to include representatives from philanthropy and community development financial institutions (CDFIs). Mary McMurtrey of
the Greater St. Louis Community Foundation and Evan Krauss of the United Way were asked to join the Task Force to bring a foundation perspective to the conversation, and Michelle Gleason, from IFF, joined to bring the voice of community development financial institutions to the table. Shortly after that Washington University in St. Louis supported Paul Brophy becoming an advisor and facilitator to the Task Force.

This broader group took on the task of mapping out the current community economic development system in the region, identifying assets and gaps, exploring models from community economic development systems in other regions, and establishing goals and recommendations for developing St. Louis' local community economic development system. The following concepts and proposals emerged from six two-hour-plus discussions the Task Force had from March to November of 2014 on creating a stronger community development system in St. Louis.

**FRAMEWORK FOR A ST. LOUIS REGIONAL COMMUNITY ECONOMIC DEVELOPMENT SYSTEM**

Task Force members committed to the following principle to guide the design and implementation of a St. Louis community economic development system:

*The St. Louis region will align existing assets to build a strong community economic development system while at the same time recognizing that developing an effective system will require new investment.*

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**TABLE 1: TASK FORCE MEMBERS**

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Stephen Acree</td>
<td>Rise</td>
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<td>Loura Gilbert</td>
<td>Commerce Bank</td>
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<td>Michelle Gleason</td>
<td>IFF</td>
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<td>Evan Krauss</td>
<td>United Way of Greater St. Louis</td>
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<tr>
<td>Chris Krehmeyer</td>
<td>Beyond Housing</td>
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<tr>
<td>Sal Martinez</td>
<td>Community Renewal and Development</td>
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<tr>
<td>Mary McMurtrey</td>
<td>Greater Saint Louis Community Foundation</td>
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<td>David Noble</td>
<td>Midland States Bank</td>
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<td>Tom Pickel</td>
<td>DeSales Community Housing Corporation</td>
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<td>Reginald Scott</td>
<td>Lemay Housing Partnership</td>
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<tr>
<td>Katherine Siddens</td>
<td>US Bank</td>
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<tr>
<td>Facilitator: Karl Guenther</td>
<td>University of Missouri St. Louis</td>
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The Task Force agreed that the community economic development system should be able to achieve the following objectives:

- Conduct a coordinated and thorough community economic development needs assessment that identifies the gaps in services and capacities in the current system
- Maintain a thriving network of public, private, and nonprofit community development actors to focus on continually strengthening the community economic development system
- Support the growth and sustainability of community economic development nonprofits with strong staff capacity that deliver on a core set of responsibilities and competencies
- Commit investors, policy makers, and practitioners to a set of community building strategies
- Coordinate community economic development efforts across sectors, including education, health, and transportation
- Support community building initiatives at sufficient scale to stabilize and revitalize neighborhoods, fund objective evaluations, and provide professional development training when needed
- Evaluate levels of impact and add depth of knowledge about implementing successful community economic development strategies
- Communicate with the broader St. Louis community about the importance of strong neighborhoods for regional economic prosperity

To deliver on these objectives, the Task Force discussed the need for the following elements in our local system:

- Active Champions (especially among civic and corporate leaders)
- Enhanced and Coordinated Investment by Lenders, Philanthropy, and the Public Sector
- Improved Use of Intermediaries (organizations that can provide services to and connect the various actors in the community development system)
- Enhanced Networking (regular methods of communication and face-to-face meetings to develop trust and spread best practices)
- Improved Human Capital/Professional Development
- Increased Capacity for Objective Evaluation of Community Development Initiatives
- Stronger Community Building Nonprofits

The Task Force proposes bringing together these elements needed for a high functioning community development system in the following way (the figures below illustrate the key horizontal and vertical relationships required for an improved community economic development system):
Figure 1: Proposed Community Economic Development System (Horizontal Relationships)

Figure 2: Proposed Community Development System (Vertical Relationships)
These two figures illustrate ways different elements of the system could relate to one another to increase the region’s ability to undertake strategic community economic development. The horizontal relationships across the sector can be fostered within a network that creates space for peer learning and collaboration among community development actors. The resource/investment collaborative comprised of banks, CDFIs, credit unions, philanthropy, businesses, and government will be able to strategically coordinate investment in community initiatives. An intermediary will manage the relationship between funders and community building organizations, supporting their capacity building and the spread of best practices. Professional development providers can support all parties in the sector with training that increases the professional capacity in the sector. An evaluator(s) will monitor the performance of intermediaries and organizations and the impact of community development initiatives. Community organizations can access that support infrastructure, build their capacity to deliver on the goals of the communities they serve, and share their experience with the other actors in the system.

Looking at the community development system through a set of vertical relationships that ultimately support communities, a cross-sector network that would bring together the various actors involved in the community development system would be important. That network would in turn support and create an environment where an investment/resource collaborative, intermediary, evaluator, and professional development providers could help community organizations and the communities they serve build their capacity, garner financial resources, carry out community revitalization initiatives, and evaluate the impact of initiatives.

For this system to work, the various components of the system need to fulfill different and complementary roles. The next section describes the key roles each element of the system is responsible for.

ROLES, FUNCTIONS, AND ASSETS FOR BUILDING ST. LOUIS’ REGIONAL SYSTEM

Strong community economic development systems have many different actors playing different roles covering a complementary set of functions. The first part of this section lays out the roles and functions played by each segment of the system. Different organizations may be involved in multiple segments of the system and others may fulfill one segment. Getting clarity on the roles and functions different actors should fulfill allows for the system to maximize its assets as organizations focus on complementary actions. The second section lays out the local assets in each part of the proposed system. St. Louis is rich in assets that can be developed into a strong community development system. The list of assets is not exhaustive and many more entities exist in the region that can fulfill the roles listed.
ROLES AND FUNCTIONS OF EACH ELEMENT IN THE SYSTEM

Investment/Resource Collaborative:
- Generating and allocating philanthropic resources
- Lending and investing
- Marketing the importance of neighborhoods
- Thought leadership
- Setting investment strategies
- Fostering alignment with public sector investment

Intermediary:
- Allocating philanthropic resources
- Implementing effective actions and investment strategies
- Connecting the neighborhood sector with other sectors
- Marketing neighborhoods
- Thought leadership

Evaluators:
- Measuring effectiveness
- Thought leadership

Professional Development:
- Building human capacity
- Thought leadership

Cross-sector Network:
- Advocate for community economic development
- Marketing the importance of neighborhoods
- Thought leadership/forum for continuous improvement of the system
- Connecting the neighborhood sector with other sectors
- Coordinating action across sectors (e.g. community needs assessment and service gaps, policy, training)

Community Building Organizations:
- Connecting the neighborhood sector with other sectors
- Implementing effective actions
- Measuring effectiveness
- Thought leadership
- Marketing neighborhoods

Champions:
- Advocating for neighborhoods
- Garnering resources
- Connecting the neighborhood sector with other sectors
CURRENT ASSETS (NON-EXHAUSTIVE LIST)

**Investment/Resource Collaborative:** Gateway Center for Giving, Greater Saint Louis Community Foundation, Funders of Rise CDC and Collaborative Grant Program, United Way of Greater St. Louis, Metropolitan St. Louis CRA Association, CDFIs (IFF, Gateway, etc.), Civic Progress, Regional Business Council, Regional Chamber, St. Louis Equity Fund, Public Sector, Hospitals, Health Foundations

**Intermediary:** Rise Community Development

**Evaluators:** University of Missouri St. Louis, Washington University in St. Louis, St. Louis University, Southern Illinois University Edwardsville, Mission Center

**Professional Development:** University of Missouri St. Louis, Washington University in St. Louis, Saint Louis University, Southern Illinois University Edwardsville, Mission Center, Community Builders Network of Metro St. Louis, Rise Community Development, Federal Reserve Bank of St. Louis Community Development Office, St. Louis Association of Community Organizations, Metropolitan St. Louis CRA Association, United Way of Greater St. Louis

**Sector-Wide Network:** Community Builders Network of Metro St. Louis (January 1, 2015 CBN is open to all sectors), Metropolitan St. Louis CRA Association, CDFI Association, One STL

**Community Building Organizations:** Community development nonprofits throughout the St. Louis MSA

**Champions:** Leaders of the investment/resource collaborative and sector-wide network (in general, all parts of the system need to have leaders ready to participate in sharing the St. Louis community development story)

If coordinated and strategically aligned, the St. Louis region has sufficient assets in existing organizations to fulfill all needed functions necessary for a high-functioning community development system.
RECOMMENDATIONS FOR A STRONG COMMUNITY DEVELOPMENT SYSTEM IN ST. LOUIS

The following recommendations are based on the principles, goals, assets, and best practices identified by the Task Force members:

- Public policy, community investment, and community development initiatives should be guided by a commitment to two broad strategies
  1. a comprehensive community development approach tailored to more distressed communities\(^{12}\);
  2. targeted community improvement grants and activity, marketing, and below-market rate lending approach to middle neighborhoods\(^ {13}\)
- Funders, investors, intermediaries, government, and professional development entities should intentionally support community building organizations (CBOs) in developing the following competencies and capacities for the purpose of developing and carrying out community improvement initiatives: *strong executive director, real estate knowledge, service coordination and partnership management, community building, administrative financial management, and resource development*
- Community building organizations should work towards the following competencies and capacities for the purpose of developing and carrying out community improvement initiatives: *strong executive director, real estate knowledge, service coordination and partnership management, community building, administrative financial management, resource development, and strong boards*
- Support from funders, investors, intermediaries, governments, and professional development entities for increased capacity of current CBOs, strategic growth of new CBOs, and/or the expansion of current CBOs where community capacity is needed and the community expresses interest
- Create an investment/resource collaborative comprised of lenders, philanthropy, and the public sector that build a pooled grant fund, set and maintain agreement on investment/grantee selection criteria, recruit new actors to the pooled fund, look for alignment with government investment, coordinate philanthropic investment and lending, and champion community building to other civic leaders
- Invest pooled funds through a community building intermediary that will manage the relationship and processes between funders and organizations as well as support grantees with content knowledge and check on community progress
- Maintain a sector-wide network that continues to support relationship building among actors, support/connect members to capacity building, facilitate cross-sector conversations\(^ {14}\) and advocate for policy improvements, coordinate community needs assessment, provide thought leadership to the region, and champion community building in the region
- Establish a team of researchers and evaluators to measure the impact of community building initiatives and study new insights to build the field of knowledge around community revitalization
• Convene professional development providers to map out capacity building programs, capacity building needs, and develop a plan to cover gaps in professional development
• Develop a core group of leaders as champions, advocating and messaging on the importance of place-based community development and creating an outreach plan to champion this work among civic leaders throughout the region
• A strong neighborhoods council derived from the cross-sector network should come together to create a budget for implementation of the recommendations, develop agreed upon goals for strengthening neighborhoods, and key metrics for measuring progress on these goals (this step should look to align with One STL’s goals and outcomes)

The Task Force believes the region should act on these recommendations to build robust and impactful community development system capable of improving our region’s neighborhoods and thereby the region.
The following organizations were mentioned in the origins of the Task Force section. The websites are listed if more information is needed on an organization.

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<th>Description</th>
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ENDNOTES

1. Denny Coleman, CEO of the Economic Development Partnership, reported these statistics in a letter to the St. Louis County Council dated September 30, 2014.


3. For an insightful analysis of the costs of the pattern of metropolitan development in St. Louis, and Missouri generally, see *Growth in the Heartland: Challenges and Opportunities for Missouri* (Washington, D.C.: Brookings Institution Center on Urban and Metropolitan Policy, 2002).


5. CEOs for Cities has estimated that residents of Portland drive about 4 miles less per day than average and that this translates into an additional $800 million that does not leave the region and is spent locally. Joe Cortright, *Portland’s Green Dividend*, White paper, CEOs for Cities, 2007; available at: http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/paper-cortwright.pdf.


9. For documentation on the negative effects of community conditions on African Americans in St. Louis and how this affects the entire region, see the research conducted by For the Sake of All; available at: http://forthesakeofall.org/.

10. Paul Brophy, a national community development consultant, developed and proposed a list of key roles covered in strong community development systems. The list includes: voice of communities/advocacy, marketing the importance of neighborhoods, garnering of and allocation of philanthropic resources for the system, lending and investing, thought leadership, connecting the neighborhood sector with other sectors, implementing effective actions, building human capacity in the system, and measuring effectiveness.

11. Community building organizations are defined in this report as nonprofit, staffed organizations that engage with the community they serve to develop community revitalization plans and implement those plans.

12. Examples of comprehensive community development approaches to distressed communities are Cincinnati’s Place Matters Initiative (http://www.lisc.org/greater_cincinnati/place_matters/index.php) and LISC Chicago’s
New Communities Initiative (http://www.newcommunities.org/whoweare/). This approach is typified by community engaged quality-of-life planning, support for community based organizations, and implementation on the multi-faceted quality-of-life plan.

13. Middle neighborhoods are communities with moderate housing market strength. These types of neighborhoods could tip downward to be more distressed or upward to a stronger housing market. The premier example of using targeted community improvement grants and projects, neighborhood marketing, and below-market rate lending programs is Healthy Neighborhoods in Baltimore. For more information on this program visit http://www.healthyneighborhoods.org. The design, rationale, and information on the program can be found in two reports by the Goldseker Foundation (2001 Report -http://www.goldsekerfoundation.org/uploaded_files/0000/0015/great_neighborhoods.pdf; 2012 Report- http://www.goldsekerfoundation.org/uploaded_files/0000/0023/great_cities_2012.pdf)

14. Cross-sector conversations should include discussing the interconnectedness of economic development and community development, including connections with other sectors like health and education.