Moving Forward While Staying in Place: 
*Embedded Funders and Community Change*

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ABSTRACT

This paper reports on a study of a group of foundations actively engaged in place-based community-change initiatives. These eleven funders are applying many of the principles identified as key for foundations attempting to promote positive community change. Foundations included in the study grant money directly to outside organizations or individuals, emphasize a place-based approach, are located in the community in which they invest, and have staff and trustees who are personally engaged in the community-change work. In addition, funders had to display a 5-year minimum funding commitment and have both broad and deep community-change goals. The purpose of this study was to determine whether these “embedded” funders represent a distinctive community of practice and, if so, to attempt to identify common funding and organizational characteristics. Our research suggests that these funders appear to constitute a community of practice and share important commonalities, including a civic commitment and desire to increase the impact of their philanthropy; the nature and quality of their partnership with their grantees and the community at large; a responsive and dynamic operating approach; and a diverse array of financial and nonfinancial investment forms. In addition to the general discussion, the paper includes brief profiles of each participating foundation’s beliefs, funding strategies, operating procedures, and challenges. In conclusion, the paper reflects on how embedded funders’ work can shed light on some of the field’s persistent dilemmas in conducting community-change initiatives. However, additional exploration of embedded funders is needed to understand the true range, depth, impact, and effectiveness of their community-change practices.

HOW TO READ THIS PAPER

Readers should feel free to read this paper in a linear fashion or delve into particular sections as their interests warrant. Indeed, although some may find the first part of the paper most useful in gaining a general understanding of the embedded funder community of practice, others may appreciate first gaining a more specific sense of how embedded funders operate through the foundation profiles in Part 2 and then returning to the first section.
INTRODUCTION

During the past few decades, philanthropy has invested considerable resources in place-based, community-change initiatives. Foundation investments have taken many forms, with a wide range of sponsors, durations, scales, and strategies, and much has been accomplished and learned through these efforts. It is clear, however, that community-change work remains challenging for the foundation community. The principles that are increasingly identified as key for foundations attempting to promote positive change in particular neighborhoods—such as making long-term commitments, gaining trust, leveraging other resources on behalf of a neighborhood, partnering effectively with grantees, communities and residents, adapting foundation operating approaches to respond to the demands and opportunities on the ground, and deploying a range of different investment strategies—do not fit easily into the traditional mode of philanthropic operation. As a result, large and small, local and national foundations alike have wrestled with the challenge of aligning their approaches and cultures with the principles that appear to contribute to effective community change.

An emerging group of community-change funders is learning about and attempting to resolve these challenges. These funders make long-term commitments, and their involvement in creating positive change in a community in their hometown is hands-on and multifaceted. We call this group embedded funders because they become directly and intimately engaged in the community-development process, often well beyond their role as funders. Embedded funders appear to turn the common philanthropic motives of civic commitment and desire to increase impact into an uncommon way of working. As one embedded foundation staff member described:

"Our model is coming in and immersing yourself in the community. You get the best information you can based on what the people tell you and what you see. You bring it all together and you develop a program based on the needs as they define it. And then you go in and you stay. You stay and humble yourself every day and you listen. It's amazing, the amount of power you incur based on doing that."

In suggesting that embedded funders may proffer compelling answers to some of community-change foundations’ continued challenges, we emphasize that there is

1 Although extensive research has focused on the ways that multisite change efforts sponsored by national funders deal with these issues, many other efforts are under-examined. For an articulate call to focus more research attention on cases of philanthropy working locally, see W. S. McKersie, “Local Philanthropy Matters: Pressing Issues for Research and Practice, in Philanthropic Foundations: New Scholarship,” New Possibilities, edited by E.C. Legemann. Bloomington and Indianapolis: Indiana University Press, 1999.
still much to learn about the possibilities and drawbacks of this strategy. Embedded funders themselves are far from evangelical about their approach and make limited claims for the appropriateness of their work beyond their own institutions in their specific situations.

However, we do believe that three main audiences will find useful knowledge and important implications in this study for their own practice:

- Local philanthropists interested in supporting positive community change in their own hometowns may benefit from learning how others have tackled similar challenges.
- Neighborhood, nonprofit, and civic leaders working for change in their own communities may find value in others’ experiences of partnering with philanthropy.
- National or other nonlocal philanthropists may see a set of practices that could inform or sharpen their own approach to community change.

**Methodology**

In this study, we define embedded funders and explore the extent to which they constitute an identifiable “community of practice”—a group with common characteristics, experiences, and methods—that can speak productively to the dilemma of philanthropy in community change. We chose six selection criteria to define the group of foundations for further investigation. Each participating foundation had to be a grant-maker, place-based, located in the same geographic region as the community in which it was investing, committed to supporting one or more communities for at least 5 years; exhibit both broad and deep community-change goals; and trustees and/or staff had to be personally engaged in the community-change effort.

Through a preliminary scan of the field, we identified many funders who appeared to fit the profile, either currently or in the past. The majority of these funders were family foundations, but the group also included corporate foundations, national foundations, community foundations, a United Way chapter, and a Social Venture Partners chapter. To capture the range of their practice, we visited a modified “intensity sample” of eleven funders who currently fit the profile and interviewed a small number of trustees, staff, and grantees at each foundation. The interviews centered on four main topics: why they began working this way, the scope and content of their work, what they think they accomplish, and their largest challenges.

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2 The “Appendix on Methods” provides more detail on our selection criteria and interview methodology.

3 Intensity samples focus on the cases that display the phenomenon of interest most intensely. See the “Appendix on Methods” for more detail.
Outline

In the pages that follow we describe embedded funding in three different, but equally important, ways:

- **Part 1: Embedded Funders’ Community of Practice** identifies and describes commonalities (and differences) of the embedded funder community of practice that speak to some of the dilemmas of community-change philanthropy.
- **Part 2: Foundation Profiles** provides brief profiles on each foundation’s specific beliefs, funding strategies, operating procedures, and challenges.
- **Part 3: The Promise and Challenges of Embedded Funding** discusses the promise and challenge of embedded funding as a philanthropic approach, and raises questions for further discussion and research.

Although we begin in Part 1 with a general discussion and then move on to the individual foundation profiles in Part 2, some readers may prefer to begin with the specific foundations’ experiences in order to ground the general discussion. We believe both approaches can prove useful. Unlike the first two sections, the significance of Part 3 depends on readers’ familiarity with the previous sections.

Limitations

Our assertions about embedded funders are generalizations about the funders in our sample—not every embedded funder always demonstrates every quality attributed to the group. However, if there were more than a couple of exceptions to a potential generalization, we did not make it.

Our study supports conclusions about what embedded funders look like, what they have in common, and how they differ, but because we did not study any nonembedded funders, the data cannot directly support comparisons and contrasts between them.

This study relies primarily on self-reported data from the foundations and the community representatives to whom we were introduced. Our research methods provide us with a good sense of how the foundations and their closest partners publicly present their experiences. However, we did not conduct systematic, extensive interviews with other community members and thus do not know if these views are widely shared. Determining more precisely how well reality matches this description awaits a different kind of investigation.
PART 1: EMBEDDED FUNDERS’ COMMUNITY OF PRACTICE

Our research identified four areas of common practice among embedded funders: their motivations, foundation-community relations, operating approach, and forms of investment. Embedded funders were originally motivated to embed in local communities by a civic commitment to their hometown regions and a desire to increase their philanthropic impact. They strive to, and to some extent, succeed in building relationships with community actors that are long-term, intensive, diverse, respectful, transparent, and involve seeking feedback. They learn by doing, strive to be responsive to changing circumstances, and as a consequence, have dynamic decision-making processes. Additionally, all of the embedded funders rely on complex strategies and a diverse array of financial and nonfinancial investments, although the specifics differ by foundation. This section explores each of these four areas of common practice.

Motivations

Civic commitment to their hometown and a desire to increase philanthropic impact motivate embedded funders to concentrate their efforts in a specific local community. For many, other motives contributed to the decision as well. These kinds of motivations are not unique to embedded funders. However, as later sections describe, embedded funders translate these motives into action in specific ways.

Civic Commitment

The commitment of foundation staff and trustees to their hometown and their neighbors drives these foundations’ decisions to embed in specific communities. One staff person describes his foundation’s attitude this way: “We’ve always been very focused on our home community and feel like it’s an obligation because we’re a citizen, just like people are citizens, so we ought to give back to the community.”

Embedded funders’ sense of civic obligation usually attaches first to their hometown region rather than to the specific communities on which they eventually choose to focus. Over time, however, trustees and staff come to believe that their foundation can best serve their hometown region by working to revitalize a troubled but promising community within it. One trustee describes why his
foundation focused its work on an inner-city neighborhood after years of investing in downtown commercial and recreational revitalization:

*Here you are after 10 or 15 years of hard work and you are making extraordinary headway on many fronts, but there, right in the heart of your downtown, entire masses of the population are not involved. The continued decline of those neighborhoods threatens everything else that you're working on, and it's not hard to get to a realization that maybe all the rest of this is just window dressing if you don't take care of your core inner-city neighborhoods.*

For some embedded funder staff and trustees, a sense of personal, moral, or in some cases, religious duty to “serve their neighbors” reinforces the impetus of their civic commitment. A community partner of one foundation describes it in this way:

*They also have that sense of reaching out and supporting people who are experiencing barriers. Sounds like an odd term, but there are barriers to people experiencing the joy that's kind of their birthright. I think that gets into some of the religious aspects of their philosophy as well. Not that they're pronounced; it's not something that they go around promoting a lot. So that's what brings them not only to supporting kids that are going off to college ... but it also causes them to be sensitive and support families that are struggling.*

**INCREASING PHILANTHROPIC IMPACT**

Embedded funders share a conviction that place-based work in their own hometowns can increase the impact of their philanthropy. Having first pursued traditional categorical grant-making in their communities, they saw inherent limitations in single-issue and fragmented approaches, and they were frustrated with the results. A place-based approach offered these funders an opportunity to focus efforts. As one leader observed, this more concentrated approach would allow the foundation to stop being “a mile wide and an inch deep.”

Embedded funders believe place matters in creating change because it provides leverage on issues they care about. One embedded funder’s interest in youth development led to its place-based approach:

*Youth at risk organize their lives around neighborhoods. And when problems would arise ... whether it was gangs, or certain behaviors at certain schools, or whatever, it immediately went to the root problems, which often had to do with whether they had a place to live that was safe and contained, whether they had responsible adults around, [and] whether they had jobs.*
This analysis is also shared by other place-based initiatives, as characterized, for example, in a recent Aspen Institute book about comprehensive community-change efforts:

Communities are an important entry point for social change for three reasons: poverty and related social problems tend to be concentrated in certain neighborhoods; communities have effects on individual and family well-being, and those influences are amenable to change; and neighborhoods are basic units of social, economic, and political organization.4

A place-based approach to philanthropy constitutes an alternative to the separate silos of program-area funding methods: it offers a way to focus and connect activities more tightly. Thus, by concentrating resources in a single place, these foundations also expect to create synergies between different aspects of their work. Information gathered and relationships built for one purpose serve other purposes too. Different pieces of the foundation’s work can be mutually reinforcing.

We were very much a traditional grant-making organization at the beginning, when we first started, and we gave money to the kinds of organizations—some of which were pretty huge—that we individually and collectively were interested in. And we felt right from the beginning that we were just drops in the bucket ... We just felt frustrated by that, and we asked what it would be like to take one area and work on it. We discussed the situation of people getting better in one area and then they fall back in another area because there are so many systems impinging on people.

By working locally, foundation representatives expect to have a greater pool of resources with which to create change. The potential for increased leverage and synergy could be said to apply to any place-based effort, but increased resources may be a stronger possibility for local place-based efforts. Embedded funders usually do not begin as neighborhood insiders or with any great attachment to a specific community within their region. However, as a result of their personal involvement and long-term funding commitment, they establish a solid reputation and develop a tight web of informational assets in the community in which they are funding. Consider this description of how the founder of The C. F. Foundation in Atlanta used this kind of relational power:

[He] went to everybody he knew: people he’d been raising money for, doing things with for years, and he got them in a corner and wouldn’t let them go, not only until they agreed to make the $200,000 donation, but until they became

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true believers too... He could have used that ability to raise money for any number of worthy causes... but he chose to use those chips, to call them in, here... We needed support from the City of Atlanta and DeKalb County to make this happen. Not so much financial support but we needed zoning changes. We needed a land swap. We weren’t talking about money, but we were talking about using influence to make things happen within the bureaucracy. He was willing to use his influence to make that happen.

The foundation could not have drawn upon these kinds of relational assets if it worked with a community outside its hometown region.

Other Motivations

Some embedded funders discuss a desire to develop workable models of philanthropic support for community change. One staffer described her foundation’s approach: “Let’s start out small and do a demonstration project. See what’s possible... Focus, debug, then replicate.” The foundation hoped this approach—in addition to producing local impacts—would yield knowledge that would be useful for other communities.

Other embedded funders gravitate toward a focus on a single community to reconcile trustees’ diverse interests into a single, cooperative effort. As one staffer said, “as the size of the family grew, organizationally, it felt important to develop a project or to give in one place so that it would engage the interests and activity of all of the family members.” In this way, tensions among trustees about whether to support education, arts, housing, or economic development could be merged into a joint effort marrying all of their interests through a local, place-based funding strategy.
Foundation-Community Relationships

The relationships between embedded funders and their partner communities form the heart of embedded funders’ community-change work. Understanding their work depends upon understanding these relationships.

Six elements of the foundation-community relationship appear to be common to embedded funders. Some of these elements are true by definition—they are artifacts of our selection criteria—but how they operate, and the degree of similarity and variation in these foundations’ approaches to each element, is instructive. First, the relationships are all relatively long-term. Second, foundation representatives have intensive relationships with the community because they spend a significant portion of their time personally and directly involved in the change work. Third, foundation representatives maintain diverse relationships with people who live and work in the community. Fourth, the foundations strive to respect community actors as their partners in a joint undertaking. Fifth, the foundations try to promote transparency in their relationships with community partners, where both sides are encouraged to communicate honestly and seek to understand how the other partner operates. Sixth, the foundations actively seek feedback from and listen to their community partners.

Long-Term Commitments

Embedded funders make long-term commitments to invest in particular communities and build lasting relationships with people involved in that community. By our definition, all embedded funders embrace broad and deep community-change goals. They commonly conceive of these goals in general terms, such as “closing the gap” between this neighborhood and the rest of the region or helping to transform it into a “healthy community.” The actualization of these ambitions demands sustained effort over a long period of time. As embedded funders describe it, the process of entering the community, learning its contours, meeting current and emergent leaders, and forming a coherent initial strategy often takes more than a year. Gaining trust, nurturing relationships, building partners’ capacity, and implementing strategies to create meaningful impact in the face of a complex web of community challenges require many more years of work. This multyear process builds the foundations’ capacities to operate in the community and is crucial to the success of any change effort. According to one trustee, after nearly 10 years of working as an embedded funder in a specific neighborhood, the foundation has only just begun to possess the knowledge and relationships necessary to effectively support initiatives to tackle some of the community’s biggest challenges.
Each embedded funder defines its commitment differently. One funder adopted the improvement of its partner community as the central mission of the foundation and intends to work there indefinitely. Others operate with open-ended commitments and may disengage at some point but not in the foreseeable future. For example, Price Charities’ commitment to its City Heights initiative has no fixed end point, and the foundation has no policy regarding when or how it will end its engagement with the neighborhood. Still other foundations make time-limited, formal commitments, ranging up to 3 years but, with the intention of renewing the commitments one or more times, and some embedded funders make longer time-limited commitments but with the intention of phasing out their involvements. These commitments vary in length, deadline firmness, and decision criteria.

In fact, most embedded funders did not begin their work with an exit strategy in mind and seem comfortable with an open-ended relationship. Only a minority of embedded funders began with a closed-end strategy and an explicit concern about exit and sustainability issues. One staff member describes the founder’s attitude about the length of the foundation’s engagement:

*I said, “When are you going to get out?” He said, “I’m in here for 10 years, personally ... I don’t know how long it’ll take. Every time we go next door we uncover something else. It’s just going to be a work in progress.” It was difficult for him to really define his successes or the goal setting. He had short-, medium-, long-term goals, but he wasn’t really hung up on all those things as far as I could tell.*

Interestingly, embedded funders use a variety of processes to select the specific community within their region with which they develop these long-term commitments: formal to informal, personal to professional, and near accidental to thoroughly intentional. Factors frequently cited as important in the deliberations included the right mix of community needs and assets, foundation representatives’ personal histories and relationships in the community, and previous foundation investments. In most cases, however, embedded funders did not begin as neighborhood insiders or with a strong existing attachment to a specific community. Instead, each funder developed significant relationships within a community only through ongoing engagement with the people and challenges in that particular place.

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5 Because we looked only at current, rather than former, embedded funders, our study design does not shed much light on why embedded funders decide to pull out or to phase out their use of this approach. However, a few of the funders we studied are in the process of doing so. Usually, in these cases, the majority of foundation trustees were not personally involved in the work and foundation assets shrank dramatically, creating pressure on program budgets and competition with other priorities. These two factors seemed to undermine continued support for the initiatives.
Intensive Relationships

According to the embedded funders, their representatives consistently spend a significant portion of their time personally involved with the change effort and physically in the community. They take active, hands-on roles, immersing themselves in the details of the work. One staff person described it this way:

[It] is not simply grant-making. It proceeds all the time ... some people think nine to five and that’s all they want to be disturbed by. I think it’s the majority of philanthropy. And that’s the key to [the staff]. They’re out here. They’re doing it from 7 a.m. to 9 p.m.

Indeed, some embedded funders operate from offices in the partner community.

We have become the hub in a sense of what happens in the community ... a place for lots of different organizations to hold meetings. We became a nexus of all the people in the community who want to help. They meet other people who they didn’t even know lived here ... If they need some help, they maybe go next door to one of our offices and we can help them out with logistical help or advice or whatever. But one of the ways that we’ve identified folks is basically by being there. And that’s been a huge part of how we’ve been successful.

Diverse Relationships

Embedded funders cultivate relationships across many levels and sectors with people who live in, work in, or know about the community. They tend to know many different kinds of community members—residents, nonprofit and public-agency staff, elected officials, and business owners—representing the various racial, ethnic, economic, and other demographic groups within the community.

Embedded funders rely on a variety of informal mechanisms to cultivate strong relationships with their grantees and partner communities. Some foundation representatives live in the community or spend a lot of work and social time there; they often serve on local committees or boards both related and unrelated to the change effort; and they tend to run into people, have casual conversations, and carry on multilayered relationships. Embedded funders believe these diverse ways of relating to the community in which they are investing offer rich, local information that they would not have otherwise and thus make them more effective philanthropists and change agents.

I think the big advantage is we know how applicants are doing much more in [our partner neighborhood]. We’re more aware of what they’re really doing. If they’re [outside our partner neighborhood], we’ll have to investigate it. In [our partner neighborhood], if XYZ asks for $25,000 and they’re no good, [a foundation staff person] will say, “God, they’re so incompetent. They’re really blowing it ... The converse is true as well. If you’re on a site visit and you’re
not necessarily impressed, the advantage of being in [our partner neighborhood] is that you might hear something at another meeting. Somebody may have something real positive to say. Then you give it a second look because the impression of the community is they’re doing really good work. Maybe you didn’t catch them at a good time.

At the same time, embedded funders show greater caution with regard to more formal structures for community engagement and participation. Their approaches range from the grassroots to the grass tops and from the highly developed to the nonexistent; but, only a few heavily emphasize formal resident engagement as part of their community engagement strategy. Many embedded funders believe that formal community and resident participation structures aren’t essential because the foundation works directly in the community and is accessible via so many informal channels. They rely on personal solutions—trusting in the diverse foundation-community relationships and negotiating among them—rather than on institutional solutions such as formal joint governance mechanisms. Even when embedded funders do provide institutional mechanisms for engagement, they rarely have formal membership or specific participation criteria.

The diversity of embedded funders’ relationships with their partner communities can be clearly seen in the profiles provided in Part 2. The Jacobs Family Foundation, for example, has an extensive network of resident participation committees to steer various aspects of the change effort. They report that hundreds of individual residents regularly participate. The Seabury Foundation developed and works closely with a leadership forum consisting mainly of local social service and public agency heads. The Cook Family Foundation does not maintain any formal community participation structures, relying instead on trustees’ extensive personal experience and networks in the community. And the Haas, Jr. Fund makes it a priority to fund community organizations with strong records of resident participation and community organizing, but the fund has not created any overall governance or resident participation structure of its own.

Respect as Partners

Embedded funders consider key community actors as their “partners” in a joint undertaking, rather than primarily as grantees. The notion of partnership can have many meanings and manifest in different ways, both from one funder to another and between particular funders and community actors. In general, however,

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6 Assessing community sentiment toward, or the adequacy of, these structures is beyond our current scope.
foundation representatives emphasize their appreciation of the value of community actors’ insights, missions, and work, with the belief that the recognition of these contributions is essential to the success of their joint community-change enterprise. Embedded funders do not have a monopoly on this idea, but they embrace it consistently. Here, a community partner describes his relationship with a local embedded funder:

_We began a discussion about what were common desires. Not your desire. Not the foundation’s desire. But what are the common desires we want for the community? And then some brainstorming ideas about, you know, what could we do? Or you can offer your thoughts and they respond to those thoughts. And I think that as you work with those foundations that are in your community, whether you know the person or not, I think it still makes sense before you jump into, “We want money to do this particular activity,” that you begin by talking about what are our common things? So that it’s not a cold application. It’s more that, “Let’s talk about how we can support each other in a common effort.” And if there’s no common effort, there’s no point in making the application. Because the foundations have their desires, too, but their desires can also be molded to the discussion ... to be effective you’ve got to be partners over the long haul and you have to be partners in various dimensions of the thing._

When asked about the successes embedded funders have had in gaining the respect of community actors, interviewees often mentioned the attitudes, personalities, and philosophies of foundation representatives. Respect is not simply an institutional position but requires the right people to embody and inspire it. As one trustee described it, foundation representatives must have a particular attitude to succeed:

_They have to have an overriding feeling that the people in the community can do the work; that they are competent ... If they buy into the old paradigm that we’re just here to do for them or to them, then none of this is ever going to get done. You have to have incredibly good people, but they have to have the right attitude about the people that they are dealing with. They have to have an abiding commitment to the idea that these people can do the work, and my job is to make, in the desert, a straight highway for these people to do what they need to do._

Embedded funders and their partners emphasize that a respectful attitude alone is insufficient. True partnerships develop only through long-term interaction. A foundation trustee describes the importance of staying power:

_There’s boundless cynicism in the neighborhood. As one resident said, “we’ve seen a lot of groundbreakings but hardly any ribbon cuttings.” So a lot gets started but nothing gets done. When all is said and done, there’s always a lot more said than done. The first thing we did when we came in the neighborhood is we_
hired some people from the neighborhood. And we had an inspired hire ... he was brilliant in getting together a listening program. We hired some people to go and ask questions of the neighborhood. We sort of introduced ourselves, but, at the start, mostly asked questions ... We did over 700 interviews in the community to get a database of what people wanted ... but we were still 'those Jews' ... It was just a stereotype. 

These guys with lots of money coming in to piss in our pool.’ It is a problem that we knew we would have and that we expected, and we’ve dealt with it as best we could. The only way to get around it is by showing that we’re getting results ... Eventually, the accretion of evidence is what turns around the nay-sayers.

Results, respect, and trust cannot grow overnight or even over a year. In this sense, embedded funders’ long-term commitments are essential.

**Transparency**

Embedded funders believe transparency is essential to the functioning of any healthy, long-term partnership, and they strive to ensure that all parties understand clearly the terms of their relationship. Both embedded funders and their community partners say they speak their minds, try to fulfill expectations and promises, and engage in candid conversation and negotiations when disagreements or misunderstandings arise. According to our sources, achieving this level of honesty and clarity can involve difficulty and discomfort, but it is ultimately worth it.

> We have retreats where people go and thrash out these things. And in our meetings with people in the community, they’re not always sweetness and light. We had a lot of “come to Jesus” meetings, where strong words were exchanged and people got upset and excited. We’re not at all adverse to controversy because, often times, out of controversy comes the right kind of policy.

Embedded funders’ decisions about resources and strategies illustrate the give and take of developing forthright relations with community partners. In a few instances, embedded funders give significant control over their resources to community actors, but most do not. More commonly, these foundations make it clear that they will make their own decisions, that partners should make their own decisions, and that both parties should come together to seek common ground in action. Regardless of how community partners feel about this particular dynamic, they seem to appreciate clarity, rather than ambiguity, about control issues.

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7 Interestingly, the foundation founders that are referred to are not Jewish. The comment raises interesting issues about the racial, cultural, class, and power assumptions and dynamics that are at play—and often remain unexamined—in community-change efforts.
Seeking Feedback

Many embedded funders operate in the community by asking questions, proposing ideas, and listening to feedback. This process extends beyond merely being open to feedback; it implies an active pursuit of others’ perspectives. For instance, the staff and trustees of the Steans Foundation are conducting an internal program review by arranging a series of individual meetings with more than 150 community leaders to discuss the past and future of their work in Chicago’s North Lawndale neighborhood. Another foundation’s community partner describes how the foundation board’s attention to seeking feedback has improved their philanthropy:

That was a learning, listening session, not so much them telling us what to do or offering to do anything. It was merely understanding what the issues are, what the problems are that we’re trying to help ... they’re developing a wealth of information within their little council, their family group, about how the community functions and what it needs. That enables them, in turn, to be responsible in utilizing the resources that have been provided to them to help the community.

Another community partner describes his relationship with the local embedded funder this way:

It’s always kind of an ongoing discussion that occurs, and there may be differences of opinion, but it’s not one where any opinion is lorded over the other. So it’s [an] evolving discussion that occurs. They do not try to control ... [A foundation trustee] is a full partner engaged in the discussion and an equal partner. It’s almost as though he was just one of us paid folks that were participating.
Adaptive Operating Approach

Embedded funders learn by doing and adapt their operating approaches to fit the demands and opportunities of the community-change effort. These funders appear less concerned about traditional notions of a foundation’s role, rigid funding cycles, or formal application, review, and evaluation procedures. Through close attention to developments on the ground, embedded funders test ideas and structures and adapt in response to what they learn.

Learn by Doing

Embedded funders tend to focus their front-end learning more on the community in question than on systematic study of the experiences of others. A few foundations in our sample, such as Haas Jr., regularly cull lessons from outside experience, and all the foundations incorporate knowledge about external initiatives in some way. However, because embedded funders believe that they face a distinctive set of circumstances and challenges, they judge it wiser to focus their attention inside the community than beyond it. As a result, with some exceptions, most do not develop extensive, formal plans in advance or delay decisions until after an exhaustive search of the research on “best practices” around the country. Instead, in the absence of certainty, they forge ahead with what seems best. Alone, this tendency could prove disastrous, leading them to make bad, uninformed choices or to waste resources reinventing the wheel. However, embedded funders try to couple this approach with careful attention to developments on the ground and with a readiness to discard ineffective strategies. They believe this entrepreneurial approach allows them to immerse themselves in the community and to therefore evolve strategies organically or opportunistically. One funder initially concerned with health care observed about the foundation leadership’s active learning approach:

Then he realized along the way, he said, “Well, what we’re getting with the feedback is these are symptoms. So let’s start addressing the problems.” That led him to day care. So you’ve got women who can’t work. Well, why can’t they work? Well, they’re poorly trained, undereducated, and they got to stay home with the kids. Well, let’s do the kids’ piece. So there’s a day care program. They asked from community members what they needed. That was really a critical element. It wasn’t just him deciding that what they needed was obvious. He went to the community to develop those ideas ... If he tries and it doesn’t work he’ll just throw it away and try something else. He wouldn’t do that carelessly, but [he] was not the kind of guy to get bogged down.
Embedded funders say their access to local information from diverse sources makes this approach workable. Although some foundations formally document or evaluate experiences in the community to stimulate learning and adaptation, most do not rely on such processes to drive decision-making. When asked how they recognize success and failure, many replied, “We're close to it, so we can see it.” Indeed, as one funder illuminates:

*We're very much not locked into knowing all the answers. What we do very well, I believe, is listen and change ... we're open to change, if it works. And we're also honest enough with ourselves to tell ourselves and have people tell us when things don't work, so that we can make corrections.*

**Responsiveness to Changing Circumstances**

Embedded funders appear willing to change their own ideas and institutions in response to the needs of the community work and the suggestions of their community partners. When they undertake these efforts, embedded funders begin with ideas about community change, the communities in which they work, and effective philanthropic practice, but they seem able to revise these notions as dictated by their experiences. For example, when the General Mills Foundation began working in Minneapolis’s Hawthorne neighborhood, the staff had a firm mission of reducing crime and a general strategy that they wanted others to adopt a zero-tolerance policy. But the foundation did not request proposals along these lines. Instead, the executive director made the rounds of block club meetings and entered into a dialogue with grassroots community leaders about the issue. As a reaction to community feedback, the foundation shifted to a much broader set of goals and strategies.

Although it is common for grantees to change in response to funders’ preferences, the converse is rare. However, embedded funders’ willingness to change seems to extend beyond their ideas to their institutional structures and grant-making strategies. A foundation staff member gets to the heart of this institutional flexibility in his description of a failed neighborhood beautification program:

*I guess we were appropriately humbled by it ... so we kind of went back with our tail between our legs the next year and we said, “We didn't approach this right, but we are still concerned for the beautification of those areas. How can we work together? Help us. We want to be the funding engine for that. What's going to work from the neighborhood standpoint?”*
**Dynamic Decision Making**

Embedded funders tend to use dynamic, quick decision-making processes to deploy their resources. Funding ideas emerge from ongoing conversations between foundation representatives and community partners, and staff often have wide discretion to make grants on the fly. Drawn-out grant-making cycles, rigid application procedures, and burdensome reporting requirements do not fit the rhythm of embedded community-change efforts or the contours of their community partnerships. Instead, embedded funders use the information flowing in from their diverse community relationships and personal involvements to decide what to support and how to support it.

A foundation trustee explains that the benefits of this strategy outweigh the potential risks:

> There is a danger of developing relationships that are too personal so that there is too much loyalty to a person and, therefore, not an ability to see what is really going on anymore. But if you are not personal enough, then you might not get anywhere in the first place.

The distinct, dynamic nature of embedded funders’ decision-making processes is evident even within different parts of a single foundation. For instance, General Mills does embedded community-change work in Hawthorne and other kinds of philanthropy elsewhere. The foundation set up a separate, expedited, more flexible grant-making process to handle decisions for the embedded change work. Applications in other divisions of its philanthropy go through the more conventional, formal, lengthy process, which fits more easily into the rhythms of trustee and staff schedules. The James Ford Bell Foundation, Seabury Foundation, and others also set up expedited, less formal processes to deploy resources in a more tailored fashion for their local change efforts. The individual foundation profiles that make up Part 2 of this report provide more detail on the many innovative vehicles for decision making that embedded funders have developed.
Varied Investment Forms

Embedded funders engage in a wide variety of investment approaches, including physical and infrastructure development, social service reform, economic development, community organizing, and knowledge development and analysis. As a result, these foundations tend to embrace multifaceted funding forms that are not easily typified, and they are challenged to take on a multitude of roles in support of community change. The C. F. Foundation, the Jacobs Family Foundation, and Price Charities developed complex webs of financial and legal entities to carry forward development strategies. In the Lyndhurst Foundation’s work with Chattanooga’s Martin Luther King neighborhood, the Foundation offers grant money; networks; legitimacy; direct residential investment dollars; financial incentives to developers and home owners to buy and rehabilitate housing; legal, marketing, and development expertise; and other resources.

It is important to note that embedded funders focus the majority of their investments on community-level activities. This may not seem surprising, but many of the problems that distressed communities face are arguably related to the national, state, county, or city-level policy context. With a few exceptions, embedded funders do not give much attention to wider policy arenas.

Diverse Financial Investments

All embedded funders provide some form of grants and consulting to organizations; however, there is considerable diversity in the type and intensity of investment services offered. Among the eleven funders we studied, all the following forms of financial investments are found:

- Grants to individuals, to groups of individuals, and to incorporated and unincorporated organizations.
- Grants for capital support, operating support, core funding, program funding, and special project grants.
- Grants ranging from less than $100 to more than $1 million, and from one-time to multiyear in length.
- Subsidized residential and commercial real estate rents or sale prices.
- Cash incentives and loans to individuals and organizations, loan guarantees, direct purchase of and investments in property, and matching grants to leverage other funds.
- Technical assistance, training, and consulting services paid for by the foundation.

The overall scale of financial investment varies widely as well. Many invest a few hundred thousand dollars per year, with total investments under $5 million. Others devote millions of dollars a year in direct investment and grants, with total
investments exceeding $25 million. The scale seems to depend on the size of the foundations’ assets, its judgment about what the community can constructively absorb, and its willingness to squeeze out other priorities in the foundation’s portfolio. Part 2 illuminates these decisions and each embedded funders’ particular investment portfolio.

**Diverse Nonfinancial Investments**

Embedded funders also offer many forms of nonfinancial investment. Foundation representatives often work personally on the initiative as a strategic partner, leader, board member, sounding board, consultant, or coach. At the most basic level, embedded funders add their knowledge of community politics, actors, organizations, and social circles to their grantees’ set of internal and external networks. Perhaps even more importantly, both the foundation as an institution and individual foundation representatives contribute their credibility to the change effort. Indeed, many interviewees stated that the value of embedded funders’ networks, political capital, and civic legitimacy rivaled the foundation’s financial investments. As the trustee of the C. F. Foundation explains:

> What was more remarkable than $20 million of family money that’s gone [in]
> ... is his willingness to use his political chips and the 50 years of goodwill that he
> had built up in Atlanta and across the country for the benefit of this neighbor-
> hood ... And I don’t think people appreciate that, but I think that was arguably
> way more important in the success of this project than the actual dollars.

Embedded funder representatives tend to jump in and “do whatever it takes” to move the change effort forward. At the C. F. Foundation, the Jacobs Family Foundation, the Lyndhurst Foundation, and Price Charities, staff members act as a development team to buy properties, arrange financing, and manage construction and sale/rental of finished products. At James Ford Bell, after a community partner ran into organizational problems, the foundation hired the partner’s community organizer to ensure the work would continue.

As part of this philosophy, embedded funders use their networks, credibility, and other resources to bring together people who don’t usually collaborate. For instance, the Seabury Foundation harnessed its reputation as an advocate for the general community interest and the promise of resources to convene a forum for a diverse set of neighborhood leaders that eventually jump-started meaningful coordination among local social service providers.

A community partner of one funder describes how this kind of process happens:

> They’re a family that has taken the leadership role within the community and
> had the network of relationships that spread the tentacles, if you will, out into
all aspects of the community. So their involvement provides access and brings people into various projects. It’s not simply giving the money for them, it’s their involvement. And so when you’re sitting down and you’re brainstorming... he brings a different perspective for one thing, but he also brings some innovative ideas and because he has other connections he can say, “Well this is happening here. This is happening there.” So it kind of generates a new energy and a new perspective, ideas, and linkages that occur.

An added benefit of embedded funders’ ability to bring a host of nonfinancial resources to the change initiative and to promote collaboration among new partners is the attraction of outside support for the initiative in a way that the community could not elicit on its own. For instance, at various times, General Mills Foundation representatives played essential roles in garnering the attention of the Minneapolis city council, the mayor, U.S. Attorney General Janet Reno, and other public officials and policy experts on issues in its partner community. In another case, the Steans Family Foundation persuaded the John D. and Catherine T. MacArthur Foundation to invest millions of dollars and its considerable expertise and networks in the North Lawndale community-change effort. Every funder in our sample had similar experiences of adding political and civic legitimacy to the community-change effort and encouraging wider participation and support.

Although many nonembedded funders might have similar experiences, embedded funders may be particularly well positioned to maximize the impact of nonfinancial resources. Local foundations who have maintained a low profile or out-of-town funders without a solid local reputation might require years of diligent effort to cultivate the networks, political capital, and civic legitimacy that many embedded funders can bring to the table from the outset. The trustee of one foundation contrasts the ease of connecting people within its partner community with the relative difficulty of doing so beyond its local area:

We’re able to connect them to other groups, to broaden what they’re doing, and introduce them to organizations that can help them grow and accomplish their goals. That way, as far as networking, we benefit groups in [our partner community]. Whereas in [areas outside our partner community], we don’t necessarily know all of the connections, to be a resource to them in that way ... networking is a large part of what we do. That’s probably as important to organizations as us actually giving dollars.

As the profiles in the next section illuminate, embedded funders use their nonfinancial and financial resources to maximize this kind of competitive advantage in a variety of innovative ways to further the work of their community-change initiatives.
PART 2: EMBEDDED FOUNDATION PROFILES

Cook Family Foundation

P.O. Box 278, Owosso, MI 48867, 517-725-1621, Executive Director, Tom Cook

SUMMARY

In 1998, the Cook Family Foundation decided to make the improvement of Shiawassee County the primary focus of its activities. Through active, personal engagement with numerous community institutions, the trustees identify and develop opportunities for Foundation engagement. Their commitment to Shiawassee County has no established end or review point. They grant about $500,000 annually, primarily in the areas of education, economic development, environment, and physical and cultural community-building.

HOW AND WHY DID THE FOUNDATION EMBED ITSELF IN THIS PARTICULAR NEIGHBORHOOD?

A deep sense of connection to their community led the Cook family to focus on Shiawassee County. Don and Florence-Etta Cook started the Foundation in 1978. Until Mr. Cook’s death in 1998, the Foundation focused on supporting a few key community institutions and on expanding access to the University of Michigan for the best students from Shiawassee County and elsewhere. His bequest quintupled the Foundation’s assets to $10 million and sparked a discussion among the six family-member trustees about how to fill the strategic and operational void left by his passing. Through deliberations, including a two-day strategic planning session, the trustees decided on a geographic focus on Shiawassee County.

The trustees brought a diverse set of interests and community commitments to these deliberations. Many had served as trustees or volunteers with organizations in the community, including the YMCA, the school board, the Arts Council, the local hospital, and the Chamber of Commerce. This geographic focus allowed them to reconcile each of their “individual points of attachment to the community” and “leverage their personal involvement.” They knew their profound local knowledge and extensive personal networks would help them evaluate opportunities before, during, and after the Foundation invested time and money.
What Beliefs and Theories of Change Have Informed the Foundation's Work?

Shiawassee County faces serious economic and social challenges, including the low incomes and low educational attainment of a significant portion of the population, created in part by deindustrialization and the migration of many Shiawassee County natives in pursuit of opportunities elsewhere. The Foundation seeks to expand educational, economic, and social opportunities in Shiawassee County and to elevate individual and community aspirations. This focus is expected to improve the community’s vibrancy and residents’ quality of life. Increasing the community’s social capital is a key part of this effort.

The Foundation aims to support healthy organizations in diverse sectors that share its goals and strategies. It often provides money for organizations to expand their work into new, neglected areas, and couples this front-end approach with a concern about sustainability. As a result, Cook works with partners to develop plans to become independent of the Foundation’s financial support. The Foundation also looks for opportunities to leverage its dollars by using them as the local match against larger investments by external public and private entities.

What Strategies Has the Foundation Used?

Family members’ deep community involvement guides the Foundation’s work. Through constant, multilayered communication with people in various parts of the community, trustees learn about how best to invest their time, energy, and money into moving a community-building agenda forward.

As a body, the Foundation’s board occupies a uniquely fertile position in the community at the intersection of many personal and organizational networks, free from most political and bureaucratic constraints, and endowed with substantial human and financial resources. Cook tries to use these assets to provide vision and leadership, inspire cooperation among players in the community, and create legitimacy for fledgling efforts. In keeping with their belief in the critical need for strong organizational partners, they have a standing offer of grants and consultation to community organizations interested in focusing on strategic planning.

The expansion of educational opportunities for Shiawassee County residents, from early childhood through college, constitutes a cornerstone of Cook’s work. They support a wide range of programs for both children at risk and those demonstrating excellence. These programs include individual scholarships, out-of-school
opportunities, counseling, mini-grants for teachers, newsletters for parents, support for the local community college, and polls of citizen attitudes toward the public school system to help steer policy. Further, support for arts and music programs, the YMCA, and other programs mentioned above brings the Foundation’s desire to expand educational and cultural opportunities for residents together with its desire to build social capital.

Cook’s educational programming provides an example of the Foundation’s role in nurturing new initiatives and attracting new dollars. Seeing a need, they funded the first-year salary of a career and college counselor at the Owosso high school to help youth develop and reach goals. After the first year, once the value of the counselor was demonstrated, the school board found money in its budget for the position. In another case, the Foundation’s $30,000 investment per year in local dollars leveraged $700,000 in public funds for early childhood and preschool education.

Because a healthy community depends on a healthy economy and Shiawassee County faces real economic challenges, the Cook Foundation has supported initiatives to improve the county’s economy as well. As a partner with the Shiawassee Chamber of Commerce, the Foundation has supported the creation of an office responsible for recruiting and retaining businesses and for the development of individual training to promote successful entrepreneurship, workforce participation, and nonprofit management.

Through grants and personal involvement, Foundation leaders have also supported several projects aimed at improving the physical infrastructure of the community. These include support for parks, playgrounds, a nature preserve, and river cleanup.

**What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?**

The Cook Foundation’s work depends on the high degree of trustee engagement in other aspects of community life. One level of this involvement is that trustees and their families live in the community, attend public schools, shop in local stores, etc. Another level is that they are active in community affairs and as community leaders, serving on many boards and committees. When the six trustees meet, they bring together a wealth of knowledge about the community that allows them to identify opportunities on the front end, monitor and judge partnerships over time, and evaluate partnerships in retrospect.
Most foundation investments are in programs developed jointly by the Foundation and its community partners. When trustees find capable leadership and functional institutions, they enter into dialogue about the existing work of the organization, ideas for new work consistent with the organization’s core mission, and how the Foundation and its trustees might help the organization. Grant proposals are developed through this dialogue. In a few instances, the Foundation has supported programs developed independently, such as applications for organizational strategic planning and teacher mini-grants.

**What Changes in the Community Does the Foundation Point to as Significant?**

The Foundation’s involvement and support has been essential to the success of many valuable programs and institutions in the community. Although the trustees have not reached all their goals, they have made significant progress in expanding educational, cultural, and economic opportunities for Shiawassee County children, youth, and adults and strengthened the institutions that contribute to a stronger, healthier community life. Grantees and observers report that, through personal and financial support, the Cook family helps generate a “spirit of can-do in the community” and serves as one of Shiawassee County’s most important “instigators of change.”

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **Large social forces.** Developing successful strategies for improving the community in the face of large social forces is a constant challenge. Pressure on the county’s traditional economic engines of agriculture and manufacturing makes it difficult to ensure that residents, especially talented, educated youth, have attractive economic opportunities in the County. This pressure also undermines support for civic institutions by eroding the community’s base of available financial and personal resources.

- **Inspiring higher expectations.** Progress toward many of the Cook Foundation’s goals requires inspiring higher expectations among residents. Many people resign themselves to present conditions, which inhibits their willingness to support reforms in public institutions and communal affairs. Through leadership, dialogue, and support for active individuals and institutions, the Foundation tries to raise residents’ expectations for the community and for themselves.

- **Capacity building.** Finding and nurturing organizational and individual capacity is the main work of the Foundation. Foundation leaders appreciate the many
assets their partners and others in the community contribute. However, they always wish the pool were larger and always work to expand this pool.

- **Attracting outside support.** Foundation leaders have been frustrated with national foundations’ and federal and state governments’ lack of interest in issues facing this rural community. They feel urban communities benefit from disproportionately more opportunities for support.

- **Impact on personal lives.** Trustees talked about how the family’s “community visibility” through the Foundation can negatively affect other parts of their and their children’s lives. For instance, they talked about the tension that can arise when a Foundation representative runs into grant applicants at the grocery store. They try to keep the “Cook” name off of initiatives and direct attention to the community instead. For instance, they preferred to name a program for high-achieving high school students “Shiawassee Scholars” instead of “Cook Scholars.”

- **Community voice.** The Foundation tries to be aware of and to address its blind spots with regard to the needs, assets, and opportunities in the community. Because the trustees operate so heavily through personal engagement and because their time is limited, there are some parts of the community about which they are less informed. To respond to this challenge, they have invited community members to attend some board meetings and are working to put together more formal opportunities for structured discussion with a broad cross-section of people from the community.

**List of Interviewees**

- Tom Cook, Trustee and Executive Director, Cook Family Foundation
- Laurie Cook, Trustee, Cook Family Foundation
- Philip Hathaway, Community Development Director, City of Owosso
- Donald Trap, Assistant Superintendent for Special Education, Shiawassee Regional Education Service District
- Carol Vaughn, Executive Director, Shiawassee Regional Chamber of Commerce
The C. F. Foundation

3445 Peachtree Road, NE, Suite 175, Atlanta, GA 30326, 404-233-4339, Pres.
Lillian C. Giornelli

Summary

The C. F. Foundation began its work in 1993 in southeast Atlanta’s East Lake community, site of one of the most troubled public housing complexes in the city. Tom Cousins bought the historically significant, but decayed, golf club that was at the center of the community and donated it to the C. F. Foundation with the charge of restoring the golf course and using the club as an “economic engine” to revitalize the community. The C. F. Foundation established an intermediary, the East Lake Community Foundation, which worked in partnership with the Housing Authority and the Residents’ Association to design and create a new mixed-income community of 542 housing units on 200 acres. Besides the housing, the development effort also included a new K-8 charter school, YMCA, child care center, and other programs and amenities. The C. F. Foundation has invested an estimated $25 million in the community since 1993. The Foundation expects to remain involved in East Lake for the foreseeable future, though it hopes to provide less gap funding (for example, for the school) and more venture capital for special projects.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

The East Lake neighborhood, once home to the elite East Lake Country Club, became known as “Little Vietnam” in the 1980s. Dominated by a public housing complex in significant disrepair, it had the worst social and economic indicators in the city. Tom Cousins had family ties to the neighborhood and felt personally saddened by its demise. He knew that East Lake was responsible for a high percentage of the city’s crime rate, but he believed in the role of the neighborhood conditions in influencing people’s life chances: “Criminals aren’t born, they are made.” Many family members were entrepreneurs and found reactive grant making unsatisfying. Instead, they believed that they would “get the most satisfaction from opportunities to create solutions to difficult problems in long-term partnerships with others.” These factors, combined with Cousins’ ability to see the possibility of crafting a strategy that would restore the historic golf club and provide an economic engine for the neighborhood’s development, led Cousins to a decision to invest in East Lake. He purchased the golf club, began what would be several years of negotiations with the Housing Authority and the Residents’ Association, and
established the East Lake Community Foundation (ELCF)—an intermediary that serves as the master developer of the area.

**What Beliefs and Theories of Change Have Informed the Foundation’s Work?**

The C. F. Foundation views mixed-income communities as having the best chance of increasing the quality of life and self-reliance of low-income residents. Also central to the Foundation’s approach is a belief in the power of market forces and the need to build revenue streams for sustainability. Every other apartment or townhouse at East Lake is a market-rate unit. If these units cannot be competitive in the marketplace, the overall finances at East Lake will not be successful. Similarly, if the school is not strong enough to attract students from outside the community, as well as those from within, it will not continue to be financially viable as a charter school. Finally, Cousins’ convictions in the Foundation’s approach at East Lake are bolstered by a deep religious belief and sense of civic obligation.

**What Strategies Has the Foundation Used?**

The Foundation conceived of a “transformed” East Lake community and used a range of strategies to make it happen. First, it worked for several years with the Housing Authority and the Residents’ Association on a host of financial, legal, and regulatory issues in demolishing the existing public housing development and replacing it with a mixed-income community. An enlightened Housing Authority director, the Foundation’s persistence, and much relationship-building ultimately resulted in a 25-page agreement that spelled out residents’ right of return and different parties’ roles in the neighborhood’s development. Concurrently, the Foundation rebuilt the golf course and restored the clubhouse. The golf club is operated as a corporate membership club whereby member corporations not only pay a membership fee but have also contributed more than $18 million to the ELCF for investments in the community. As the physical development was underway, the Foundation raised funds to build a new K-8 charter school for 750 students—Atlanta’s first charter school—currently run in partnership with the Edison Corporation. Replacing a rundown building that had no windows with a state-of-the-art educational facility, the school operates with an extended school day and school year and a strong after-school program. The Foundation funded the school’s construction without school board involvement because it wanted to move quickly. It owns the land and the 100,000-square-foot building and leases it to the school for $1 a year. It also built and then found partners to operate a child
development center for about 150 children (run by Sheltering Arms, one of Atlanta’s premier providers of affordable day care) and a state-of-the-art, 50,000-square-foot YMCA. Finally, it helped recruit a new Publix grocery store, the first supermarket in the community in 40 years.

Among other strategies underway is a caddie program for youth ages 14 and older who earn money, learn golf, and get help with their homework and the opportunity to earn college scholarships. C. F. Foundation trustees believe the principles inherent in the game of golf—discipline, honesty, hard work, and integrity—contribute to youth development. An additional benefit of caddying, from the C. F. Foundation’s perspective, is that it helps youth develop the people skills they need to interact on the golf course with movers and shakers from the corporate world. Another Foundation strategy that is still being refined involves encouraging middle-class people from churches and seminaries to live in East Lake and be “strategic neighbors” to those in need. Currently, an interdenominational chaplain is provided a rent-free apartment and asked to do whatever makes sense to promote family success and be a “healing presence” in the community.

Since East Lake Villages opened in 2001, the Foundation has devoted increasing attention to devising strategies for integrating the development into the surrounding community, which in the past had wanted nothing to do with East Lake given its crime and social problems. The Foundation has bought some land around the development and hopes to develop partnerships with local community organizations, such as the neighborhood association and a local mosque, to stimulate badly needed commercial and retail development.

**What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?**

The Foundation established the East Lake Community Foundation to oversee the housing, educational, child care, recreational, and service strategies involved in rebuilding the community. Funded by the C. F. Foundation, ELCF’s budget of $1.5 million supports an executive director and staff in the areas of finance, programs, and communications and fundraising. The Foundation consists of five people—two family members (Tom Cousins and his daughter, Lillian Giornelli) and three retired business leaders.

The ELCF is moving away from being largely a Cousins family enterprise to becoming more professionally driven. Tom Cousins became acquainted with ELCF’s current director, Carol Naughton, when she served as general counsel for
the Housing Authority during the Foundation’s negotiations over East Lake’s development. She joined the effort in October 2001, replacing the individual who headed the organization for its first 7 years. Naughton has recently hired a program director who is charged with being the “glue” in the community by helping to coordinate different components, design new programs, and oversee research and evaluation activities. The Foundation also recently hired a fundraiser and communications person who will work to replace some of the C. F. Foundation’s operating support.

**What Changes in the Community Does the Foundation Point to as Significant?**

The East Lake community has been transformed. Residents first moved into the new housing in 2001, and the last housing was completed in 2003. The housing and landscaping is beautiful and has won various awards. The crime rate has fallen 70 percent in the surrounding neighborhood and more than 90 percent within the Villages (from the highest rate of the 56 police beats in the city to being in the lowest 10 beats). The real estate values in the surrounding community have risen more than 20 percent per year for the past 5 years, more than in any other area in metropolitan Atlanta. People are moving back into the surrounding community; old homes are being renovated, and the first residential construction in 30 years is taking place. Although it only opened in 2000, the school has already seen dramatic increases in test scores and decreases in disciplinary referrals, and it now has a waiting list of more than 200 students. Public housing residents at East Lake are working for significantly higher median salaries than those living in other developments.

The current corporate membership in the golf club consists of 75 Fortune 500 companies and 20 local corporations. This golf course hosts various big-name tournaments, including the PGA Tour Championship, which benefits the East Lake Community Foundation. Some of the corporate members provide volunteers for various community activities and needs. The community also has a second golf course that is open to the public, and a swimming pool and tennis courts for resident use.

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **Making sure its partners share the Foundation’s vision.** Attracting existing mainstream providers to a low-income community has proven an effective
strategy. However, the Foundation discovered that it needed to help some of its partners—most notably the YMCA, which had modest experience working with low-income families—realize their significant potential for contributing to the community without jeopardizing the Foundation’s relationship with its market-rate members both inside and outside East Lake.

- **Making the numbers work.** Most mixed-income developments use a 40 percent market, 40 percent subsidy, and 20 percent tax credit formula. The tax credit apartments help to make the development’s finances work over time and create opportunities for people to stay in the neighborhood who make too much to live in a public housing unit but not enough to live in a market-rate unit. East Lake’s 50 percent market, 50 percent subsidy formula was politically nonnegotiable at the time the development was planned, but it has created less flexibility than would be ideal from the Foundation’s perspective. It has also been somewhat challenging to attract families to market-rate units in the current economy. Although these units are 88 percent occupied, residents tend to be single people or student families who are not, for the most part, interested in investing in the community because they are not likely to stay. As rents go up elsewhere in Atlanta, East Lake units will be more attractive to market renters. The Foundation also intends to begin some targeted marketing to address this issue.

- **Building community relations, ownership, and voice.** Another nonnegotiable element in East Lake Village’s development involved the placement of the housing units in four separate clusters around the community, rather than centralizing the housing and surrounding it by the golf course. This placement was not only costly, but it served to reduce interaction across clusters and undermine a shared sense of community identity. Further, although ELCF is intentionally not community-based in terms of its governance, the Foundation would like to see more residents in decision-making roles regarding community issues. The ELCF program director is charged with exploring various opportunities for organizing and engaging residents more directly in the life of the community.

**List of Interviewees**

- Lillian Giornelli, President, the C. F. Foundation
- Carol R. Naughton, Executive Director, East Lake Community Foundation
- Ms. Eva Davis, tenant association leader and long-time resident of East Lake
General Mills Foundation

One General Mills Boulevard, Minneapolis, MN 55246, 763-764-2211, President, Christina Shea

Summary

Spurred by a rising crime rate in Minneapolis, the General Mills Foundation decided to build a partnership with the Hawthorne neighborhood in 1997. The Foundation has widened its initial focus on crime reduction to include housing, education, social service reform, and other issues. Their work centers around the Hawthorne Huddle, a monthly meeting on vital community issues. The Foundation considers whether to continue its initiative every 5 years. They did not establish an overall dollar commitment; rather, they committed to “do whatever it takes” to bring down the crime rate. Total grants in Hawthorne vary each year but have averaged about $500,000 annually.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

Good corporate citizenship plays a strong, long-standing part in the General Mills culture. A rising crime rate in the company’s hometown of Minneapolis upset corporate executives and trustees and spurred them to use the corporate foundation to help tackle the problem as a “matter of conscience.” They joined with other major corporations in the Twin Cities region to form a high-level, public-private coalition against crime. However, corporate and Foundation leaders believed that achieving and maintaining progress depended on “getting community buy-in” and connecting regional efforts with people at the grassroots. One trustee suggested focusing on a specific neighborhood. The concreteness and feasibility of the idea won it support. If they could develop a successful model, others might replicate it.

The CEO charged Foundation staff with developing a plan, and after an analysis of neighborhood data selected Hawthorne as the focus of its investment. Hawthorne had one of the highest crime and poverty rates in the city and was depicted by police officials as the toughest nut in the city. At the same time, the community had some important assets, and many felt it was still “on the cusp.” Foundation representatives believed success there would demonstrate the possibility of success in other troubled communities.
What Beliefs and Theories of Change Have Informed the Foundation’s Work?

Foundation leaders began with the idea that the community should adopt a standard of “zero tolerance for crime and violence,” and organize its efforts around this theme. However, when the Foundation pitched this idea at a series of block club and other meetings, residents expressed skepticism about its narrowness and urged Foundation leaders to adopt a more complex, holistic approach to reducing crime. Foundation leaders listened and broadened their thinking to include housing, youth development, education, employment, and other issues.

The Foundation believed that regular conversation and joint learning among community activists, leaders, and residents would produce progress. The initiative’s shape grew in large part out of then-Foundation President Dr. Clark King’s particular convictions, sensitivities, and skills. She managed the mobilization of corporate resources for the effort and personally represented the Foundation in the community.

What Strategies Has the Foundation Used?

The Hawthorne Huddle, an hour-and-a-half morning meeting, has functioned as the heart and mind of the initiative. It began as a monthly feedback mechanism for the Foundation and grantees. Instead of written reports, Foundation leaders asked grantees to come to a meeting to report on and discuss their work, with the idea that it would reduce paperwork, promote coordination, and create mutual accountability. Twelve people attended the first meeting. Since then, it has grown significantly, typically with sixty-to-eighty participants each month.

For the last 6 years, people representing local schools, police, parks, service agencies, faith communities, businesses, or block clubs, and individual residents, elected officials, judges, and others have attended these meetings. The Foundation provides breakfast to attendees, and its president chairs and other staff members attend. Each meeting focuses on a particular, pressing topic, such as reducing family violence, developing affordable housing, or planning for a new public school. Experts present information on the topic and attendees advance ideas and discuss next steps. The Huddle has become a crucial forum for community actors to share information, debate proposals, and coordinate action. Most of the projects that the Foundation supports have emerged from the Huddle. For the Foundation, the Huddle has served as a continuous, ongoing learning vehicle for identifying, developing, and monitoring efforts in Hawthorne.
The Foundation adopted a wide range of intermediate objectives as part of its strategy to help reduce crime in Hawthorne, including helping to build a new elementary school and eliminate blighted housing. The Foundation invested more than $3 million to finance housing renovations and to help attract a group of housing developers to the neighborhood. It helped finance a series of community events that were widely attended, as well as numerous specific programs to serve narrower needs. For instance, General Mills chipped in for hot dinners at the local elementary school on parent-teacher conference night and for an Adopt-a-Bus-Stop program to recruit volunteers to watch over children waiting for school buses. Foundation efforts have also aimed at establishing norms of behavior by developing and disseminating community standards. The Huddle, block clubs, and others developed a statement of standards, which was distributed widely in Hawthorne. Activists also use “welcome wagons” to greet new residents and inform them of the community standards.

The Foundation and corporation have lent political influence to ideas that emerged from the Hawthorne Huddle. Because General Mills is a major corporate and civic leader in the region, public officials listen when the Foundation and its corporate representatives have something to say. For instance, when the school board announced its intention to build an elementary school, the Foundation helped make sure the city heard why Hawthorne Huddle participants favored another site. Ultimately, the school board changed its plans and built on the site preferred by the community. Many public officials and community residents appreciate the work done by the huddle, which means Huddle participants, including the Foundation, have enjoyed growing community stature and connection from these efforts.

What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?

Regular participation in the Huddle by Foundation staff and leaders constitutes the single most important practice. The president chairs the Huddle and two or more other staff usually attend. In this way, they learn about the community’s needs and assets in a way unrivaled by site visits. Over the years, their participation has demonstrated that General Mills has the “staying power” essential for community change.

The Foundation uses a separate, flexible, and responsive grant-making process for Hawthorne grant proposals to ensure that red tape does not inhibit promising initiatives. It accepts Hawthorne proposals at any time of the year and works to turn them around as fast as possible.
The Foundation rarely funds an entire program and is generally unwilling to fund specific projects indefinitely. Foundation staff are clear about these expectations up front and encourage and assist partners to generate other resources on an ongoing basis to sustain their initiatives. The Foundation’s investment in Hawthorne constitutes only a small fraction of its total investments.

**What Changes in the Community Does the Foundation Point to as Significant?**

The Foundation and its partners successfully established the Hawthorne Huddle, a central forum for discussion and coordination valued by many institutions and individuals in the community. The Huddle takes on pressing and controversial issues but operates with a tone of civility—it resists “gotcha” tactics. This approach helps public officials feel comfortable attending and many have done so, including U.S. Attorney General Janet Reno, the mayor of Minneapolis, and city council members. The Foundation helped improve neighborhood infrastructure through improved housing stock, parks, and schools. Through many other programs, it has helped engage more Hawthorne residents in community life. For instance, instead of the normal 50 parents, about 300 parents attended teacher conference night, thanks in part to the hot dinners offered through Foundation support.

**What Issues Present the Biggest Challenges and How Did the Foundation Confront Them?**

- **Building trust through listening.** The Foundation met the initial challenge of entering the community by approaching this engagement “in listening mode,” being up-front and honest about their intentions, and having a credible, empathic messenger—Dr. Reatha Clark King. Dr. King spent a great deal of time in the community talking, listening, and following through on her promises. These efforts laid the groundwork for continued success through the years.

- **Leadership transition.** Dr. King’s retirement posed a big challenge to the initiative. She had played a central, active role in forming and leading the Huddle. As her retirement approached, the Foundation considered how to manage this transition. Her successor, Chris Shea, was a strong leader in her
own right, but from a different background and with a different set of skills and interests. The Foundation commissioned a survey of Huddle participants and Hawthorne residents to determine what they thought about the neighborhood, the Huddle, and the leadership issue. In response to an expressed community preference for a neutral, committed convener, the Foundation decided to remain directly involved. Shea plays a less hands-on role in the neighborhood but continues to provide leadership as the Huddle chair.

**List of Interviewees**

- Reatha Clark King, former president and trustee, General Mills Foundation
- Hillary Freeman, Crime Prevention Specialist, Minneapolis Police Department
- Ellen Goldberg Luger, Vice President, General Mills Foundation
- Chris Shea, President, General Mills Foundation
The Haas, Jr. Fund

One Market, Landmark, Suite 400, San Francisco, CA 94105, 415-856-1400,
President, Ira Hirschfield

Summary

For more than 50 years, the Haas, Jr. Fund has addressed the challenges faced by residents in low-income neighborhoods in the Bay Area. Haas, Jr. currently funds four program areas to improve conditions and expand opportunities for low-income and other residents, including strengthening children, youth, and families; strengthening neighborhoods; promoting diversity and inclusiveness; and enhancing nonprofit leadership and governance. In recent years, the Fund has developed greater focus, leadership, integration, and impact in its grant making. In 2001-2002, after substantial discussion, the Fund’s trustees decided to bring a more comprehensive, ambitious, and cross-cutting vision to their work in two “emerging neighborhoods.” To avoid creating the inflated expectations that have troubled publicly announced “initiatives,” the Fund adopted a developmental approach to community improvement in emerging neighborhoods: it increased the intensity and purposefulness of its support in two neighborhoods but did so without fanfare. The duration of this more intensive support and involvement does not have a specific time frame, but it is understood to require a minimum of 5 to 10 years. Grants in the two emerging neighborhoods currently range from $700,000 to $1.2 million but are expected to vary from year to year.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

The Fund initially considered working in several emerging neighborhoods, but it selected just two, Visitacion Valley in South San Francisco and Oakland’s Lower San Antonio district. Factors that influenced the Fund’s selection included a high poverty rate and other economic disadvantages; a limited community infrastructure available to respond to residents’ needs; a diverse, energized mix of residents and local leaders committed to neighborhood improvement; and existing knowledge about and relationships with key local stakeholders and successful grantees in the neighborhood. Lower San Antonio had the additional attraction of the Annie E. Casey Foundation as an existing, active investor. The Fund’s staff believed they could learn from, work with, and potentially leverage Casey’s work.
What Beliefs and Theories of Change Have Informed the Foundation’s Work?

Haas, Jr.’s approach of evolving its grant-making in emerging neighborhoods based on the distinctive realities on the ground—developmentally, quietly, cautiously, and in small, incremental steps—is deeply shaped by its own experience and values as a funder. It also reflects the Fund’s dual commitment to supporting the creation of an enduring infrastructure of effective community organizations and supports in emerging neighborhoods while promoting the development of the individual capacities and opportunities of residents (many of which are not necessarily tied to place). The Fund engaged in thoughtful exploration and discussion before deciding on its current path, including thinking more systematically about the range of capacities and needs in different neighborhoods, the qualities that promote neighborhood success, and the value-adding roles that the Fund might play in different neighborhoods. It also identified the Fund’s distinctive strengths as a local funder, including its long-term relationships with organizations, its historic responsiveness to community leadership, and its ability to keep its eye on local issues. Finally, it explored the experience and ideas of other foundations and leaders, locally and nationally.

Staff identified several building blocks that contribute to the success of neighborhood improvement efforts. The first building block was a viable nonprofit infrastructure, characterized by several strong anchor institutions with stable finances, leadership, and long-standing credibility. The second was the presence of effective community leaders with credibility and the capacity to advocate for neighborhood needs. Local stakeholders were also needed in the process of determining priorities and designing and implementing strategies. The next building block was a large-scale community development project around which to rally. Finally, success required multiple sources of stable funding.

Staff also developed a three-tiered framework to inform and guide the Fund’s grant-making program areas. The three tiers are emerging neighborhoods, mature neighborhoods, and local and state policy. Emerging neighborhoods are low-income neighborhoods with emerging community leadership and a developing nonprofit infrastructure, but a weak physical infrastructure and relatively few public and private resources. At this tier, the Fund works more comprehensively and developmentally. Mature neighborhoods are low-income neighborhoods with relatively greater capacity and resources; with these areas, the Fund adopts a less staff-intensive approach and invests strategically and selectively in existing
community groups and efforts to promote neighborhood improvement. Lastly, the local and state policy tier directs the Fund’s efforts toward addressing the policy context of certain neighborhood issues that are shaped by public decisions and rules in venues beyond neighborhood boundaries. The Fund is currently working on a “theory of change” to articulate its thinking more deliberately, which it will use to test its grant-making and its progress.

What Strategies Has the Foundation Used?

Haas, Jr. did not begin its work in the two emerging neighborhoods with a preconceived strategy. Instead, it seeks to filter and respond to what it learns from the context on the ground and the issues important to neighborhood stakeholders through a set of operating principles that guide the foundation’s work. These principles motivate the foundation to develop and sustain a long-term vision that can inspire transformative and sustainable change; encourage meaningful resident input and participation; draw upon and leverage support from outside expertise and funders; address interests that reach across the Fund’s program areas; acknowledge the diversity within and across neighborhoods while bringing competing interests together to strengthen the whole; and use information about current conditions to anticipate changes and promote informal decision-making and action. The Fund realizes that a neighborhood focus has limitations, and the principles seek to identify critical issues that should be addressed at the city, regional, or state levels. Finally, the principles stress the importance of using the work to articulate lessons for Hass, Jr. and other foundations.

For example, as a result of this framework, the Fund has articulated three strategic entry points to focus its initial work in Visitacion Valley. The first is to support community economic development through the Schlage Lock project, directed particularly toward creating jobs and services. The second strategic entry point is supporting families by better coordinating existing programs and by expanding programs to promote family economic success and school readiness. The final entry point is creating positive opportunities for children and youth, such as building alliances across groups and expanding after-school opportunities.

What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?

The Fund’s trustees and staff are conscious of the need to learn from their work in emerging neighborhoods and to remain institutionally agile and flexible. Several practices are evolving. Rather than assigning, for example, a single, dedicated staff
person to an emerging neighborhood, the Fund is integrating responsibility for work in emerging neighborhoods into its staff’s ongoing program area work. As a result, at least two program staff who carry other portfolios have been active resources in the two sites, which has allowed the Fund to bring a richer set of information, skills, and contacts to the sites. It has also pushed the staff to think about the overlaps and potential synergies between their work in the two neighborhoods and their grant-making elsewhere.

Staff roles have been transformed, as staff members play much more active and diverse roles in the sites than usual. Although the Fund supports indigenous leadership, seeks to partner with existing community initiatives, and typically avoids leading efforts itself, Fund staff provide active assistance to neighborhood leaders and other public and private stakeholders by convening; providing strategic thinking, planning, and technical assistance; helping organizations and leaders problem-solve; connecting people to ideas and learning opportunities; connecting stakeholders to potential internal and external partners; connecting and brokering resources; and helping organizations put deals together. In addition, staff and the Fund as a whole have developed a close, but informal, working relationship with the Casey Foundation, which, as noted, is also working in Lower San Antonio. The foundations’ staffs share information, insights, contacts, and advice, and Casey has made its rich infrastructure for learning available to Haas, Jr. staff.

Haas has also striven to improve its institutional flexibility. Although priding itself on responsiveness and turnaround in regard to grant requests, the Fund seeks to further minimize administrative impediments to grant seekers from its emerging neighborhoods by offering special assistance and consideration.

What Changes in the Community Does the Foundation Point to as Significant?

Haas is aware of the time that different projects take to mature and demonstrate success. As a result, staff have attempted to keep a mix of projects with shorter-term and longer-term payoffs in its portfolio as a way to maintain interest, enthusiasm, and momentum among neighborhood stakeholders, as well as Haas, Jr. trustees. With only 2 years in one neighborhood and 1 year in the other, the Fund can point to several significant accomplishments.

Short-term achievements include securing an additional $2 million for land use planning in Visitacion Valley and other low-income neighborhoods from the City of San Francisco. The Fund has helped hundreds of residents, families, and local
nonprofits to agree on and advance a multiuse development plan for the 20-acre former Schlage Lock site in the heart of Visitacion Valley. The Fund also partnered with the Annie E. Casey Foundation to help residents, merchants, community development corporations, and other nonprofits complete a revitalization plan for the 23rd Avenue Corridor in Lower San Antonio.

The Fund initiated an Earned Income Tax Credit campaign in Visitacion Valley, in which hundreds of residents—many for the first time—received substantial credits from the Internal Revenue Service. The Fund completed neighborhood analyses of the employment opportunities and career paths offering family-sustaining wages, identifying health care and life sciences as promising sectors. Finally, the Fund negotiated an agreement with the city to retire debt on a building that will serve as a center for nonprofit organizations in Visitacion Valley.

The Fund has also laid the groundwork for long-term payoffs. It works with employers, training providers, family support agencies, and public and private funders to create a career pipeline for low-income residents in the health care sector. Haas also fosters the capacity of key nonprofit groups to assume a more prominent community leadership role, for example, by using data to define problems, bringing together stakeholders to address common concerns, and securing needed public and private resources. Additionally, the Fund is working to complete the Greenway Open Space Project in Visitacion Valley, which will create a ribbon of parks for residents.

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **Leadership that enables others.** The Fund continues to question itself about how to stimulate activity and leadership in emerging neighborhoods without putting itself at the center of this work. Haas, Jr. wants to avoid creating a dependent relationship between the foundation and the community, by pushing speed and efficiency over community ownership, or by inadvertently dominating the neighborhood’s agenda. Although staff have no fixed rules, they frequently discuss the tradeoffs involved in particular situations and tend to avoid chairing community collaboratives or other community problem-solving meetings.

- **Resident voice and input.** The Fund is deeply committed to building local leadership capacity and influence but wrestles with how to make truly responsive decisions in emerging neighborhoods. Staff are concerned about the downsides of either anointing a group that can serve as its local “lead organization” or creating its own advisory group. Both approaches seem to contradict the foundation’s
commitment to working more developmentally, to avoiding raising unrealistic expectations, and to promoting neighborhood unity rather than factionalism. The Fund also wants to maintain control of its own decision-making and fears having its range of action unduly constrained by a designated community leadership group. Consequently, it has crafted an approach that engages residents, supports community organizing, and promotes and respects community planning, but does not give any one entity veto power over the Fund or other community stakeholders.

- **Expectations in emerging neighborhoods.** The Fund continues to learn about the speed and level of progress that can be expected in an emerging neighborhood. Although staff are aware that not all emerging neighborhoods are the same, they still wrestle with the difficulty and time involved in fostering institutional capacity in places where levels are low at the outset. This has led staff to clarify their thinking about the capacities needed to support change, the organizations ready for this kind of strengthening, and the pace at which capacity-building projects can be facilitated.

**List of Interviewees**

- Fred Blackwell, Annie E. Casey Foundation
- Hedy Chang, Senior Program Officer, Family Support, Haas, Jr. Fund
- Lynette Lee, East Bay Asian Local Development Corporation
- Brad Paul, Senior Program Officer, Strengthening Neighborhoods, Haas, Jr. Fund
- Cheryl Rogers, Special Projects Officer, Haas, Jr. Fund
- Randy Tillery, East Bay Asian Local Development Corporation
- Sylvia Yee, Vice President of Programs, Haas, Jr. Fund
Jacobs Family Foundation

5160 Federal Blvd., San Diego, CA 92105, 619-527-6161, Executive Director, Jennifer Vanica

Summary

The Jacobs Family Foundation is engaged in a comprehensive effort to revitalize a cluster of neighborhoods in southeastern San Diego called the Diamond, named for the diamond shape of the business improvement district that it defines. The effort includes a broad range of development, service, and organizing activities concentrated in this area, largely spearheaded and coordinated by the Jacobs Center for Neighborhood Innovation. Since 1997, Jacobs has invested about $46 million in the Diamond, and it continues to invest about $9 million per year, including the operating and program costs of the Jacobs Center. Jacobs anticipates transferring continued investment into community-owned assets during a 20- to 25-year period.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

The decision to concentrate investment in a particular neighborhood emerged from a process of decision-making that was driven, in large part, by a lack of sufficient impact from their unrelated, nonprofit funding activities. The 1992 Los Angeles riots served as an important catalyst for Jacobs to rethink its philanthropic strategy, revealing the need for a more in-depth approach to community revitalization. This led first to a move away from providing “traditional” grants and toward building close relationships with and providing a variety of supports to particular targeted organizations. The Jacobs Center for Nonprofit Innovation (later to become the Center for Neighborhood Innovation) was created as an operating foundation to work more intensively with these organizations. In 1998, the Center moved into the Diamond and began to engage directly in planning processes with residents and in managing development activities, rather than just providing grants.

The idea of concentrating on a particular neighborhood was strategic, but Jacobs had been supporting organizations in communities throughout southern California, particularly in San Diego and Los Angeles. The choice of the Diamond, in particular, was largely pragmatic: key staff lived in San Diego, the need for investment in the Diamond was clear, the Foundation had a long-term relationship with a major grantee organization in the neighborhood, and land was available that could be purchased to establish both the Center as a physical presence in the neighborhood as well as housing and economic development projects.
What Beliefs and Theories of Change Have Informed the Foundation’s Work?

The Foundation believed that to fundamentally change neighborhoods, it needed to approach neighborhood change in an integrated, comprehensive way that both builds the capacity of the neighborhood to manage its own affairs and ensures ownership of the resources in the neighborhood, including capital and resource-generating assets.

What Strategies Has the Foundation Used?

The effort includes a range of development activities and resident-led projects (on issues such as child care and youth) and a process of community outreach and organizing led by resident coordinators. A set of working teams, composed of residents and Jacobs staff, deliberate about programs and activities. The cornerstone project is the Market Creek Plaza, a mixed-use development anchored by a major grocery store and providing space and start-up subsidies for a set of resident-owned commercial businesses. To ensure resident employment, Jacobs negotiated with the grocery store, Food 4 Less, to address union hiring practices in ways that would support resident employment. Jacobs partnered with a neighborhood community development corporation on the outreach to Diamond residents, and Food 4 Less trained and hired residents to work at other Food 4 Less stores beginning about a year before the Diamond store opened. About 90 percent of current employees at the Diamond store are neighborhood residents, and all are in union jobs with benefits.

The design of the plaza was the product of intense community deliberation within eight working teams, which focused on design, ownership, business development and leasing, outreach, employment development, youth, construction, and resources. It is a unique place—brightly colored, multi-shaped, incorporating design aspects and aesthetics that draw from the various cultural backgrounds of the population. In addition to commercial space, an open-air common space exists with chairs and tables, as does an outdoor amphitheater with a stage that floats on the creek that runs through the property. The plaza is also decorated with portraits of “neighborhood heroes” selected and painted by residents, an African mosaic tile tapestry, and a wall of painted ceramic tiles created by neighborhood children. Other public art projects are being planned.

The first phase of the project is situated on one-half of a 20-acre plot that Jacobs purchased on moving into the neighborhood; the second phase will develop the other half of the site to include meeting and office space, a movie theater, and a
mixed-income housing development. Jacobs owns another 40 acres in the neighborhood, which is being held for development pending further planning.

Jacobs has also hired community residents as neighborhood coordinators and organizers to foster communication and to identify and support small-scale neighborhood projects. Through outreach and neighborhood meetings, they have responded to a variety of expressed community needs, such as supporting a youth-run youth center. The Foundation also provides small grants to local groups (which do not require nonprofit status) through the Spirit of the Diamond Fund, and provides larger grants to community-based organizations in the Diamond for various projects. The Foundation is currently working on strategies to transfer ownership of Market Creek Plaza to the neighborhood and to create a funding mechanism (a neighborhood-level community foundation) that would provide resources for neighborhood projects after Jacobs completes its work.

What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?

The principal organizational strategy has been to give the Jacobs Center, which is both a physical space in the neighborhood and an operating foundation, the central role in the community development work. The Center not only houses Jacobs staff and provides space for various working groups to meet and plan, but it is also used by community groups as meeting space for activities not directly connected to Jacobs’ projects. The space itself is a refurbished supermarket, with open areas that can accommodate large community meetings as well as closed-door conference rooms and offices for Center staff.

The Center supports a fairly large number of employees, spending approximately $2.5 million per year on staff alone, including about $500,000 on training, much of which is provided for residents. The range of staff positions required by Jacobs’ development and organizing activities is substantial, including program, organizing, legal, property management, construction, marketing, development, training, and other staff.

In addition to the Jacobs Center, other organizational entities are being created to assume aspects of ownership and management, including Market Creek Partners, Diamond Management, Diamond Community Investors, and the Neighborhood Unity Foundation. These organizations will manage investments and distribute profits after Jacobs’ funding ends.
What Changes in the Community Does the Foundation Point to as Significant?

Half of the central 20-acre plot has been developed, and several commercial businesses are open or about to open, including the supermarket (staffed substantially by residents) and five resident-owned businesses, boutiques, and restaurants. Plans are underway to develop the other half of the plot, and about 45 acres of additional land has been purchased for further development. Neighborhood coordinators are active throughout the community; youth programs and child care supports have been launched; and several working groups continue to plan for further development.

What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?

- **Community engagement and trust.** Initially, community members expressed significant concern about the motives and likely impact of Jacobs’ investment in the Diamond. Jacobs has attempted to confront these issues directly, largely by demonstrating long-term commitment to the neighborhood, by trying to be transparent about intent and motives, and by showing that the Foundation is true to its word. The working teams emerged as one mechanism to demonstrate these values, providing forums in which residents were offered not just advisory but decision-making roles as well. As a result, building Market Creek Plaza was a slow but effective process, in large part because of the long deliberation with residents over issues of design and tenants, who would own the businesses, and who would make these and other decisions.

- **Building community ownership.** The Foundation has little experience with viable strategies and mechanisms to transfer philanthropic investments into community assets that provide resources for ongoing development and that are under residents’ control. The Foundation is exploring a range of such mechanisms and is working through the organizational and legal complexities this entails.

- **Gentrification and displacement.** Redevelopment in the Diamond, as elsewhere, inevitably raises the challenge of managing the market in ways that avoid displacement of current residents as real estate becomes more valuable, higher-income people move in, and the cost of living increases. Home ownership levels in the neighborhood are fairly high, which can help mitigate this dynamic, and the Foundation’s strategies of land-banking and mixed-income development are designed to address the threat of gentrification.
Diversity. The Diamond is a very diverse area, home to large numbers of Latinos and African Americans, as well as Whites, Samoans, and other Asian and Pacific-Rim immigrant populations. This is both an asset and a challenge, which the Foundation is addressing through the support of neighborhood coordinators who engage in ongoing outreach and organizing to connect different groups.

List of Interviewees

- Meg Jacobs, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation
- Valerie Jacobs Hapke, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation
- Norm Hapke, Trustee, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation
- Vernon Brinkley, resident, member of the Neighborhood Council coordinating committee
- Ezra Carroll, resident, member of the Neighborhood Council coordinating committee
- Jennifer Vanica, President and CEO, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation
- Roque Barros, Director of Community Building, Jacobs Family Foundation and Jacobs Center for Neighborhood Innovation
James Ford Bell Foundation
1818 Oliver Street South, Minneapolis, MN 55405, 612-377-8400, Executive Director, Diane Neimann

Summary
The James Ford Bell Foundation began its Central Neighborhood Initiative in 1998 with an initial $1 million commitment over 3 years. The Foundation established initial credibility and momentum by helping to rehabilitate the neighborhood’s most troubled section and later widened its efforts throughout the neighborhood. It focuses on physical development, youth opportunities, and building social capital. In 2001, it renewed its commitment to Central through 2004 with a strategy of “stepping down” its grant-making in the neighborhood to about $100,000 annually.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?
In the mid-1990s, Foundation trustees decided to concentrate their health and human services program grant-making into a single “hands-on” neighborhood approach. They thought a neighborhood approach made sense given that “youth at risk organize their lives around neighborhoods” and that they wanted to move away from the common practice of providing support that was “a mile wide and an inch deep.” Over the next year and a half, the foundation conducted an extensive, in-depth investigation into possible neighborhoods for this initiative.

Bell decided on the Central neighborhood because it had both critical needs and some impressive individual and community assets, including beautiful housing stock (in various states of repair) and strong community nonprofits. It was not the most desperate of the areas they investigated but instead was a neighborhood “on the cusp.” Also, existing philanthropic and public revitalization efforts had targeted other Twin Cities neighborhoods, but no one else had focused on Central. Foundation leaders believed Central merited philanthropic attention and that it presented the Foundation with an opportunity to be a proactive leader. With the decision to focus on Central, the staff developed a plan for the initiative after a series of conversations with leaders in the community, including a day-long community planning process. The Foundation decided on a plan with a $1 million budget over 3 years. In 2001, Bell decided to continue working in Central for another 3 years but to step down the financial commitment.
What Beliefs and Theories of Change Have Informed the Foundation’s Work?

The initial goals were to improve the housing stock, improve public safety, build social capital through neighborhood meetings, support youth development, and stabilize the neighborhood’s most troubled strip—the Fifth Avenue corridor. The murders that occurred there the previous summer had helped Minneapolis become tagged as “Murder-apolis.” Progress toward these goals was expected to stem the tide of violence, revitalize the neighborhood, and improve the quality of life for residents.

What Strategies Has the Foundation Used?

Foundation representatives developed relationships with the four main community organizations and relied on these partners for guidance in setting priorities and implementing programs. They also established a mini-grant program aimed at eliciting and supporting individual community initiatives.

Bell started small, with a tight focus on the Fifth Avenue corridor, and planned to expand its focus from there. To revitalize the corridor, the Foundation used a “curb-to-alley” strategy, which focused on getting “problem properties” rehabilitated by offering matching grants up to $7,500 for building repairs and involved supporting other improvements such as security lighting, streetscaping, and neighborhood cleanup efforts by volunteers. The twin priorities in this initiative were to reduce code violations to prevent evictions and abandonment, and to improve safety and security. Within 3 years, 85 percent of the buildings on the corridor had received some investment and rehabilitation. After this success, the Foundation staff broadened the geographic scope of the building rehabilitation grants to the surrounding neighborhood. They also contributed about $600,000—above and beyond their $1 million commitment—to lead an effort to renovate an architecturally significant neighborhood church, which allowed the church to expand its role as a community, social, and service center.

Youth development programs include efforts aimed at offering youth construction-training opportunities on Foundation-supported rehabilitation projects, and summer and afterschool recreational programs.

To build social capital, the Foundation funded projects proposed by block clubs, sponsored community-wide events, and paid for a community organizer position housed in a local nonprofit organization. In recent years, a Problem Property
Resolution Committee has emerged as a key institution for community cooperation, bringing together various stakeholders with local government to address issues with properties before they become entrenched nuisances or are abandoned.

What Internal Practices, Structures and Policies Has the Foundation Developed to Support the Work?

The Foundation established a mini-grants program to learn about and support individual initiative of community residents. Individuals can receive up to $400 for a project that they want to undertake on behalf of their community. Neighborhood beautification projects, a health fair, youth mentoring programs, and many others have received mini-grant support.

The Foundation has adopted some unconventional and direct roles to fill crucial gaps in the work. When political turmoil within a local group threatened the work of a key community organizer, the Foundation brought the organizer onto its payroll to ensure the continuity of this important role. When another partner organization experienced financial trouble, the Foundation stepped in with intensive consulting and support services to get the organization’s books in order.

What Changes in the Community Does the Foundation Point to as Significant?

The neighborhood has undergone a dramatic physical transformation. Residential, institutional, and commercial properties in the neighborhood are in better repair. A historic church was rehabbed and now serves as a vital center for community activities. Streets are cleaner, brighter, and greener. The community’s social fabric has also received care. Hundreds of neighborhood youth have participated in educational, community service, recreational, vocational, and leadership opportunities. The Foundation gave financial and personal support to dozens of community projects designed and implemented by residents. In addition, the foundation has been successful at leveraging funds for its community work. As of 2003, a housing investment of $464,000 has leveraged $1.4 million in funds.

What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?

- **Managing neighborhood change.** The biggest challenge has been maintaining healthy partnerships with organizations and individual leaders in the community. Many of the Foundation’s initial partner organizations underwent profound
changes, prompted by shifts in leadership, financial issues, and legal problems. Compounding this problem, many of the individuals who emerged as leaders in Central eventually moved away or cut back on their participation. The Foundation responds by trying to identify, develop, and partner with community leaders in a variety of ways. It uses the grant-making process (especially the mini-grant program) to learn about and support leaders and activists in the community and offers various capacity-building opportunities to individuals and organizations. When some of the Foundation’s major institutional partners in the community ran into problems threatening the initiative’s viability, the Foundation remained committed to the initiative’s goals and continued supporting key leaders. It did not take these setbacks as cues to shut down the project.

- **Scale and indigenous initiative.** Through careful attention to appropriate scale, the Foundation nurtured initiatives and leadership from within the community. The Foundation tries to balance two dangers. If it gives too little support, local initiatives may stagnate or starve; too much support can create dependency instead of capacity by prompting unsustainable growth. When a foundation dangles a large pot of money in front of a community, many people are tempted to drop what they have been doing and grab the money, which can undermine and distort local initiative. The J. F. Bell Foundation tries to identify positive efforts already occurring in the community and to amplify them at a sustainable scale.

- **Competing budget priorities.** The Central Initiative has been one important priority among many within the Foundation’s philanthropic portfolio. The Foundation also had major commitments to local cultural institutions. When a declining stock market created pressure on the grants budgets, the Foundation could not maintain its stepped-up levels of giving in Central and elsewhere.

**List of Interviewees**

- Ford W. Bell, Trustee, James Ford Bell Foundation
- Elena Garder, community organizer and administrator of J. F. Bell small grants program
- Connie Hilliard, Senior Program Officer, James Ford Bell Foundation
- Dianne Neimann, Executive Director, James Ford Bell Foundation
Lyndhurst Foundation

517 East Fifth Street, Chattanooga, TN 37403, 423-756-0767, Executive Director, Jack Murrah

Summary

Lyndhurst’s involvement in Chattanooga’s Martin Luther King neighborhood (MLK) has taken two main forms. First, beginning in the late 1990s, the Foundation funded nonprofit intermediaries and organizations that work in the community to organize and develop leadership, affordable housing, and education projects. Second, since late 2002, the Foundation has taken a direct, active role in the neighborhood as a strategic developer of housing, parks, streetscapes, and other physical infrastructure. Its goal is to help the low-income, disinvested neighborhood become a healthy, socioeconomically diverse place that attracts private investment. Lyndhurst intends to stay focused on MLK until the neighborhood reaches a “tipping point,” where market forces and community leadership make the revitalization self-sustaining. The Foundation expects this could happen as early as 2005. Its total investment in MLK last year exceeded $2.2 million.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

Lyndhurst’s recent decision to embed itself in the MLK neighborhood builds on a long history of work on downtown revitalization and neighborhood development in Chattanooga. During the past 20 years, the Foundation has played a leadership role in spurring downtown revitalization, assembling civic and institutional support for various community investment strategies, and building citywide capacity for development. For example, it helped create Chattanooga Neighborhood Enterprise (CNE), which became the city’s leading affordable housing developer and manager. In the mid-1990s, a growing consensus emerged among civic leaders that the successful downtown revitalization should be extended into urban-core neighborhoods. Lyndhurst took the lead and helped leverage a $3 million Community Impact (CI) fund from its own resources and those of key partners, both inside and outside the city. The CI fund focused on MLK and four other neighborhoods. Although CI’s work produced significant progress, dramatic physical revitalization was elusive. In 2003, Lyndhurst chose one of the CI partner neighborhoods and assumed a more direct, hands-on role of strategic developer. The Foundation chose MLK because the neighborhood had the greatest chance of success, given its proximity to the University of Tennessee’s downtown campus and
to the downtown itself. Lyndhurst dedicated an experienced staff person to lead the effort, called MLK Tomorrow.

**What Beliefs and Theories of Change Have Informed the Foundation’s Work?**

Lyndhurst believes that intensive, deliberate, and properly scaled and sequenced physical redevelopment projects can revitalize neighborhoods by attracting financial and social investment from long-time residents, for-profit developers, and “urban pioneer” home owners. Taking an asset-based approach, the Foundation works with partners to help current residents benefit from changing community dynamics by strengthening neighborhood associations and assisting individuals with home purchases and rehabs. Lyndhurst believes that neighborhood decline occurs as people lose confidence in the neighborhood’s future and stop investing. Housing stock deteriorates, businesses close, volunteerism and neighborhood institutions weaken, and the cycle feeds itself. A guiding goal for Lyndhurst’s MLK Tomorrow initiative is to reverse this cycle and make MLK a neighborhood in which individuals choose to invest their private resources. Because it believes that nonprofit and public agencies and private developers lack the combination of mission, expertise, flexibility, and risk-tolerance required to achieve this goal, Lyndhurst has taken on the role itself.

**What Strategies Has the Foundation Used?**

Although it has played a variety of roles in promoting community change over the years, assuming the role of strategic developer marked the Foundation’s first direct engagement with a neighborhood. Lyndhurst acts as a developer, in partnership with CI and CNE. The CI carries out community building and engages residents. The CNE develops affordable housing and promotes home ownership and home improvements. MLK Tomorrow purchases properties, hires contractors, provides home buyer incentive packages, leads efforts to shape public investments in the neighborhood, attracts private, for-profit developers, and markets the finished products. Believing that creating positive momentum is the key to attracting private investment, and that this cannot be done through minor, incremental steps, Lyndhurst set a very ambitious goal of sparking the development of 100 new or rehabilitated properties in MLK in the first year, a bold step in a community that saw only 3 new private residences built in the 5 preceding years.

Working with residents’ input, the Foundation and its partners identified “clusters of strength” (corners or blocks with positive elements) as well as problem properties
(those controlled by absentee owners who neglected them or by owners who allowed criminal activities). They established a $600,000 Buy-and-Hold fund that was empowered to gain control of problem properties and try to defuse them. They also spent roughly $1 million purchasing dozens of parcels around the clusters of strength to stage the first round of development. They judged these areas as most likely to attract new residents and private investment and believe they will serve as visible signals of change to current and potential residents. The Foundation hopes this wave of development will “light a fire” of revitalization that draws in others and spreads across the neighborhood. In the first 9 months, the organization finished eighteen houses, seventeen of which have been sold, and have begun developing seventeen more properties themselves. To sweeten the deal, the Foundation has financed incentives up to $20,000 for those buying new homes in MLK. In addition, the University of Tennessee at Chattanooga and the Foundation offer another $15,000 to staff who buy homes in this neighborhood.

Lyndhurst has an active strategy for encouraging private investment in MLK. It has worked to acquire all the necessary public permits for development on lots it controls. The Foundation then organized a forum for private developers, some of whom typically work in the suburbs, and offered them free and discounted lots with no legal barriers to development. This strategy has begun to pay off as private development activity gets underway. The Foundation also held some of the best lots off the market with the idea that it will be able to sell them to private developers as the market rises, thereby underwriting some of the costs it incurred and enlarging the pool of funds available for a similar strategy in another neighborhood. A final piece of Lyndhurst’s approach involves hiring a consultant to aggressively market the new housing.

**What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?**

Lyndhurst aims to capitalize on its institutional freedom and financial resources to provide the “creative money” needed to change the investment dynamics in MLK. As a strategic developer, the Foundation often takes on unusual philanthropic roles. It vested its program officer with the mandate to dig into details of the strategic developer role and gave her the financial and institutional resources to get the job done. Its staff is in the field, deciding which lots to develop, when to develop them, and marketing them when they are completed. The Foundation offers financial incentives to new home buyers, grants land to developers, and set up a Buy and Hold fund.
Through CI, Lyndhurst helped develop a rubric for assessing and managing neighborhood change. The Foundation assesses physical and social output measures and has created a community data information system to gather data on these measures regularly. These innovative roles and structures allow Lyndhurst to move its agenda forward in the community. Key to the success of its development strategies has been the significant previous investment that Lyndhurst made in helping to create organizational partners—CI and CNE in particular—who could take responsibility for key aspects of MLK’s development.

**What Changes in the Community Does the Foundation Point to as Significant?**

The revitalization of downtown Chattanooga created the context for successful neighborhood revitalization in MLK. The Foundation built the capacity of organizations and residents to create community change. It helped strengthen resident associations and leadership in the neighborhoods through its work with CI. The partnership with CNE has also helped to build an organization that stretches beyond its original affordable housing mission to take a lead role in comprehensive neighborhood revitalization. In addition, significant physical changes are underway in MLK. The Foundation has invested in dozens of new properties, problem properties have been eliminated, and more work is in the pipeline. Also, new streetscapes and public parks are in various stages of development.

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **Managing a wide set of relationships throughout the community while taking active leadership on a number of controversial issues.** From defining the city’s central image, to commercial development, to school reform, to neighborhood revitalization, Lyndhurst has not let the threat of controversy deter it from following its beliefs nor has the Foundation rushed headstrong into the storm. Instead, Foundation leadership have paid careful attention to the political and social dynamics of the region in order to move forward their vision of healthy, socioeconomically diverse Chattanooga neighborhoods.

- **Finding the optimal role for residents.** When CI first began its work in the five neighborhoods, it tried to make ample room for resident participation. When it hired staff coordinators to work in each community, it assigned them to report directly to the president of each neighborhood association. However, Lyndhurst and CI report that this structure proved too burdensome for resident
volunteers, who began burning out and resisting more responsibilities. Now, residents provide leadership in setting priorities but do not play a significant role in implementation.

- **Managing the tension between the interests of current residents and those of potential residents.** Efforts to maintain affordability create some friction with current and new homeowners. Some of them resist new, multi-unit properties that they fear will lower property values. At the same time, some residents may fear that neighborhood change and rising property values will put unwelcome financial pressures on them, despite the efforts of CNE, CI, Lyndhurst and others to ease the impact of the transition.

- **Operating in an atmosphere sometimes tainted by mistrust and suspicion.** Through years of working together on this issue, Lyndhurst and its partners have developed a plan that centers on the value of dense, diverse, urban neighborhoods as a solution to many of the region’s problems and as a way to enhance residents’ quality of life. However, not all residents share this perspective, especially at the onset of projects. Furthermore, class and racial divisions separate the communities and the Foundation. However, through long-term dialogue and by building a record of partnership with the community, Lyndhurst has been able to find common ground with many residents. Fears of gentrification do not seem widespread, perhaps because about half the tracts in MLK are vacant and CNE has worked to move renters toward ownership. The neighborhood seems capable of absorbing many new residents without displacing current ones.

**List of Interviewees**

- Jack Murrah, Executive Director, Lyndhurst Foundation
- Allen McCallie, Trustee and Counsel, Lyndhurst Foundation
- Sarah Morgan, MLK Project Director, Lyndhurst Foundation
- Bob McNutt, Senior Vice President, Development, Chattanooga Neighborhood Enterprise
- Donna Williams, real estate marketing consultant to Lyndhurst Foundation
- BettyLynn Smith, Executive Director, Community Impact Fund
Price Charities
7979 Ivanhoe Avenue, Suite 520, La Jolla CA 92037, 858-551-2323

Summary
In 1994, Price Charities began an initiative to build an “urban village” in the City Heights neighborhood of San Diego. Price takes a holistic approach focused on health services, housing, community service, elementary and postsecondary education, and commercial, economic and infrastructure development. Price provides about $5 million to $7 million annually and works to leverage additional funds from public and private sources. Price has set no end date for its work in City Heights.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?
The principal reason Price chose to focus a substantial portion of its philanthropic investment on a single neighborhood was to have a greater impact. The idea was that by concentrating resources in a particular area of extensive need, Price would have a significantly larger effect than if it distributed its resources more broadly. City Heights, was chosen both because of the level of need and the personal interest it held for Sol Price, founder of Price Charities, who grew up nearby.

What Beliefs and Theories of Change Have Informed the Foundation’s Work?
The fundamental assumption behind Price’s work in City Heights is that the concentration of resources to develop a sound, attractive, well-maintained urban core makes it possible to build out from that core and generate a broad impact on the neighborhood. The Foundation’s investments in this core become the at-risk capital, which private developers can use to secure their own projects.

Price undertakes its work with the conviction that a holistic understanding of neighborhood needs and circumstances is essential. Those working on the City Heights initiative conceive this holistic approach as a “wheel,” around the hub of which revolve several elements of a healthy community—safety, housing, jobs, health services, child care, schools, recreation, security and safety, and local organizations, among others. The “wheel” also suggests the importance of getting various community actors—residents, nonprofit organizations, business, government, labor, and churches—to work together on planning and implementation.
What Strategies Has the Foundation Used?

Price’s main strategy is to develop the community’s physical and social sectors around a revitalizing commercial hub. Commercial, residential, and infrastructure development is targeted to an 8-square-block area (the Urban Village), which includes an office building built by Price Charities (City Heights Center) that houses the San Diego Revitalization Corporation (a Price subsidiary operating foundation) and several nonprofit service organizations. A new police substation, major shopping center (development of which was given to a private, independent firm to keep the nonprofit and for-profit aspects of the initiative separate), library, teen center, pool and recreation center, community meeting space, continuing education facilities, and a Head Start facility were all built in this area as part of the initiative as well.

Programs focused on housing include a community service program (which allows community service hours to be translated into pay-downs on rent or mortgage at $12/hour equivalent), home loan programs, and a rental housing development called the Village Townhomes, which consists of 116 rental units, 34 of which are set aside for low-income residents and the rest of which are rented at market rate.

In close collaboration with San Diego State University’s Schools of Education and Nursing, Price Charities has launched the Educational Collaborative. The Collaborative works with an elementary school, a middle school, and a high school to develop and implement an enriched curriculum and to provide health and social services for students and their families. In addition, the foundation has plans to build a model school in City Heights, to develop a set of scholarship programs for neighborhood youth, and to develop the Community Builder Fellowship Program, which will connect recent graduates of San Diego State University’s School of Social Work with nonprofit organizations in City Heights and offer hands-on experience in exchange for scholarships toward the master’s degree in social work.

What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?

The San Diego Revitalization Corporation (SDRC) is a key component of the Price Charities’ work in City Heights. SDRC is the operating arm of Price Charities in the neighborhood, and it plays a planning, outreach, brokering, and project management and implementation role. Although grants are also given to local organizations, the lion’s share of activity is spearheaded by SDRC. Grant-making activity is a relatively small component, but when grants are given, the
general process of application, review, and decision-making is the same as that for
grants made to organizations outside the neighborhood. City Heights grantees are
given greater attention and scrutiny, and the relationships that program officers
have with organizations in City Heights is different—more intensive, more
personal, more multifaceted (connecting grantees to one another, to other sources
of information, and to other sources of money)—than with other grantees.

What Changes in the Community Does the Foundation
Point to as Significant?
A great deal has been accomplished around physical and commercial development;
all of the facilities listed in the above section on strategies are built, in use, and well
maintained. The Urban Village provides a solid core for drawing people to
activities, providing quality commercial goods via franchise establishments, and
attracting new resources to the neighborhood. The City Heights Center, owned
and operated by Price Charities, provides a place to locate nonprofit organizations
in the Urban Village, with resources to help cover their costs.

What Issues Presented the Biggest Challenges and How
Did the Foundation Confront Them?
- Escalating development costs. Two of the greatest challenges have been capital
  and the dangers of gentrification. The value of land has increased significantly
  since the first stages of development, making it much more expensive to institute
  large-scale physical development projects. One of Price’s regrets is that more land
  was not purchased at the outset.
- Displacement and gentrification. Resident displacement has occurred with
each major City Heights development project—the Rosa Parks School, the
Urban Village, and the privately financed shopping center. Although residents
were provided with money and relocation assistance, few were relocated in the
neighborhood. Developments such as the townhouses in the Urban Village are
designed to provide opportunities for lower-income residents to stay in the
neighborhood, and home loans, home renovation funds, volunteer “dollars” that
can be applied to housing costs, and job training and other support services are
similarly targeted to promoting home ownership and supporting lower-income
residents. However, much of the housing stock (small single-family bungalows
and small multi-unit apartment buildings) is owned by nonresident investors.
Although Price has bought and renovated some of these, this has been a very
small-scale effort.
Community engagement. At the very beginning of the City Heights initiative, the planning process began with a 72-hour marathon retreat session that pulled together a range of community representatives to brainstorm about goals and strategies. Participation in this retreat was hand-picked and largely organization- or agency-affiliated. The initiative has been quite successful in leveraging relationships with local elites to support dramatic physical revitalization and to provide facilities for both nonprofit operation and public use. However, grassroots community participation, where it has happened, has been largely episodic and advisory, and it required the solicitation of Price staff and consultants. The principal mechanisms for citizen input designed to address some of these obstacles are the Project Area Council and the City Heights Town Council.

List of Interviewees

- Matthew Hervey, Community Development Director, San Diego Revitalization Corp.
- Murray Galinson, Board Member, Price Charities
- Ann Evons, Director of Program Development, Price Charities
- Pat Rose Calloway, Housing Director, San Diego Revitalization Corporation
- Elizabeth Tate, resident, member of City Heights Redevelopment Project Area Committee
- Jesse Sargent, resident, member of City Heights Redevelopment Project Area Committee
- Jim Varnador, resident, member of City Heights Redevelopment Project Area Committee
The Seabury Foundation

1111 N. Wells, #503, Chicago, IL 60610, 312-587-7146, Boyd McDowell, Foundation Director

Summary

The Seabury Foundation is a family foundation with a 57-year history of grant-making in the Chicago area. Although deciding to maintain a diverse portfolio of grants, Seabury also focused on community revitalization in the North of Howard neighborhood of Chicago in 2000. Since then, the Foundation has made at least $500,000 in grants each year in the target area. Partners include a diverse set of organizations working on education, child care, health, economic development, housing, and other issues. Seabury’s initial commitment to North of Howard was for 5 years. Now in the fifth year of its initiative, the Foundation has split its fifth and final year’s funding into 2 years to ensure a slower and more thoughtful process of disengagement. At end of year 6, the Foundation anticipates that it will continue to make a limited number of grants in North of Howard, but that it will no longer play as central a role.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

The board chose to focus on North of Howard because some family members were personally familiar with the area; they had supported numerous organizations over several years; they knew the area faced significant challenges; and they had active relationships with and knowledge of nonprofits in the area. The board was also aware that many community actors, efforts, and information sources were isolated and disconnected from one another. Board members believed this disconnect presented an opportunity for Seabury to leverage its local contacts, knowledge, and funding into an initiative that would benefit the community.

The Foundation did not engage in a long, formal process of selecting among numerous criteria or alternatives. Once the idea of North of Howard emerged, “the choice seemed obvious.” After making a tentative decision to focus there, two board members undertook a more systematic look into the neighborhood to learn more about its issues and to explore whether the community’s leadership would be amenable to Seabury playing a more active role. Simultaneously, the board began to study a small number of other community-change efforts with similar commitments.
What Beliefs and Theories of Change Have Informed the Foundation’s Work?

Seabury did not begin its work in North of Howard with a detailed plan or change theory. Instead, the board’s approach was shaped by the Foundation’s traditions, experiences, and values.

At one level, focusing on North of Howard responded to several internal institutional concerns and ideas about philanthropy. North of Howard offered an opportunity for the Foundation to continue its tradition of active, hands-on giving and to learn more about the context of its giving in order to promote more effective grant-making. Foundation leaders wanted to do more than write checks and believed their nonfinancial resources could contribute to community success. Focusing on a specific site would help maintain, focus, and connect the interest of the family’s large, diverse, third generation. Concentrating resources in a limited geographic area would produce a larger, cumulative positive effect than would spreading those resources broadly. Two additional institutional factors contributed to the Foundation’s decision: the asset base of the Foundation had grown substantially in the 1990s, and the Foundation had staff for the first time. These realities allowed the board to imagine a different style and strategy of grant-making.

Beyond the Foundation’s institutional needs, a set of deeply held beliefs about communities as vehicles for change also informs Seabury’s work in North of Howard. Seabury’s leaders believe that communities have untapped resources and potential to address their own problems, but that a community’s internal disconnectedness can frustrate its best efforts to move forward. Traditional grant-making, they believe, does not help foster effective community connections and can actually frustrate these relationships. A community’s nascent or hidden resources can be harnessed through a fair, thoughtful, and sustained process of engagement that brings community leaders together to foster a neighborhood’s will and capacity to address its most pressing problems. Energy and ideas for change, the leaders believe, must come from organizations and leadership in the neighborhood if change is to succeed.

Despite its activist bent, Seabury board and staff believed that there were inherent limitations in what a foundation could (and should) do. Seabury believed that outside entities such as a foundation could have only a limited understanding of what is truly needed in a neighborhood and that such institutions should resist the temptation to assume greater knowledge than warranted or to micromanage. Further, the board thought that decisions informed by the neighborhood were more likely to ensure that scarce resources were put to their best use. As one informant judged:
You can look at poverty and the individual programs designed to address it until you are blue in the face. Until you get into a neighborhood and see how these things affect each other—how everything becomes a part of the bigger picture—you don’t really get a full understanding of what is going on, particularly if you are a middle class white person. You don’t really know what it is like to live in a neighborhood like this. The approach of involving ourselves in the community is really important because you are really on the ground with people there and you can learn from them what is needed.

As a result, Seabury board members resisted choosing specific solutions that made sense to them and, instead, created a community leadership forum that could set priorities and generate opportunities. Beyond this, the Foundation did not set clearly defined goals, but trusted that community improvement would emerge through the processes that they helped establish. The Foundation’s board and staff see themselves as co-learners and co-investors with the neighborhood; thus, faith in process, partnership, and community capacity, rather than in any particular program or policy solution, drives their work.

**What Strategies Has the Foundation Used?**

Seabury has two interlocking strategies. The primary strategy centers on building a coordinated community planning, problem-solving, and leadership group—the North of Howard Leadership Forum. The Forum is a flexible group of leaders of nonprofit organizations (usually eight to ten individuals)—primarily social service agencies—operating in North of Howard. The Forum also has included representatives from the local Chamber of Commerce and a church. In its initial stages, Seabury convened the forum to discuss community priorities and opportunities. An early planning process with an outside consultant helped the Forum to identify twelve areas of concern, but these were not translated into a detailed work plan. Seabury has favored organic, informal decision-making with the Forum over formal strategic planning or establishing fixed targets and outcomes. Community leaders participate because they believe Seabury takes their input seriously. Over time, the Forum has focused on four priorities: children and youth, economic development, housing, and community safety.

In strategic partnership with the Forum, Seabury identified and supported numerous, diverse local programs and projects in North of Howard. It tried to enhance rather than displace other funding streams, often asking, “What’s most difficult for you to fund from other sources?” The Foundation has provided support for a wide range of physical infrastructure and programs in community planning, education, housing, economic development, and health. These include efforts to build a community center; expand availability of child care; engage children and youth after school; increase parent involvement in the schools;
improve literacy and other instruction in the schools; modernize school computers; run summer day camps for youth; start a summer farmers’ market; increase housing opportunities for women; build the network among African-American and Latino development companies; provide matching for community members’ Individual Development Accounts; and fund care at a health clinic.

Throughout the initiative, Foundation staff and board members have played many roles, including funder, technical assistance provider, convener, facilitator, strategic advisor to organizations, resource advocate to other funders and the public sector, internal and external networker, information resource, bridge, and mediator. Initially, Seabury was also central to the Forum's functioning, but over time, Seabury has gradually assumed a less prominent and more facilitative role. Seabury's relationships are not limited to the Forum. Staff and board are also in discussion with others in the community and fund organizations not related to the Forum.

What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?

The board created a committee of two members to monitor Seabury's North of Howard work and make recommendations to the full board. Also, Seabury's only full-time program staff person, the foundation director, spends significant time meeting with community members and outside officials regarding North of Howard. Both staff and board members regularly attend Forum meetings and participate actively in all the issue committees of the Forum.

Seabury does not follow its normal grant-making procedures in North of Howard. To promote responsive and nimble decision-making, the Foundation considers requests at any time rather than waiting until its regular thrice-yearly meeting. Seabury is also looser about the form of the proposals they will consider. The board has considered grants for North of Howard on the basis of a letter or a phone call. In addition, Seabury requires less formal reporting on its grants in North of Howard because of staff and board's hands-on familiarity with program operations and frequent contact with program participants.

What Changes in the Community Does the Foundation Point to as Significant?

Accomplishments have been in two domains. First, North of Howard now enjoys a much higher level of communication and coordinated community activity. Also, numerous organizations have increased capacity to carry ideas into reality and are more aware of other ways of attacking problems. Second, a wide range of services
and programs has been provided because of Seabury’s increased financial commitment, such as an expanded child-care center and educational and recreational programs for children and youth. Also, Seabury’s financial and political leadership led to the construction of a new community center—a long-stalled community priority.

What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?

- **Process versus outcomes.** At times, a real tension arises between focusing on the processes of community engagement and capacity building, and pushing toward concrete and fast outcomes. This tension is related to the Foundation’s frustration with the limits of its ability to catalyze sweeping renewal in North Howard. Although board, staff, and grantees acknowledge that Seabury’s outside perspective, emphasis on collaboration, and commitment to the Forum bring valuable, new energy to long-standing community problems—especially those mired in neighborhood politics—board members still debate whether a more directive approach could achieve more.

- **Resident participation.** The Foundation has a core belief in the importance of stimulating and responding to residents’ voices. It has relied primarily on the organizational leaders in the Forum to represent North of Howard’s varied constituencies. The Forum frequently discussed the lack of more direct input, but members could never agree on an effective process to address this challenge. There was also concern about the time and resources a more direct and broad-based process would consume.

- **Affordable housing.** Seabury and the Forum have struggled to find workable, meaningful strategies to preserve housing options for low-income residents in the face of rising housing prices. Direct, local investment is too costly and national policy debates too remote. Recently, the Forum has begun to move forward with hiring a full-time “affordable housing advocate.” Housed in one of the local agencies and funded by Seabury and two other local foundations, the advocate’s job is to involve all of the key private-sector, nonprofit, and public-sector players in coordinating neighborhood efforts to maintain and develop affordable housing stock in North of Howard.

**List of Interviewees**

- Roberta Buchanan, Howard Area Community Center
- Kim DeLong, Family Matters
- Deborah Holloway, former foundation director, Seabury Foundation
- Boyd McDowell, Foundation Director, Seabury Foundation
Steans Family Foundation

405 N. Wabash Avenue, Chicago, IL 60611, 312-467-5900, Executive Director, Reginald Jones

Summary

In 1996, the Steans Family Foundation decided to focus almost all of its philanthropic dollars and energy on Chicago’s North Lawndale neighborhood for 5 years. In 2001, they renewed this commitment and now have an open-ended commitment to the community-change effort. The Foundation makes about $2.5 million in grants annually, primarily from its own budget, but some as a pass-through for other foundations. Steans began with a comprehensive strategy encompassing five areas: education and youth development, housing, economic development and employment, health and human services, and quality of life. Over the years, the Foundation has adjusted the categories and emphasized different areas within them, while still maintaining an overarching vision of holistic community change.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?

In the 1980s, the Steans family started the Foundation to run an “I Have a Dream” program with a class of public school sixth-graders. It promised to pay the tuition of the children who went on to college. When the class graduated in 1994, its members finished high school and started college at significantly higher rates than their peers, particularly among those children the family had mentored directly. Just after this program ended, Foundation assets increased from $3 million to $20 million from the sale of the family business.

As the family considered the Foundation’s future direction, focus on community change in one neighborhood made immediate sense. This approach reflected the family’s experience that focused application of their time and money could make an impact; their commitment to racial and social equity; their belief that people’s fates are intimately connected to their communities; and their interest in a vehicle that could harness the family members’ diverse expertise and interests. Working locally also permitted personal involvement, which they valued. Additionally, a neighborhood-specific focus was on a scale that was simultaneously small enough to be manageable while large enough to allow them to grapple with complex problems.
With the help of their newly hired, first executive director, the Foundation considered a handful of possible Chicago neighborhoods as potential areas of focus. Ultimately, they decided on North Lawndale because it faced significant problems on many fronts—unemployment, crime, education, and health, to name a few. However, North Lawndale also had some strong community institutions as potential Foundation partners and many other assets, such as easy access to downtown. Also, the Foundation’s executive director knew a prominent local minister who agreed to help introduce the Foundation to individuals in the community.

What Beliefs and Theories of Change Have Informed the Foundation’s Work?
Trustees assumed that the change effort would take at least 10 years. They began by making a 5-year commitment, which they renewed at its end. As the 10 year mark approaches, trustees talk about staying involved for the foreseeable future—another 10 years and beyond.

The Foundation believes that sustainable community-change requires that efforts be driven by community members’ initiative and dedication. The Foundation assumes many supporting roles, such as making grants, convening groups, building capacity, leveraging outside resources, incubating ideas, and advocating for the community, but tries not to push agendas that lack champions in the community.

What Strategies Has the Foundation Used?
Initially, the Foundation focused on improving educational opportunities in the community because trustees thought this issue was both important and achievable. They had relationships, built through the “I Have a Dream” program, and personal expertise in the education arena—two of the three Steans daughters had been teachers and held related master’s degrees. Progress on education would not only help children and families directly it might also stimulate greater commercial and housing investment in the community. Among many other education programs, the Foundation supported creation of a local college preparatory charter school, professional development programs for educators, parent trainings, and the North Lawndale Learning Network, through which principals of the neighborhood’s elementary and high schools come together to share ideas, resources, and planning.

The Foundation nurtures community capacity at the individual, organizational, and network levels in numerous ways. At the individual level, the Foundation provided Individual Development Accounts coupled with financial literacy training and tax preparation assistance, the Foundation to help more than 150 families save
for home purchase, education investment, and other purposes. The Foundation also created a mini-grants program to learn about and support emerging community initiatives and leaders, and it gave a committee of community leaders decision-making authority over the program to ensure its credibility. After the mini-grants program operated successfully for a few years, the Foundation spun it off as an independent, community-based organization. However, the program ran into problems and is now back under the Foundation’s organizational umbrella. At the organizational level, the Foundation paid for executive directors of about twenty local nonprofit organizations to earn certificates in nonprofit management through a customized course at a local university and then gave them 2 years of grants to implement organizational improvements. Finally, at the network level, the Foundation helped North Lawndale become the only Chicago community picked for a state pilot program to network early childhood support services. This became the North Lawndale Symphony of Services, through which more than forty local agencies meet monthly to share information, participate in training, and coordinate efforts.

The Foundation often learns by doing and adapts. It focuses on one issue, learns about its complexity, recognizes the importance of a related issue, adopts a focus on the related issue, and the evolutionary process continues. From the beginning, the Foundation knew employment was an important but difficult issue. Fewer than half of the working-age adults in North Lawndale were employed. Although the Foundation focused much of its early energy on education, it looked for opportunities to make progress on employment as well. As a result, the Foundation supported the creation of the North Lawndale Employment Network, which brought together community-based organizations, service providers, local businesses, and other interested parties. Together, they run many training and referral programs.

As the Foundation’s relationships in and knowledge of the community grew, its capacity to make progress on employment also grew. Foundation representatives and their community partners realized that underlying the employment problem was the fact that many North Lawndale residents were getting caught up in the criminal justice system and many ex-offenders settled in North Lawndale upon their release. The Foundation and its partners began to focus on reducing the barriers that this population faces in securing jobs as a way to break the cycle of unemployment, crime, and recidivism. Out of this work, community actors and the Foundation saw a related need to prevent youth from entering this cycle as well. Consequently, the Foundation helped convene the North Lawndale Work
Group on Balanced and Restorative Justice, which brings together courts, schools, police, youth service agencies, and others to find better ways to serve justice, reduce crime, and keep youth on track.

**What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?**

The Foundation often tackles issues by convening and supporting relevant networks of community stakeholders. It uses this strategy in education, employment, early childhood development, juvenile justice, and others. Much of the work and decision-making about the direction of the community change effort is coordinated through these networks. There is no central, community-wide forum for discussion or decision-making.

Foundation staff and trustees work directly in the community on their areas of expertise. The Foundation divides its work in the community into five program areas and assigns a different staff person to each area. Staff work closely with active community residents and organizations to develop ideas, support initiatives, build capacity, and move projects forward. The involvement of any individual family member or trustee tends to ebb and flow with events in their lives but, as a group, there is always some involvement, centered usually on that person’s area of expertise or interest.

The Foundation’s work evolves through engagement and adaptation, as illustrated by its arc of involvement through employment, ex-offender integration, and juvenile justice described above. Its experiences with domestic abuse and housing affordability unfolded in similar ways. Foundation representatives begin with some ideas about the problem and then “roll up their sleeves and get their hands dirty.”

**What Changes in the Community Does the Foundation Point to as Significant?**

North Lawndale has experienced positive change over the years of Steans’ involvement. In education, the community has a new college preparatory high school, and many of the older public schools have improved teacher training, parental involvement, student achievement, graduation rates, and college attendance rates. In early childhood education, the number of child care slots in North Lawndale has increased and moved the neighborhood off the state’s critical shortage list.
Aside from philanthropic and public dollars, new private investment is flowing into the community for the first time in decades. North Lawndale’s residential and commercial real estate markets are perking up. New businesses and residents are moving into the neighborhood, including dozens of individuals who worked as Steans-sponsored interns at local nonprofit organizations.

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **High unemployment.** To build momentum, Steans focused first on issues on which it judged it could make progress. After 9 years of work, Foundation representatives believe they are now in a position to help the community make progress on some of its most entrenched issues, such as employment and economic development.

- **Appropriate influence.** The Foundation constantly grapples with the challenge of exerting the appropriate level of influence over decisions. Too little influence can mean missed opportunities while too much influence can mean stifling community capacity and undermining sustainability. Also, the Foundation must balance short-term gains from staking out particular, controversial positions against any long-term harm to relationships that such positions may cause.

**List of Interviewees**

- Reginald Jones, Executive Director, Steans Family Foundation
- Heather Steans, Trustee and family member, Steans Family Foundation
- Robin Steans, Trustee and family member, Steans Family Foundation
The Zeist Foundation
3715 Northside Parkway, 3-195, Atlanta, GA 30327, 404-949-3162, Nancy Brumley, Trustee

Summary Foundation, Inc.
The Zeist Foundation laid the cornerstone for the Whitefoord Community Program in 1993 when it bought and renovated property adjacent to the Whitefoord Elementary School in southeast Atlanta and opened a school-based health clinic. Over the years, the Whitefoord Community Program has provided community-building activities in this 1-square-mile neighborhood of about 6,000 people. These activities advance its goal of ensuring that “every child in the Whitefoord community is equipped with everything he or she needs to succeed in school.” The Foundation has played a key role in the program’s evolution, and it currently provides $600,000 to $800,000 annually towards its $3 million budget. Although the Foundation originally anticipated a 10 year tenure in the neighborhood, its commitment is likely to continue for another decade.

How and Why Did the Foundation Embed Itself in This Particular Neighborhood?
Dr. George Brumley, chair of the pediatrics department at Emory and interim Dean of the medical school, had developed an interest in school-based health clinics as a method of connecting public health, public education, and family well-being. Nearing retirement in the early 1990s, he and his wife were also looking for a vehicle that could serve as a training ground for their five children in philanthropy, all of whom had advanced degrees in areas that would benefit a community-change enterprise. Having obtained some resources to design and operate a school-based clinic, Brumley chose the Whitefoord Elementary School as the new clinic’s home for several reasons: the school had been recently renovated and had a receptive principal; the low-income community surrounding the school had many needs and few services; and the neighborhood was conveniently located in relation to his former work. He recruited a former student, Dr. Veda Johnson, to run the clinic. After a property across the street from the school was purchased and renovated and the clinic was opened, it became clear that many of the families had problems that went beyond medical issues. This understanding led Brumley and colleagues, through the Zeist Foundation, to develop the Whitefoord Community Program. The Foundation did not start with a grand plan or comprehensive model. Rather, it had a broad vision about the critical role of a child’s early life experiences
in determining his or her later life chances; the comprehensive approach grew from
the work over time.

**What Beliefs and Theories of Change Have Informed the Foundation's Work?**

Dr. Brumley was a scientist who preferred a research-based approach to program
planning and development. The importance of early childhood development led
him to focus on early intervention. He read a lot, consulted with others, and
looked at different approaches. He had been impressed by the strategic value of
“bounding” an area for intensive targeting because it focused efforts on a “doable”
task. Although the theory that guided him was sometimes more intuitive than
articulated, at its core were a number of assumptions about goals and strategies: a
low-income neighborhood could develop the capacity to access help and negotiate
with public-service providers, financial institutions, housing developers, and others;
asking people what they want and carefully listening to them are critical to
successful community development; and local leadership is important in generating
community ownership. Brumley was also guided by a set of values and religious
beliefs that centered on respect and appreciation for the strengths of the
community. He believed strongly that the Foundation should never exploit the
community for its own ends (e.g., publicity or credit for the Foundation) or for
leveraging funds (especially through photographs and giving requests that used the
community’s problems to generate sympathy).

**What Strategies Has the Foundation Used?**

The Zeist Foundation characterizes its strategy as developmental and organic,
starting with children’s health and broadening to other educational, psychosocial,
family, and community issues as they affect child well-being. Having started in
1994 with a school-based health clinic, the Whitefoord Community Program
evolved over time to include a dental clinic, a family resource center (early
intervention and supportive services), a family learning center (family literacy and
computer training), a child development program for seventy-five children birth to
age 4, the Intel computer clubhouse (an after-school program), and other
community programs of interest to residents. To implement the programs, the Zeist
Foundation purchased and renovated several properties surrounding the
Whitefoord Elementary School and established a range of partnerships with
organizations such as Save the Children, Families First, and the Intel Corporation.
More recently, the Foundation identified the lack of safe and affordable housing as a significant barrier to child and family health and, in response, is implementing an affordable housing strategy. Because housing was an area of expertise for the executive director, she consulted with her colleagues at the Zeist Companies, and they ultimately decided to establish a limited liability corporation and give it $2 million to purchase the land and two housing complexes (more than 100 units) that were the source of many of the neighborhood’s worst problems. Forty percent of the children served by Whitefoord live in this area. The aim of this project is to tear these structures down and rebuild affordable housing without causing significant displacement. Zeist hopes to contract with the premier community development corporation in Atlanta to work on the project. In addition, the Foundation has hired a full-time consultant to be a watchdog for the project and ensure that it is well implemented.

Central to the Foundation’s strategy has been a community advisory board made up of a diverse group of residents—home owners, renters, school personnel, PTA, churches, and so forth. Its role is to be the ears and the eyes of the program and to provide guidance on programming and other issues. The advisory board participated in a leadership training program at the Fanning Institute, which focused on board development.

**What Internal Practices, Structures, and Policies Has the Foundation Developed to Support the Work?**

For the first decade of the Whitefoord Community Program, George Brumley and his son-in-law, Richard Morrell, played important leadership roles in program development and implementation. There was no executive director until 2000; as such, this team, and to a lesser extent other family members, assumed a range of executive tasks at Whitefoord. The Foundation could be a flexible funder and respond as needed to emerging needs and opportunities. Although Brumley believed it was useful to set short- and long-term goals, his more fundamental orientation was that “there’s a job to be done, so let’s go and do it.” Few internal policies or structures constrained decision making on where and how to spend the Foundation’s resources. George was both the president of the Foundation and president of the Whitefoord Community Program. When the Foundation needed technical expertise, it hired consultants, keeping the Foundation lean and flexible. Further, easy access to the Zeist Companies meant that the Foundation could draw on a range of skills and resources for various real estate and financial dealings.
Established in 1989, the Zeist Foundation's board was structured to include Brumley and his wife, their five children, and their four spouses. Tragically, both parents, three of their children and spouses, and four of their grandchildren were killed in an airplane accident in the summer of 2003. Remaining family members are now contemplating the future direction of the Foundation and its work.

**What Changes in the Community Does the Foundation Point to as Significant?**

Most of the accomplishments reported by those involved with Whitefoord are anecdotal and involve the many families and several thousand children who have benefited from the high-quality services and programs offered by the Whitefoord Community Program. The exception involves a well-publicized article that Dr. Johnson published in *Pediatrics* (2000) that was based on data she collected indicating that a substantial amount of Medicaid funding was saved by providing health care through the school-based clinics. The residents who are employees (about half of Whitefoord staff) have attained quality jobs and training opportunities. Staff report a greater sense of opportunity among some residents and an emerging sense that change is possible. Success tends to attract success, and groups now come to Whitefoord interested in establishing partnerships in the neighborhood. For example, Intel approached the Foundation a couple of years ago about starting a model Intel Club House in the neighborhood. Zeist bought a building and renovated it for this purpose, and Intel pays for program operations.

**What Issues Presented the Biggest Challenges and How Did the Foundation Confront Them?**

- **Building trust.** The neighborhood was just emerging from what they believed were “failed promises” of earlier community-change initiatives. Residents wondered why a White doctor was buying land in their community, and it took considerable time to reassure individuals about Brumley’s motives. He and the other staff never assumed they knew what residents wanted; instead, they “humbled” themselves and eventually garnered the trust of the community.

- **Evaluation.** Although Dr. Brumley always wanted to demonstrate the impact of the strategy—in part so that it could be replicated—the high turnover in the neighborhood (estimated to be 43 percent in the elementary school when they started, 30 percent currently) makes this research task challenging. In 2002-2003, the Whitefoord Community Program received funds from the Blank Foundation to hire staff charged with designing and conducting a program-wide evaluation.
■ **Staying focused.** At times, Whitefoord staff report spreading themselves too thin both in terms of time and energy and in terms of resources. It was hard not to pursue everything at once, trying to be all things to all people, when they heard exciting new ideas and knew the community could use any help it could get. Sometimes, however, this all-encompassing approach led to partnerships and programs that were difficult to manage or were ultimately unsustainable. The Foundation is moving into housing and would like to spur economic development (including IDAs) in the future but expects to be very thoughtful about parsing the agenda into manageable pieces.

■ **Managing growth and sustainability.** The Whitefoord Community Program’s fairly rapid growth generated various management challenges, including the constant pressure to identify new sources of funding to sustain existing programs and start new ones. The absence of an executive director for about a year compounded these challenges, but they are high on the new executive director’s agenda.

**List of Interviewees**

■ Lizanne Stephenson, Former Executive Director, Zeist Foundation
■ John Stephenson, Executive Director, J. Bulow Campbell Foundation
■ Nancy Brumley and Marie Foster, board members, Zeist Foundation
■ Yvette Hagins, Chief Executive Officer, Whitefoord Community Program
■ Veda Johnson, Director Community and School-Based Health Clinics and Assistant Professor at Emory School of Medicine
■ Audrey Smith, member of the Community Advisory Board
■ Gayle Gellerstedt, Director of the Child Development Program
PART 3: THE PROMISE AND CHALLENGE OF EMBEDDED FUNDING

Embedded funders form an identifiable and noteworthy community of practice. They turn common philanthropic motives of civic commitment and a desire to increase impact into an uncommon way of working. They make long-term, often open-ended commitments to significant change goals in a community in their hometown region. Staff and trustees assume direct roles in the change effort; build intensive, diverse relationships in the community; and strive for respect, transparency, and active listening with community partners. Embedded funders pay close attention to developments on the ground and use their local knowledge to help their foundation and the community-change effort evolve organically toward greater effectiveness. Their tendency to adapt the foundation’s ideas and institutions to the opportunities of their local circumstances produces a variety of strategies and investment forms. In every case, embedded funders bring a complex set of resources to bear on the challenges of community change. Although none of these elements alone is unique to embedded funders, the combination marks embedded funding as an identifiable philanthropic approach. Indeed, embedded funders apply many of the principles identified by the field as key for foundations attempting to promote positive community change.

Despite these commonalities, embedded funding takes many forms. The majority of the embedded funders we identified are family foundations, but we also saw examples of corporate, community, national, and other foundations using this approach. The foundations’ practices and strategies encompassed notable variations, including the length of their commitments; the criteria used to pick partner communities; relationship activities and approaches; strategies, forms, and scales of investment; and the broad range of institutional mechanisms they developed for carrying out their work.

Although our sample of embedded funders is small, our research points toward some potential advantages of this form of philanthropic practice in helping to resolve some of the persistent challenges facing the community-change field. We offer the following summary observations about working locally, working long-term, and working through direct involvement as grist for further discussion and study.
Working locally may offer several advantages, including:

- Enabling foundations to bring a richer array of resources to bear on the change effort—including those provided by their local knowledge, relationships, and reputations.
- Facilitating the development of diverse and intensive relationships.
- Promoting the possibility of greater mutual accountability between the foundation and the community, which may lead to more respectful, transparent, productive relationships.
- Most tentatively, doing the work for the sake of the community itself more than to develop knowledge or lessons for use elsewhere. When embedded funders encounter difficulties or even failures in their community-change work, they may be more likely to persevere for two reasons. First, they cannot easily extricate themselves from their involvements in their own backyards. Second, because they are primarily motivated by civic duty rather than by model testing or knowledge development, they may be more likely to regroup in the face of difficulty and try another approach until they "get it right."

Of course, working locally can also create some challenges. Not all foundations’ reputations or relationships are assets, and the web of complex, multilayered relationships that give embedded funders information and credibility can also place them in some uncomfortable positions. Several embedded funders discussed how spillovers between different parts of their lives created personal and professional awkwardness. Once they are embedded in a community and in the web of relationships this implies, foundations lose some independence and detachment.

A long-term investment by foundations in a community may also offer particular advantages, including:

- Clarifying trustee, staff, and community expectations about the long time-frame needed to make progress on significant change goals, and reaching for larger impacts that can only reasonably happen over the long term.
- Helping to elicit cooperation from other actors inside and outside the community over time and fostering an expansive network that both the foundation and community partners can draw upon to bolster the community change work.
- Allowing community opportunities and capacities to dictate the pace of the change effort, rather than external, foundation-driven timetables.

Potential challenges to such a long-term investment include the obvious opportunity costs and the inability to fulfill long-term commitments in the face of unforeseen circumstances in the community, with partners, or within the
foundation itself. In addition, funders anchored to a particular community for an extended period of time may find it quite difficult to develop an appropriate “exit strategy.”

Finally, direct involvement by foundation representatives in the community-change work may have advantages that include:

- Allowing foundations to observe and respond quickly to changing community circumstances and to develop dynamic decision-making and investment procedures to take advantage of these shifts.
- Fostering new, instrumental, and more intensive relationships and ongoing interactions between foundation representatives and a range of community actors.
- Increasing the likelihood of maintaining a long-term commitment to the community-change effort due to the personal involvement of staff and trustees.
- Increasing the willingness of others who are considering supporting the effort to become involved because of the commitment demonstrated by foundation staff and leadership (although the opposite may be true if the embedded funder exerts an “ownership” stance regarding the community work).

Potential challenges and limitations to such direct involvement include the possibility that, by virtue of its intensive relationship with the community, the foundation will have a disproportionate influence over the effort; create dependency rather than build the capacity of other community actors; or forgo other potentially fruitful opportunities. All foundations face tensions between flexibility and commitment, between close relationships and distant objectivity, between short- and long-term, and between immediate, concrete results and capacity building. There are no simple solutions, only tradeoffs. Embedded funders strive to understand these tradeoffs, stake out their positions, and manage the risks under the belief that, on balance, their choices improve their community-change philanthropy and, ultimately, that they gain more and better capacities than they lose.

These claims and the many related issues discussed in this paper deserve further study and debate among funders and communities. This report only scratches the surface of the experiences and attributes of embedded funders and raises a range of important questions about the efficacy of these approaches. Digging deeper into the experiences of embedded funders and their partner communities would allow for a more nuanced, systematic, and practical assessment of such practices and would ultimately help guide all funders toward resolving some of the persistent dilemmas of community-change work.
APPENDIX ON METHODS

We designed the study to document and describe characteristics of local, long-term, highly engaged community-change funders. We defined a set of selection criteria, identified funders who fit that profile, chose a sample, and collected and analyzed data to investigate whether they form a coherent group or even community of practice that shares more than simply our definitional criteria.

Our selection criteria defining our universe of interest and the essential elements of the hypothesized community of practice were minimal. The six criteria include:

1. Grant-maker: grants money directly to outside organizations or individuals to support their operations.
   - Does not include operating foundations alone.
   - Does not include foundations that only give money to intermediaries with the intention that the intermediary will give the money to others for their operations.

2. Place-based: has institutional commitment to focus a portion of its resources in a particular urban neighborhood, small town, or rural area.
   - Does not include funders who focus only on particular issues or program areas without a community-specific boundary.
   - Does not include funders who focus only on a geographically defined unit larger than a community, such as an entire city, metropolitan region, or state.

3. Local: the chosen community is in the same geographic area (region) as the foundation’s headquarters.

4. Long-term commitment: has institutional commitment to focus on the particular community for at least 5 years.
   - Foundations qualify if they undertake a series of shorter commitments, with the intention to renew each time barring major disaster.
   - The commitment does not have to be publicly announced. It can be a private understanding of the board.
   - The 5-year span is, admittedly and unavoidably, somewhat arbitrary.

5. Significant community-change goals: has goals for community change that are both broad (including many aspects of the community) and deep (involving lasting, systemic change).
   - Does not include foundations with a deep but narrow goal of changing a single aspect of the community, such as education, crime, housing, or health.
   - Does not include those with only a “shallow” vision that is either short-term or ameliorative, such as providing charitable services in a particular community, even if these activities range across many aspects of the community. The goal must encompass lasting change to community systems.
This criterion refers to foundation goals, not strategies. Especially at the outset, embedded funders may use narrow strategies, so long as these eventually serve larger goals.

6. Deeply engaged: foundation trustees or staff personally play active, ongoing roles in the community-change effort.

- Does not include foundations that operate change effort at arms length from grantees or who operate only through intermediaries.

We used various means to identify funders who fit the profile. We scanned the Internet, drew on extensive personal networks and experience working in and researching philanthropy, and contacted regional associations of grant-makers and other foundation associations to ask whether they knew foundations that fit the profile. Whenever we contacted a funder that seemed to fit the profile, we asked if that funder knew others.

Through this scan of the field, we identified many funders who appeared to fit the profile, either currently or in the past. From this universe, we used intensity sampling to choose the cases that fit our definition most squarely and had a significant record of working in this way. We did not include formerly embedded funders—those who had tried, but abandoned, this approach. They undoubtedly have important lessons to teach about the drawbacks of embeddedness and we recommend them as a subject of future inquiry. However, in this first phase, we concentrated on understanding ongoing efforts, to attain a real-time view of embedded funders’ work.

The majority of our sample was composed of family foundations, but the group also included corporate foundations, national foundations, community foundations, a United Way chapter, and a Social Venture Partners chapter. To investigate whether these funders constitute a community of practice, we developed a set of research questions and interview protocols, and visited a modified sample of the eleven funders who best fit the profile. Almost all interviews were done in person at the site of the foundation office and in the partner communities. We interviewed a small number of trustees, staff, and grantees at each foundation. The interviews centered on four main topics: why they began working this way, the scope and content of their work, what they think they are accomplishing, and their biggest challenges.

Chapin Hall Center for Children

Chapin Hall Center for Children at the University of Chicago was established in 1985 as a research and development center dedicated to bringing sound information, rigorous analyses, innovative ideas, and an independent perspective to the ongoing public debate about the needs of children and the ways in which those needs can best be met.

The Center focuses its work on all children, while devoting special attention to children facing special risks or challenges, such as poverty, abuse and neglect, and mental and physical illness. The contexts in which children are supported — primarily their families and communities — are of particular interest.

Chapin Hall’s work is shaped by a dual commitment to the worlds of research and policy. This requires that our work meet both the exacting standards of university research and the practical needs of policy and program development, and that we work to advance knowledge and to disseminate it.

Chapin Hall is committed to diversity not only of race, ethnicity, gender, sexual orientation, and physical ability, but also of experience, discipline, and viewpoint. Chapin Hall’s commitment to all children, with special attention to those experiencing or at risk of serious problems, is reflected in the range of the Center’s research projects and publications. The following represent the Center’s major areas of endeavor:

- Children’s services, covering the problems that threaten children and the services designed to address them, including child welfare, mental health, and the juvenile court.

- Community building, focusing on the development, documentation, and evaluating of community-building initiatives designed to make communities more supportive of children and families, and the resources in communities that support the development and well-being of all children.

- Schools and learning, examining the relationship between schools and the other settings in which children learn.

- International projects, covering Chapin Hall’s involvement with children’s policy researchers and research centers in other countries.

- Special activities and consultations, covering a range of projects, often undertaken in collaboration or consultation with other organizations.