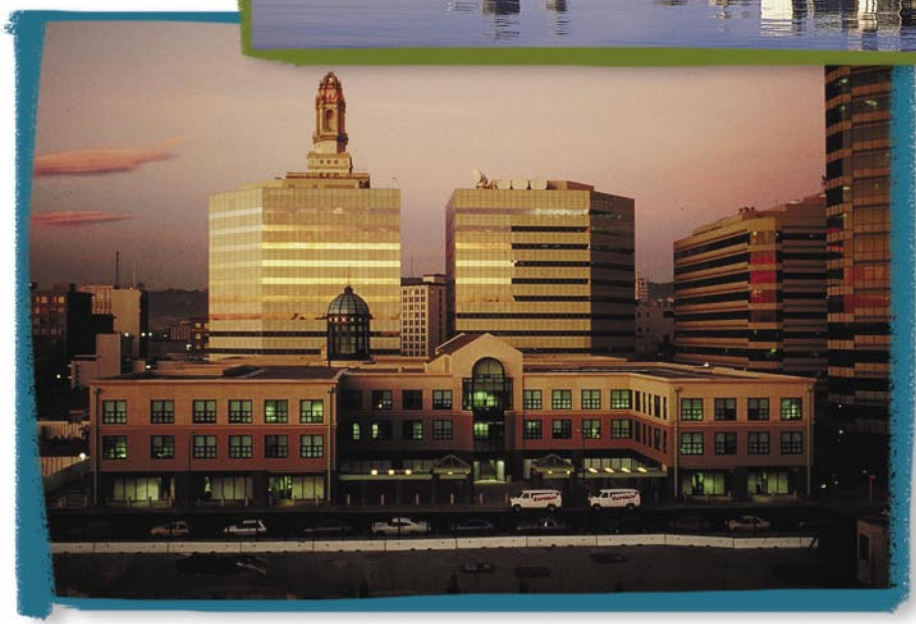


# PROMISING RETURNS:

*Improving Communities and  
Community Foundations through Leadership*



*– Katherine Pease and Neil F. Carlson*

**Commissioned, Produced, and Distributed by:**

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**Acknowledgments:**

This report is the result of research commissioned by the Funders' Network for Smart Growth and Livable Communities as part of our Community Foundations Leadership Project (CFLP). The Network thanks Katherine Pease, principal of Katherine Pease & Associates, who conducted the research reflected in this report, and Neil Carlson, who wrote the report.

Finally, the Network is indebted to representatives from the 12 community foundations interviewed for this research who gave willingly of their time and talents.

Each offered compelling stories of their work and the impacts that their leadership investments to address growth and development issues have had on their foundations.

We thank each of them for their involvement in this effort.

Effective community foundations are often looking for new ways to increase their ability to improve the communities in which they live and do their work. By taking on issues related to community growth and change—such as jobs, economic development, land use, transportation, housing, urban/suburban equity (and disparities), and conservation—many community foundations have created powerful levers for improving their local communities. Some community foundations also have learned that investments in these areas can help bolster fund raising, improve the foundation’s public image, and help strengthen the foundation’s leadership role within the community.

## Introduction

If a community foundation is defined primarily by a geographical place and the people who live in it, what does it mean when

the fundamental character of that community begins to change because of unplanned, unchecked growth? What does it mean when farmland gives way to shopping malls, or when a city’s tax base and ethnic diversity bleeds out into ever more far-flung suburbs? What does it mean for a community’s coherence when its members spend less and less time with their families, and more time in their cars? And what can a community foundation do in the face of these changes?

These are the questions the Berks County Community Foundation faced seven years ago. Situated about an hour northwest of Philadelphia, Berks County, Pa., had been losing farmland at a rate seven times the population growth rate, outpacing the growth rate of metropolitan Philadelphia. Reading, the county seat, was on its way to becoming a bedroom community, and the once bucolic landscape was steadily transforming into a giant exurb as farmland disappeared.<sup>1</sup> “Growth is important to our county, but farmland is integral to

<sup>1</sup> Exurb is defined as a region or settlement that lies outside a city and usually beyond its suburbs that often is inhabited chiefly by well-to-do families and/or farmers (Merriam-Webster Dictionary).

what it means to be in Berks County,” recalls Kevin Murphy, president of the community foundation. “But there was no evidence that anyone was working together, or that we had any overarching goal.”

So the Berks County Community Foundation began convening citizens, policymakers, business leaders, home developers, preservation advocates, and environmentalists to talk about how growth and development pressures were affecting the quality of life in Berks County. Given the contradictory nature of the parties’ various agendas, foundation leaders expected a combustible atmosphere. Yet parties on all sides of the issue welcomed the opportunity to

find common ground. “A lot of people thought we were treading into a real mine field and there weren’t any mines,” Murphy says.

“Our work around land use has established a culture that could never be taken away.”  
 – Kevin Murphy, President,  
 Berks County Community Foundation

Over the next couple of years, the foundation hosted a series of meetings on land use, eventually forging a broad agenda around planning, development, and land preservation. The parties agreed that 200,000 acres of farmland needed to be preserved as an economic bulwark against total decline of the county’s agricultural base, a goal that was eventually supported with \$50 million from the state and county. Since then, the foundation has gone on to play a leading role in the economic redevelopment of Reading. It has also incubated a nonprofit to encourage consolidation of municipal governments as a way to coordinate and improve regional planning. Three townships have merged over the past six years, and 70 percent of the county’s municipalities are involved in joint comprehensive plans.

From an institutional perspective, the decision to address the tough issues embedded in how the community grows and changes has transformed the foundation from a reactive grantmaker into a leadership organization. Donations are up, and the foundation is widely respected for its leadership.

“Our work around land use has established a culture that could never be taken away,” Murphy says. But it’s not leadership for leadership’s sake; it’s leadership in pursuit of mission. “If you look 10-20 years down the road, one of the most important things we can do to improve the quality of life is that we can make good decisions about land use that don’t handcuff our grandchildren.”

\* \* \*

Despite the success that the Berks County Community Foundation and others have enjoyed as a result of their work on issues associated with community growth and change, many community foundations view the issues with trepidation. Some worry that addressing growth and development issues may alienate donors. Others doubt the relevance of these issues to their foundation’s mission. Many more are simply unsure of how a foundation can carve out a role for itself given the complexity of the issues involved—land use, transportation, urban/suburban equity, jobs, schools, economic development, housing, and conservation.

These are all legitimate concerns. How *do* investments designed to influence how communities grow and change affect community foundations? Do they hurt a community foundation’s ability to raise money from community members by drawing the foundation into contentious debates? Or, does getting out front on these same issues help solidify the foundation as an institution worthy of greater financial support? And to what extent do these issues push the foundation to innovate and grow stronger as an organization—by trying new approaches to problem solving, by reaching out to new constituents, or by aligning different program areas with goals that cut across them?

These are some of the questions the Funders’ Network for Smart Growth and Livable Communities put to 12 community foundations from around the country. Several common themes emerged. First, they all felt that issues related to community growth and change were ones that community foundations had to address as a matter of mission. Second, with the right public frame, the decision to take on these issues often had profound institutional benefits, including increased fund raising, an increased public profile, and elevated status as a community

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– Mike Howe, President,  
*East Bay Community Foundation*

leader. Third, the roles foundations carved out for themselves were as varied as the political, environmental, and economic contexts in which they worked, underscoring the point that community foundations can and must respond to the community’s needs in a way that is

appropriate given the local context.

## Why Growth and Development Issues are Important to Community Foundations

A simple concept lies at the heart of most community foundations’ missions: making life better in their communities. The vast majority of issues that community foundations care about, including the arts, poverty reduction, economic development, and education are all issues that are directly related to quality of life, and thus to mission. It’s therefore not surprising that community foundations that are engaged with growth and development issues do so out of their commitment to mission. The added and sometimes misunderstood benefit is that this work also helps community foundations improve their bottom lines.

## Case Study: Entering Into Planning and Development Through Mission

### Gulf Coast Community Foundation of Venice – Venice, Fla.

Since the Gulf Coast Community Foundation of Venice was founded 1995 with proceeds from the sale of Venice Hospital, the foundation has been at the epicenter of the real estate boom along Florida's Gulf Coast. With program areas in arts and culture, health and human services, education, civic affairs, and the environment, the Gulf Coast Community Foundation of Venice began as a fairly conventional community foundation. Fueled by speculators and snowbirds, however, the average home price jumped from \$130,000 to \$330,000 in just two years, and the foundation soon emerged as a leading force in shaping the community's response. "The real estate market is really starting to impact the quality of life, which is why we got involved in these issues," said Teri Hansen, president and CEO. "If you don't have places for cops, teachers, and nonprofit staff members to live, you don't have the support structure that makes a community great."

In 2005, the foundation purchased a 146-acre parcel of land to create a community land trust. The trust, which is held by the foundation, is being developed as an environmentally- and economically-sustainable mixed-income community. Thirty percent of the 1,000 units will go to low- and moderate-income families. More than half of the land will be set aside for conservation purposes. The foundation's goal, Hansen notes, was not to create some utopian community, but rather to show for-profit developers that sustainable communities were desirable places to live. "We wanted developers to say, 'Wow, what a great neighborhood!' We've got good use of land, the community is a desirable place to live in, and it makes sense financially. We're also helping to meet a critical community need, because a livable community needs to have homes for working families."

The land trust deal has been a boon to the foundation as well. "The land trust positions us as courageous and bold," says Marjorie Floyd, vice president of marketing and development. High-net-worth philanthropists want to be involved with an organization that is leading and taking risks, she notes. "Our development is the best development tool we have. People want to be part of a winner."

### Investing in Mission

At a conceptual level, growth and development issues are intrinsically linked to quality of life. Because most community foundations strive to improve the communities they serve, it makes sense to address issues of growth and development. As Bob Eckardt, senior vice president for programs and evaluation of The Cleveland Foundation puts it: "People were moving further out from the city and we had an overall sense that unless we could strengthen the economy and support the inner-city and inner-ring neighborhoods, a lot of what we want to accomplish wouldn't happen. For example, in 50 years, the museum wouldn't have anyone to support it despite the great quality of art."

At a practical level, how communities grow and change affect many foundations' core program areas. Take education for example: Good public schools depend on a healthy tax base, a diverse student body, and the political support of all income classes. Or the arts: Theaters and clubs thrive when they have a robust base of patrons who live nearby; and artists themselves need housing that is affordable and studio space. Likewise, how a community grows and changes directly affects many of the physical and social problems that community foundations address—poverty, housing, health care, and the environment, to name a few. "If you don't have housing that's affordable and close to workplaces and an environment that's going to sustain the people who are going to be working in these communities, then all the services you're going to be providing are for naught," says Mike Howe, president of the East Bay Community Foundation in Oakland, Calif.

### Finding the Right Frame

Finding the right frame for growth and development work is often a defining factor in a community foundation's success. In almost every case, community foundations framed their work regarding growth and development issues as part of a conversation about economic growth, quality of life, and community, thus sidestepping hot-button debates over growth versus the environment, urban

versus suburban, smart growth policies versus sprawling patterns of development.<sup>2</sup> Instead, they convened inclusive and comprehensive conversations about the kind of community people wanted and the best way to realize it.

The Baton Rouge Area Foundation, for example, played a leading role in shaping Plan Baton Rouge, a comprehensive redevelopment plan that embraced mixed-income housing, pedestrian-friendly growth, green space, and historic preservation. John Davies, president & CEO, attributes the plan's success in large part to the foundation's ability to provide people with the information they needed to make sound planning choices. "We believe we need to shine lights on opportunities to make things better. We will bring the best thinkers that money can buy to the people of

this community. If it gets traction, then we'll move it forward. It's not about us imposing our will; it's about us giving people good information to make good decisions about their communities."

## Benefits Accruing to Community Foundations

While the merits of investments in growth and development issues for a community are clear, the benefits to community foundations are often hazier. Yet the 12 community foundations that were interviewed were unanimous in their belief that a sustained commitment to working on growth and development issues has had a net positive benefit for their institutions. In some cases the benefits have been astounding.

<sup>2</sup> Smart growth is a planning term that refers to a series of policies and practices that result in well-planned development that protects open space and farmland, revitalizes communities, keeps housing affordable, and provides transportation choices.

## Increased Fund Raising

Donors look for problem solvers. Time and time again, community foundation leaders noted an up-tick in fund raising after their institutions engaged in growth and development issues. Angel Fernandez-Chavero, senior philanthropic officer with The Community Foundation for Greater New Haven, which was established in 1928, credits his foundation's engagement with regional planning with helping it overcome its "fusty image." As he notes: "The last two years have been the biggest

"The last two years have been the biggest fund-raising years ever. The largest gift ever came last year because of the things we've done in a leadership role and our smart growth work is part of that."  
– Angel Fernandez-Chavero, Senior Philanthropic Officer, The Community Foundation for Greater New Haven

fund-raising years ever. The largest gift ever came last year because of the things we've done in a leadership role and our smart growth work is part of that. Because we did this and other things differently, we have attracted new, serious moneyed interests." The Baton Rouge Area Foundation's John Davies echoes these

sentiments: "We're growing at a rate of \$100 million per year. It's not because we're good at transactions. People trust us and know we'll step out and do important things even if they're risky. If the stakes are high, the reward can be great. They're inspired by the fact that we're willing to take that chance. I truly believe that's what a community foundation does."

Several other foundations noted that their engagements had attracted new donors as well, particularly through donor-advised funds. "One \$10-\$20 million testamentary donor said that they chose us over five other foundations because of our work with livable communities," says Mike Howe, president of the East Bay Community Foundation. "And he is a developer that doesn't live in our area." Several community foundations noted that their work had also attracted money from private foundations seeking to leverage their investments. For example, the California Community

## Case Study: The Benefits of Leading

### Community Foundation for Southeastern Michigan – Detroit, Mich.

Though it is headquartered in Detroit, the Community Foundation for Southeastern Michigan serves residents throughout the surrounding seven-county region. Home to 55 percent of the state's population, southeastern Michigan is one of the most racially-segregated communities in the country, a demographic trend abetted by the fact that there is no regional authority to plan across jurisdictional lines. How do communities so fragmented begin talking to one another about the issues—health, transportation, land use—that affect them all?

In 2001, the Community Foundation for Southeastern Michigan launched the GreenWays Initiative, a five-year, \$27-million initiative designed to use private money to leverage public investments in greenways—non-motorized transportation routes like bike paths and hiking trails—as a way to improve the public's health and well-being across the entire region. Yet what began as a forum for modest regional planning around greenways, a relatively narrow issue, has since developed into a venue for a much broader set of public conversations about how the region grows and changes.

“What happened in the GreenWays Initiative was that people began using the landscape as a surrogate for community collaboration and planning,” explains Tom Woiwode. “Community leaders started thinking about the initiative as the ‘green ribbon’ for bringing communities together. They began talking about the economic benefits of greenways and started thinking about potential transformative effects.”

The GreenWays Initiative has also had a transformative effect on the foundation. By staking out a bold agenda, the foundation was able to attract money from private foundations and boost individual donations. “[As a result of the Greenways Initiative] we got new support from private funders,” Woiwode says. “The idea of the community foundation being an aggregator of funds to address certain issues is a much easier sell than it was a couple of years ago.” The foundation recently launched a \$225 million fund-raising drive to coincide with its 25th anniversary in 2009, an effort Woiwode says springs from the foundation's newfound leadership position.

Foundation's land trust provides housing affordable to lower-income residents. “As a result of the land trust, there's an opportunity for money from two private foundations,” reports Joe Lumarda, former executive vice president of the California Community Foundation. “They're looking at us because we're taking a risk and solving problems.”

### Higher Public Profile

While representatives of community foundations welcomed their growing donor bases, they were quick to note how their success elevated their institutions' public profiles and helped them achieve their mission-related goals. “We've been in the newspaper 200 or 300 times,” says Tom Woiwode, director of the GreenWays Initiative at the Community Foundation for Southeastern Michigan. “Not just us, also the projects we fund—and these stories usually reference the community foundation. So this visibility has propelled us into the forefront of the community in ways that nothing else has.”

“We're not paying for our press; it's earned media,” says Marjorie Floyd of the Gulf Coast Community Foundation of Venice. “That's worth so much more when somebody else talks about you and the great things the foundation is doing than when you pay for an ad in a newspaper and toot your own horn.” Equally important, she adds, the foundation's higher profile has allowed it to have a greater role in shaping policy and political discourse. “We've been invited to speak at everything from neighborhood associations to government/regional conferences. You name it.”

### A Broader Constituency of Supporters

Several foundation representatives noted that their work had actually helped them build relationships with developers—seemingly unlikely allies. While conventional wisdom often pits commercial developers against planning advocates, the reality is often less adversarial. “A lot of the development community is involved in our work,” says Mauro Vescera, a program director with the Vancouver Foundation in British Columbia. Vescera notes

that the chair of his foundation is a developer, and he has helped win converts to planned growth among the developer community. “Initially there were some unhappy developers,” he concedes. “But they’re now working with Smart Growth B.C. [a nonprofit that advocates livable communities in British Columbia]. They’ve created a dialogue between developers and they’ve shown developers how to profit from smart growth.”

## Roles for Community Foundations

There are a variety of entry points for community foundations concerned with how their communities are growing and changing. On one hand, the array of issues that fall under the growth and development rubric can seem daunting. On the other hand, given that breadth, chances are that an institution

is already working on growth and development issues, whether called that or not. Community and economic development, job creation, housing, arts and culture, education, the environment, poverty alleviation, regional disparities—all of these issues can be pathways to the work. Finding a role to play—or *roles*, as is often the case—is another issue. Here are seven approaches community foundations commonly take.

**1. Responsive grantmaking.** Responding to a community’s immediate needs can be an excellent way for community foundations to get their feet wet. Over the past six years, the Community Foundation for Muskegon County in Michigan has invested more than \$1 million in the acquisition and redevelopment of 30 acres of downtown Muskegon. As a cornerstone project for the new downtown, the

foundation also made a \$1 million grant—its largest ever single grant—to support construction of a fresh water research institute on Muskegon Lake and Lake Michigan at the foot of downtown. According to Arn Boezaart, vice president of grant programs, the foundation’s engagement with urban redevelopment was a direct response to pressing community needs. “Much of the economic development work we have undertaken is driven by need and circumstances as much as a Board strategic plan. Because we are the primary philanthropic resource in our metropolitan area, our trustees must frequently engage with and respond to emerging community needs. This—

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– *Marjorie Floyd, Vice President of Marketing and Development, Gulf Coast Community Foundation of Venice*

plus helping donors fulfill their passion and their desire to make a difference in their community—are the key factors that drive us.”

### 2. Initiative grantmaking.

Announced in 2001, the Community Foundation for Southeastern Michigan’s

GreenWays Initiative is an excellent example of initiative grantmaking. Over its five-year lifespan, the initiative has leveraged \$75 million in public and private money for investments in non-motorized greenways. Through the initiative, the foundation has realized a number of benefits that cut across communities and program areas. For example, green space has been preserved in the heart of automobile country. Drawing on relationships forged through the GreenWays Initiative, municipalities are working together to develop comprehensive community plans. And greenways now offer a way to tackle the region’s rampant obesity rate, which, according to CDC figures, is among the nation’s highest.

**3. Developing and sharing a vision for the community.** When the Berks County Community Foundation decided to take on economic

development issues, one of its first steps was to develop a shared vision around the relationship between development, land use, and quality of life. To do this, foundation leaders chartered a plane and flew community leaders to Greenville, S.C., to learn how a community with similar characteristics had been able to transform itself and to see, with their own eyes, what the change had brought about. The trip was so successful in helping to create a shared vision that the foundation chartered a second plane to Greenville the following year. Similarly, when the foundation took on farmland preservation, leaders knew that the only way forward was to bring stakeholders together.

The foundation helped incubate a nonprofit organization whose primary role is to build bridges between farmers, developers, and other community members, creating a shared commitment to farmland preservation. Today, Berks County ranks second in the nation in farmland preservation.

“There are lots of excuses not to do things, but this is why we exist: to fill the gap. It all depends on your risk profile and your willingness to jump in and do things for your community and your vision for your community. I truly believe that’s why a community foundation exists.”  
 – John Davies, President & CEO,  
 Baton Rouge Area Foundation

**4. Engaging in policy discussions.** While some community foundations tend to stay away from policy matters, others see them as critical to achieving their programmatic goals. At the East Bay Community Foundation, where there is a sustained commitment to creating livable communities, it is standard practice to engage in local and regional policy matters. According to Allison Brooks, program officer for the Livable Communities Program, the foundation has helped with local policy issues—such as developing inclusionary zoning ordinances—by helping to design the ordinances, sharing best practices from other cities within their service area, and speaking at planning meetings and council meetings.<sup>3</sup> On a regional level, the community foundation sometimes

<sup>3</sup> Inclusionary zoning is a land use concept referring to local ordinances that require builders to include a certain amount of housing for low- and moderate-income households.

meets with transportation officials to ensure that the transportation plans meet the needs of all of the communities within their region. All of this is done in service of the mission of the Livable Communities Program which is to make the East Bay environmentally healthy, economically strong, and socially equitable.

**5. Leveraging funds from other private and public sources.** The Cleveland Foundation understands that even though it is among the largest community foundations in the country, it cannot achieve its priorities by acting alone. Foundation leaders also

understand that they have a unique ability to bring other private and public funders together around issues that are of vital importance to the region, such as the future of their economy. According to Bob Eckardt of The Cleveland Foundation, “In Cleveland, we have a legacy of older industries from our

days as a manufacturing center, so we’ve engaged the philanthropic sector in conversations about the region. We’ve pulled together key funders across ten counties and we’re making substantial grants to support what we need to do as a region. We put \$10 million into the pool. As far as we know, this is the largest foundation effort to support regional economic development in the country. We’ve also been able to leverage this money into state money through the Ohio Frontier Fund and leveraged people into working in economic development who haven’t in the past.”

**6. Real estate investments/land trusts.**

Through their investment portfolios, community foundations have a unique ability to do well and do good. As many community foundations have discovered, investing in local real estate ventures

can have a major impact on the community—and on their bottom line. The California Community Foundation in Los Angeles, for instance, has invested in a land trust that provides housing affordable to lower-income residents. In addition to providing an important resource to the community, the land trust has been a selling point to donors. “The land trust has given us a better product to sell,” notes Joe Lumarda. “It’s easier to sell a project like the land trust than just general support.”

**7. Leading and funding planning processes.** In the weeks and months after Hurricane Katrina devastated the Gulf Coast of Louisiana and Mississippi, the Baton Rouge Area Foundation assumed a leading role in coordinating plans for reconstruction. Drawing on Plan Baton Rouge, an urban redevelopment plan already underway, the foundation helped launch the Center for Planning Excellence, a supporting organization of the Baton Rouge Area Foundation that now coordinates state and regional planning in the post-Hurricane Katrina era. Through the Center, the foundation underwrote a \$2.4 million regional development plan for Southern Louisiana (excluding its major urban areas) that encompassed economic development, transportation, and communications. “There are lots of excuses not to do things,” says John Davies, “but this is why we exist: to fill the gap. It all depends on your risk profile and your willingness to jump in and do things for your community and your vision for your community. I truly believe that’s why a community foundation exists.”

## Conclusion: Building Assets for the Community and the Community Foundation

There isn’t a community in the United States today that isn’t dealing with issues related to growth and change (even if the change is due to a population decline). For some, the issue is farmland preservation. For others, it’s trying to attract new jobs and rebuild the local economy. For others, it’s environmental

preservation and conservation. For some, it’s all of these issues and more. Community members and donors are attracted to community foundations that understand the central importance of these matters to improving the lives of the people who live in our changing environment. For the 12 community foundations interviewed for this project, it’s clear that the investments they’ve made in growth and development work have paid-off in two significant ways: for the communities in which they work, and for the community foundations themselves.

To learn more about the stories profiled in this report, as well as other strategies to improve how communities grow and change, contact the Funders’ Network for Smart Growth and Livable Communities. More detailed profiles of the stories described here, along with presentations about this research, will be posted to the Network’s website throughout 2006-2007 ([www.fundersnetwork.org](http://www.fundersnetwork.org)) and shared with members of the Network’s Community Foundation Leadership Project and all other interested community foundations.

## Interviewed Community Foundations

- **Baton Rouge Area Foundation**
- **Berks County Community Foundation**
- **California Community Foundation**
- **The Cleveland Foundation**
- **The Community Foundation for Greater New Haven**
- **Community Foundation for Southeastern Michigan**
- **East Bay Community Foundation**
- **Grand Victoria Foundation/Community-Works Initiative**
- **Gulf Coast Community Foundation of Venice**
- **The Minneapolis Foundation**
- **New Hampshire Charitable Foundation**
- **Vancouver Foundation**

**Community Foundations Leadership Project (CFLP):**

Many of the actions that need to be taken to advance better, more informed decisions about growth and development issues are local. Community foundations represent an existing philanthropic infrastructure capable of influencing change at the local level across North America. The Community Foundations Leadership Project (CFLP) of the Funders' Network for Smart Growth and Livable Communities strives to assure that this critical constituency of place-based grantmakers has the information, resources, and connections it needs to impact issues related to community growth and change. For more information, visit [www.fundersnetwork.org](http://www.fundersnetwork.org) or contact the Funders' Network at (305) 667-6350.





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