



A Foundation to Build On: Strengthening Community Development in San Francisco

Recommendations from
the Working Group on
Community Development

June 2009

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Executive Summary

Last December, the City announced plans to merge the Mayor’s Office of Community Investment (MOCI) with the Office of Economic and Workforce Development (OEWD) in order to create better coordination between two agencies with similar missions, while saving an estimated \$1 million. The context for this decision was the City’s unprecedented budget deficit—a projected \$576 million at that time—and the need to streamline functions and find new efficiencies in local government. The proposal was later modified to include assignment of some MOCI staff and functions to the Department of Children, Youth, and Their Families (DCYF).

When a mid-April budget hearing brought to light concerns regarding the effect of the proposed merger on the City’s long-standing community development program, and its impact on community-based organizations and small businesses, OEWD and Supervisor John Avalos invited Pamela H. David, Executive Director of the Walter & Elise Haas Fund and former head of the San Francisco Mayor’s Office of Community Development, to chair a working group on community development in San Francisco. The Working Group on Community Development (WGCD) included representatives from the Board of Supervisors, City departments, the Citizen’s Committee on Community Development (CCCD), nonprofits, and community advocates. Several community development professionals also participated.

Operating under an aggressive timeline, the WGCD reached agreement on the set of recommendations identified in this report. This report also proposes a working definition of

community development and identifies essential elements that need to be in place to support an effective community development strategy.

Defining Community Development

There is no universally accepted definition of community development. Rather, it encompasses a broad range of concepts and activities that have developed in tandem with the field itself. The WGCD identified the need to articulate a working definition of community development for San Francisco in order to build a shared understanding of this concept to guide local planning, policy and service implementation.

Community development is a planned effort to build assets that increase the capacity of low- and moderate-income people to improve their quality of life. It encompasses activities that help communities build physical, human, social, financial, and/or political capital in order to address issues of poverty, segregation, and disinvestment. The term community is usually used to refer to communities of place, (i.e., neighborhoods), but also those of affinity (such as the LGBTQ community).

A comprehensive community development strategy includes: (1) physical development (housing and other facilities and space), (2) economic and workforce development, (3) human service delivery, and (4) building social capital. It also incorporates an integrated set of programs and activities customized to communities and neighborhoods, yet connected to the larger economic environment and context of the city.

Essential Elements

There is no single “right” model of organizing community development within local government. What is more important is that certain core components are present regardless of the structure in place. The working group identified the following essential elements of an effective community development model.

- Existence of a cohesive community development entity whose focus goes beyond a single funding source (e.g., CDBG)
- Authority to align and coordinate highly decentralized City resources necessary to maximizing community impact
- Leadership by knowledgeable professionals who are intimately familiar with the field of community development and who are effective at enlisting the aid and support of a broad range of stakeholders
- Strong planning that includes identification of a citywide vision, goals, and strategies; authentic engagement of community residents in planning; and ongoing monitoring, evaluation, and reflection
- Effective citizen oversight that ensures City efforts are aligned with community priorities
- Effective partnership with and investment in community-based organizations that effectively serve low- and moderate-income communities

Recommendations

The WGCD recognizes the importance of providing the Mayor and the Board of Supervisors with recommendations pertinent to this year’s budget process. However, the group also believes that implementing a comprehensive community development strategy that effectively integrates multiple City resources will require further

consideration and deeper planning. As a result, the WGCD’s first recommendation proposes a solution to address long-standing challenges, while the second recommendation identifies an interim solution responsive to immediate needs.

1. Engage in deeper planning to identify a comprehensive community development structure and strategy for San Francisco.

The WGCD strongly recommends undertaking a more in-depth planning process to redesign community development over the next 12 months. The City should use the upcoming mandated Consolidated Plan as a means for engaging in a thoughtful planning effort that involves key affinity agencies, including OEWD, DCYF, and the Redevelopment Agency. Deeper community participation will also be necessary to chart a course for a long-term vision of strong community development in San Francisco. The process should address the following:

- **Government structure.** Identify a cohesive model for organizing community development functions within local government. These could include the integration of redevelopment, housing, and community development functions, or other models that also incorporate economic development and planning.
- **Community oversight.** Identify strategies to strengthen and improve citizen oversight through the creation of a permanent citizen oversight body that is responsible for overseeing a broad vision of community development. The structure of this body should also support building of mayoral and board consensus.
- **Community participation in planning.** Identify strategies to implement vibrant community-based planning. The following action steps can be modeled as well as refined through this process.

- Shift focus of planning efforts away from needs to information sharing and strategy development.
 - Organize planning efforts so that they inform development of an over-arching vision, goals, and a set of priority strategies.
 - Improve outreach and set clear targets for participation by neighborhood.
 - Consolidate and improve City planning efforts across departments.
 - Invest in a citywide training academy that educates and informs low-income community members about City planning opportunities.
- **CBO quality.** CBOs are partners with the City in the delivery of services and merit sound investments in leadership, capacity development, and evaluation to strengthen community results and outcomes. The planning process should incorporate consideration of the recent San Francisco CBO Task Force report, identify technical assistance strategies that will support capacity development among viable nonprofits, and address the importance of investing in infrastructure.

2. In the interim, the City should streamline and create a cohesive community development unit within the Mayor’s Office of Housing (MOH) and improve community oversight.

During the intervening 12 months, it will be necessary to put in place an interim strategy that will lay a foundation for community development that can be built on through the planning process recommended above.

- **MOH Community Development unit.** This unit should be focused on policy, planning, community engagement, and resource

distribution under the leadership of the current MOH director. Transition to this model will require identification of a highly experienced community development professional. The Office should work closely with OEWD, the Redevelopment Agency, DCYF, and other relevant departments to coordinate an overarching community development strategy until a more permanent structure is in place. There was strong consensus among working group members that CDBG public services and capital monies and staff that had been slated to be dispersed to OEWD and DCYF should be housed within the newly created unit at MOH. While some staff and CDBG funds will remain at OEWD this budget year, there needs to be a strong linkage to the community development unit at MOH.

- **Community oversight.** Until a more cohesive community development oversight body is identified, the Citizen’s Committee on Community Development (CCCCD) should be strengthened and improved through the following steps:
 - Expand the CCCCD to include several board-appointed members.
 - Identify minimum qualifications for CCCCD members to minimize and address potential conflicts of interest.
 - Shift focus of activities toward higher-level policy and monitoring.

The WGCD believes that these recommendations will create a foundation for strengthening community development in San Francisco, and will enhance the City’s ability to help low- and moderate-income communities reach their full economic and social potential.

Introduction

Last December 2008, Mayor Gavin Newsom announced plans to merge the Mayor's Office of Community Investment (MOCI) with the Office of Economic and Workforce Development (OEWD). The purpose of the proposed merger was to create better coordination between two agencies with overlapping missions, while saving an estimated \$1 million and reducing City staff. The context for this decision was the City's unprecedented budget deficit—a projected \$576 million at that time—and the need to streamline functions and find new efficiencies in local government.¹

City leaders charged with implementing the merger recognized that while there were synergies between the two agencies, the association was not a perfect fit.² Further discussion among City departments resulted in a new proposal that assigned some MOCI staff and functions to the Department of Children, Youth, and Their Families (DCYF). When a mid-April budget hearing brought to light concerns regarding the effect of the proposed merger on the City's long-standing community development program, and its impact on community-based organizations and small businesses, stakeholders agreed to take a step back and think about alternative solutions.

The Working Group on Community Development

In response, OEWD and Supervisor John Avalos invited Pamela H. David, Executive Director of the Walter & Elise Haas Fund and former head of the San Francisco Mayor's Office of Community Development, to chair a working group on community development in San Francisco. The Working Group on Community Development (WGCD) included representation from the Board of Supervisors, City departments, the Citizen's Committee on Community Development (CCCD), nonprofits, and community advocates, as well as several independent community development professionals.³ Throughout May and June 2009, this group met weekly to:

- develop a working definition of community development,
- discuss lessons learned from community development work in San Francisco,
- review how other cities and counties approach community development,
- identify core elements necessary to a comprehensive community development strategy, and
- draft recommendations for Mayoral and Board consideration.

Operating under an aggressive timeline dictated by the City's budget process, the WGCD reached agreement on the recommendations outlined in this report. To provide context for these recommendations, this report first outlines a working definition of community development and identifies the ideal role of government and other key actors in this regard. The final section identifies essential elements of an effective community development structure and provides recommendations to the City and County of San Francisco.

¹ *Mayor Newsom Proposes Budget Solutions*. Mayoral Press Release, December 9, 2008. Available at http://www.sfgov.org/site/mayor_index.asp?id=94531.

² OEWD testimony to the San Francisco Board of Supervisors Budget and Finance Committee, April 15, 2009. Summary available at http://www.sfhhsn.org/documents/hsn_iss_budg_owdmerg_04-10-09.pdf

³ Please refer to the appendix for a complete list of participants.

Understanding Community Development

The WGCD identified the need to articulate a working definition of community development for San Francisco. This is important because there is no universally accepted definition of community development, and a shared understanding of this concept is necessary to guide local planning, policy and service implementation. The term *community development* encompasses a broad range of concepts and activities that have developed in tandem with the field itself, both within the United States and internationally. To some, community development is synonymous with activities designed to increase economic opportunity in low- and moderate-income neighborhoods. To others, the term evokes efforts to expand affordable housing in US cities or the federal Community Development Block Grant (CDBG) program.

The community development vision that has emerged over decades of practice goes beyond governmental responsibilities for economic development, housing, and the administration of federal funds to encompass a broader view in which *individuals and groups of people affected by poverty are engaged and empowered as crucial agents of change with respect to bettering their own communities*. The WGCD developed a definition of community development grounded in this vision.

Community Development: A Working Definition for San Francisco

Community development is a planned effort to build assets that increase the capacity of low- and moderate-income people to improve their quality of life. It includes programs and activities that help communities build physical, human, social, financial, and/or political capital in order to address issues of poverty, segregation, and disinvestment. The term community, while most often referring to communities of place, also encompasses communities of affinity (i.e., immigrants, LGBTQ).

A comprehensive community development strategy includes: (1) physical development (e.g., affordable housing development, rehabilitation, and urban planning), (2) economic development, (3) human service delivery, and (4) social capital (e.g., fostering relationships and developing capacity for effective organizing). However, it is not enough to deploy each of these elements in isolation. A comprehensive community development strategy incorporates an integrated set of programs and activities customized to priority communities. Programs and activities should work in concert to produce desired outcomes while also being connected to the larger economic environment and context.

Community development should also support and harness community resiliency. While this can present challenges for communities that are marginalized and struggling with issues of poverty and homelessness, it is necessary for the overall sustainability and success of community development efforts.

Realizing the vision of community development outlined above requires involvement of multiple groups and sectors. The following groups are key actors in community development.

- **Government.** The role of government is to facilitate and implement a community-driven vision of community development guided by participatory planning and oversight involving multiple stakeholders. Part of its responsibility is to bring the larger context of regional land use, transit, and development to the table, to ensure the highest level of coordination and synergy with community development. Government is also responsible for marshalling the resources, human and financial, of various City entities in a cohesive and coordinated manner to address priority community needs. Government also analyzes information and data, provides technical assistance and training to support community and nonprofit capacity building, scales up practices that are working, and seeks to create a supportive public policy context. Government must also implement and comply with relevant state and federal government programs, with particular attention paid to the federal Department of Housing and Urban Development (HUD), given HUD's role as a funder and regulator.
- **Community-based organizations.** Community-based organizations serve as partners to the City in the delivery of funded services. At their best, they also give voice to under-represented communities, organize neighborhoods and facilitate grassroots leadership, and bring to bear place-based community and program expertise.
- **Philanthropy.** Private funders can act as conveners and facilitators of community conversations, support community advocacy efforts aimed at systemic change, and use their funding flexibility to fill some service gaps and promote innovation. Foundations bring both intellectual and financial capital to the table, and can often provide an independent and objective perspective to help government and community leaders make better decisions.
- **Private sector.** The private sector is also a participant in community development planning conversations, contributing ideas as well as resources to support community development. They are employers and investors, and, as such, have an interest in increasing the vitality and resiliency of lower-income neighborhoods.

In addition, the WGCD believes that the participation of **community residents** in community development is essential to overcoming the problems of concentrated poverty. Residents understand their communities, know what needs to be improved and what strengths can be built upon, and are essential to the identification of strategies that will better their communities. Increasing the capacity of low-income people to improve their quality of life is central to community development.

Challenges and Opportunities

Clearly, community development is a comprehensive undertaking that involves engagement of multiple stakeholders and alignment of resources both within and outside government. Convening of the WGCD afforded stakeholders the opportunity to think collaboratively about challenges and opportunities facing the City with respect to community development. These are identified below.

Challenges

- The City has a finite set of resources to allocate toward improving the wellbeing of low- and moderate-income neighborhoods. These resources are decentralized across multiple City departments and divisions. The current economic context requires stakeholders to think creatively about how to deploy these resources strategically and efficiently in order to maximize community benefit.
- The need to consolidate and streamline government poses risks to community development in San Francisco. Dispersing policy functions, human resources, and budget allocations across multiple departments and offices diminishes government accountability and reduces the City's capacity to support low-income communities in a neighborhood-based and holistic manner.
- Community development activities in San Francisco have historically emphasized a single federal to local funding source (i.e., CDBG) as opposed to a broader and more integrated vision of community development for low-income residents. This has limited the ability of the City to fully leverage all available resources and be creative in carrying out community development activities.
- Stakeholders perceive current community development planning activities as perfunctory, with limited engagement of community members beyond CBO representation. Efforts are also disconnected from other City planning activities involving low-income communities (e.g., Children's Services Allocation Plan, Area and General Plan, Housing Element, etc.), compounding a feeling of "planning fatigue" on the part of low-income communities. The lack of authentic input into planning has caused concern as to whether the City's economic and workforce strategies reflect priorities of low-income residents.
- The current community oversight process is highly politicized, with a concentration on grant allocation that is disconnected from an over-arching set of priority goals and strategies. Activities are also narrowly focused on a single funding source (i.e., CDBG) rather than policy oversight of a broad and cohesive vision of community development.
- Low- and moderate-income communities should have access to the highest quality services in order to overcome challenges associated with poverty, segregation, and disinvestment. There is concern about the capacity of a number of CBOs to provide quality services. Working group members recognize the substantial challenges facing the sector, many of which are highlighted in the recent San Francisco Community-Based Organizations Task Force report.⁴

⁴ *Partnering with Nonprofits in Tough Times: Recommendations from the San Francisco Community-Based Organizations Task Force*, April 2009. Accessible at: <http://www.sff.org/about/whats-new/documents-whats-new/04.24.09%20CBO%20Task%20ForceReport%20Final.pdf>

Alongside these challenges, the WGCD recognizes the many strengths and opportunities facing San Francisco with respect to community development.

Opportunities

- A number of recent planning efforts highlight the commitment of local leadership to improving quality of life among low-income residents. These include Communities of Opportunity, HOPE-SF, the Violence Prevention Plan, and the Transition Age Youth Initiative. A concerted community development focus can support and strengthen these priority initiatives.
- San Francisco has developed effective mechanisms and strategies for collaborating and coordinating across City departments and agencies. HOPE SF, the Citywide Affordable Housing Loan Committee, and development of the Interagency Council all provide examples of San Francisco's ability to confront challenges associated with cross-agency deployment of resources.
- San Francisco has developed a remarkable set of partnerships with the nonprofit sector that can facilitate and support community-building efforts.
- Though challenging in many respects, the recent turn of events has afforded stakeholders the opportunity to think more strategically about how the City can organize community development functions so as to support a more cohesive and effective strategy.
- San Francisco has the opportunity to position itself strategically to draw down stimulus funding related to community development, provided a supportive local government structure is in place.

The following section presents recommendations to address these challenges and opportunities.

A Foundation for Community Development

There is no single “right” model of organizing community development within local government. This was borne out through a review of how other cities have organized community development activities.⁵ This review as well as lessons learned locally prompted the working group to discuss core components that must be in place in order to support a comprehensive community development strategy. The results of this deliberation led to the identification of the following essential elements of an effective community development system within local government.

Essential Elements

- **Existence of a community development entity.** Executing a sound community development strategy focused on helping low- and moderate-income communities reach their full economic and social potential requires the existence of a cohesive community development entity characterized by a holistic perspective that goes beyond a single federal to local funding source (e.g., CDBG).
- **Authority to align and coordinate interdepartmental resources.** This entity must have the necessary authority to effectively coordinate and deploy decentralized City resources in order to maximize government impact with respect to priority neighborhoods and needs.
- **Knowledgeable leadership.** Community development activities should be led by knowledgeable professionals who are intimately familiar with the field of community development, and who are effective at enlisting the aid and support of diverse stakeholders in policy, planning, and implementation.
- **Strong policy and planning function that incorporates meaningful community participation.** Achieving desired community development outcomes starts with identification of a citywide vision and set of priority goals, strategies, and objectives that addresses neighborhood assets and needs. Community residents must be involved in shaping neighborhood-level strategies in keeping with community development principles of self-help and self-determination. Implementation should cut across City departments and offices and be characterized by ongoing monitoring and strategy refinement.
- **Effective citizen oversight.** It is essential for community members to be involved in oversight of community development to ensure that City efforts are aligned with community priorities. This oversight should be at the policy rather than grant allocation level.
- **Effective CBO partnerships and service delivery system.** CBOs are critical to delivery of services to low- and moderate-income communities. Organizations must have the level of infrastructure and capacity necessary to deliver high quality services.

⁵ The review was based on information gathered through interviews with community development staff in Boston, Chicago, Los Angeles, Minneapolis, New York, Oakland, Portland, and Seattle, as well as San Francisco’s Housing and Urban Development liaison.

Recommendations

The WGCD recognizes the importance of providing the Mayor and the Board of Supervisors with recommendations pertinent to this year's budget process. However, the group also believes that implementing a comprehensive community development strategy that effectively integrates multiple City resources will require further consideration and deeper planning. As a result, the WGCD's first recommendation proposes a solution to address long-standing challenges and current opportunities, while the second recommendation identifies an interim solution responsive to immediate needs.

1. Engage in deeper planning to identify a comprehensive community development structure and strategy for San Francisco.

The WGCD strongly recommends undertaking a more in-depth planning process to redesign community development over the next 12 months. The City should use the upcoming mandated Consolidated Plan as a means for engaging in a thoughtful planning effort focused on articulating a comprehensive structure and strategy for organizing community development activities. Key affinity agencies—including, but not limited to, OEWD, SFRA, and DCYF—should be involved in and help staff this process, bringing to bear their substantial knowledge and expertise as well as a willingness to integrate their work within a broader community development frame. Deeper community participation will also be necessary to chart a course for a long-term vision of strong community development in San Francisco. The process should address the following key issues facing the City:

- **Government structure.** The planning process should result in the identification of a cohesive model for organizing community development functions within local government. These could include the integration of redevelopment, housing, and community development functions, or other models that also incorporate economic development and planning. Structural options for managing such a consolidation include a *mega-agency* model that incorporates multiple functions or a *deputy mayor/chief of staff* model in which there is executive branch oversight of independent agencies that conduct community development-related work. Many other cities have adopted or are moving to one of these two models, hoping to achieve greater efficiencies and more strategic coordination.
- **Community oversight.** Identifying strategies to strengthen and improve citizen oversight should also be a core focus area for planning. There is a need for a permanent citizen oversight body that shifts the focus of oversight activities away from a single federal to local funding source (i.e., CDBG) and toward higher-level policy issues, a broader vision of community development, monitoring of strategy implementation, and reflection. The structure of this body should also support building of mayoral and board consensus. In order to design an effective oversight body, it will first be necessary to determine the government structure for organizing community development functions.
- **Community participation in planning.** The planning process should engage low-income residents, community-based organizations, and City departments in a dialogue regarding

ways to implement vibrant community-based planning. The following action steps can be modeled as well as refined through this process.

- Shift focus of planning efforts away from needs, which the City has a lot of information on, to information sharing and strategy development.
 - Organize planning efforts so that they inform development of an over-arching vision, goals, and a set of priority strategies that will drive coordination and deployment of City resources within key neighborhoods.
 - Strengthen neighborhood-based planning by improving outreach and setting clear targets for community participation by neighborhood.
 - Consolidate and improve coordination across departments of City planning efforts involving low-income neighborhoods.
 - Invest in a citywide training academy that educates and informs low-income community members about the deep opportunities for engagement in City planning, as means of developing a pipeline for public oversight bodies and other participatory committees.
- **CBO quality.** CBOs are partners with the City in the delivery of services and merit sound investments in leadership, capacity development, and evaluation to strengthen community results and outcomes. The planning process should incorporate consideration of the recent San Francisco CBO Task Force report, identify technical assistance strategies that will support capacity development among viable nonprofits, and address the importance of investing in nonprofit infrastructure to support operations.

2. In the interim, the City should streamline and create a cohesive community development unit within the Mayor’s Office of Housing (MOH) and improve community oversight.

During the intervening 12 months, it will be necessary to put in place an interim strategy that will lay a foundation for community development that can be built on through the planning process recommended above. The proposal outlined below would align and leverage the City’s current investments in housing and services while also capitalizing on opportunities presented by the upcoming need to develop the HUD-required Consolidated Plan.

- **MOH Community Development unit.** This unit should be focused on policy, planning, community engagement, and resource distribution under the leadership of the current MOH director. The purpose of this office would be to develop, implement, and oversee current community development activities. Transition to this model will require identification of a highly experienced community development professional to lead this division. The Office should work closely with OEWD, the Redevelopment Agency, DCYF, and other relevant departments to coordinate an overarching community development strategy until a more permanent structure is in place. While the specifics of these linkages will require further definition, there was strong consensus among working group members that CDBG public services and capital monies and staff that had been slated to be dispersed to OEWD and DCYF should be housed within the newly created community development unit at MOH. While some staff and CDBG funds will remain in this budget year at OEWD, there needs to be a strong linkage to the new community development unit at MOH.

- **Community oversight.** Until a more cohesive community development oversight body is identified, the Citizen’s Committee on Community Development (CCCD) should be strengthened and improved through the following steps:
 - Expand the CCCD to include several board-appointed members.
 - Identify minimum qualifications for CCCD members to minimize and address potential conflicts of interest and outline expectations with regard to relevant community development expertise.
 - Shift focus of activities toward higher-level policy and monitoring as opposed to individual grant allocations.

The WGCD believes that the above recommendations, if implemented, will create a foundation for strengthening community development in San Francisco, thereby increasing the City’s ability to help low- and moderate-income communities reach their full economic and social potential

Appendix

Working Group on Community Development Members

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