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news and views

A look at Detroit's affordable housing market

by Desiree Hatcher

The foreclosure crisis had a significant impact on Detroit's homeownership rates. The 2000 and 2010 censuses indicate that the homeownership rate in Detroit was 54.9 percent and 51.1 percent, respectively. According to the 2011-2015 American Community Survey 5-Year Estimates, the current rate is below 50 percent. Detroit now has more renters than homeowners. As more residents move from homeownership, increased focus is being placed on the city's rental housing market and the findings are not entirely favorable.

Detroit has a rental affordability gap

In 2016, the city of Detroit's Housing and Revitalization Department commissioned a "Detroit Inclusionary Housing Plan and Market Study." The study was prepared with support from HR&A Advisors, Grounded Solutions Network, and Capital Impact Partners. An objective of the study was the evaluation of the city's multifamily housing stock.

According to the study, while Detroit remains a predominantly single-family home market (in excess of 70 percent), there are over 125,000 multifamily units, concentrated primarily in the Greater Downtown area. The citywide average rent amount is $702. Based on federal guidelines, the average monthly rent in Detroit is affordable to households making just above 60 percent of area median income (AMI) – $32,177 in 2015 – or more. However, 56 percent of Detroit's renter households make 50 percent or less of AMI ($26,815 in 2015).[1]

Further, the study indicates that 97 percent of the city's rental units are affordable for those making 80 percent of AMI; 86 percent are affordable for those making 60 percent of AMI; and 67 percent are affordable to those earning 50 percent of AMI. However, just 23 percent of the units are affordable for those making 30 percent or less of AMI. Slightly more than 30 percent of city's total renter households fall within this income category.[2]

Renting is risky

The decrease in home values caused by the foreclosure crisis made Detroit a magnet for speculative investors, who began buying rental properties at the Wayne County tax auction at an alarming rate. Some of these entities began renting dilapidated, uninhabitable, and sometimes dangerous properties to individuals and families with few housing options due to limited monetary resources and/or subprime credit ratings. Further, many investors were not paying the property taxes.

As a result, homeowners who became tenants as a result of foreclosure were again faced with eviction when landlords were foreclosed upon. According to the website, propertypraxis.org, speculators now control nearly 20 percent of all land parcels in Detroit.

Efforts to promote an environment of safe and habitable rental stock

By ordinance, all rental property owners in the city of Detroit are required to register their properties and obtain a certificate of compliance as proof that the property has been inspected and found to be in a safe and habitable condition. Failures to register or get a certificate of compliance are both punishable by $250 fines. However, limited staffing has prevented the city from enforcing this requirement. In addition, the majority of rentals are not registered. The city has about 2,500 rental addresses registered, while U.S.

Census data estimate there are more than 136,000 rental housing units in the city. In 2016, Mayor Mike Duggan warned landlords that the city was gearing up for "a serious enforcement period," aimed at helping strong landlords thrive and making it unattractive for those who abuse the system. The mayor has also proposed amending the ordinance to require that rental owners be current on property taxes to obtain a certificate of compliance for their properties.[3]

Helping at-risk renters become homeowners

In 2015, the Detroit Land Bank Authority (DLBA) instituted a buy-back pilot program allowing eligible occupants of DLBA acquired homes the opportunity to apply to purchase their home. According to the DLBA's January 2017 Quarterly Report, eligible occupants for the pilot program include:

- The most recent owner of record before the home was acquired by a public entity;
- The tenant of the most recent owner of record before the home was acquired;
- The tenant of someone who claimed to own the property;
- Persons who can demonstrate that they have made substantial improvements to the property; or
- Persons who have paid for utilities in the home for at least 12 months.

The occupant must agree to pay $1,000 to the DLBA for the home and make a monthly payment of at least $100 into an escrow account for future taxes, for a minimum of 12 months, or until the next tax payment is due if that date is longer than 12 months after the closing. The occupant is also required to maintain the exterior of the property, keep their water bill current, and participate in quarterly "home preservation" workshops. The deed is held in escrow until that period and conveyed to the occupant afterward. As of January 1, 2017, 182 occupants had completed the closings and taken advantage of the pilot program.[4]

Limited affordable housing opportunities in downtown and midtown

In 2011, specified downtown and midtown companies began offering their employees incentives to live in those areas. These incentives for new and existing homeowners and renters succeeded in sparking resurgence. New and renovated housing units were developed to keep up with demand. By 2014, of the available rental units in downtown and midtown, 98 percent and 97 percent were fully occupied.[5] As demand has increased, so have rental rates. However, limited options have recently become available to assist in maintaining affordability for some residents.

Stay Midtown

Current residents of Detroit's midtown who are in danger of being priced out of their apartments by rising rents can receive up to $4,500 over the next three years to help them remain in the booming downtown Detroit neighborhood. Stay Midtown – a partnership between Midtown Detroit, Inc., Capitol Impact Partners, The Kresge Foundation, and the Ford Foundation – targets midtown households earning 51 percent to 80 percent of AMI that spend over 30 percent of their income on rent.[6]

About $400,000 is available for the pilot phase. To qualify, applicants must not be students and have to have lived in midtown for at least two years. Applicants must show proof that their rental rates have increased more than 10 percent from last year.[7]

Micro-apartments

Scheduled for completion by mid-2017, downtown Detroit's residential real estate market will have 218 brand new fully-furnished micro-loft rental residences with the addition of "28Grand." Average unit sizes for the brand new apartment will be 260 square feet. The development will include 133 market-rate apartments and 85 apartments for residents who qualify for low-income housing tax credits from the Michigan State Housing Development Authority. Each unit will feature a full bath, kitchen, utilities, Wifi, custom built-in cabinetry, and storage. All units are fully furnished, including a double bed and television, to provide residents with a turnkey living experience. The building will feature 4,500 square feet of first floor retail space and will be the largest ground-up residential development in the city's Central Business District since the 1980s.[8]

Though micro-apartments are more closely associated with expensive cities such as New York, Seattle, and San Francisco, they are also appearing in the downtown markets of Midwest states such as Indianapolis and Des Moines. The shift toward smaller apartments can be seen as simple economics: smaller apartments are more profitable for developers to build and more affordable for tenants to rent.

A study by the Urban Land Institute found that units smaller than 600 square feet rented for $2.65 per square foot – 54 percent more than apartments between 600 and 1,000 square feet, and 81 percent more than apartments larger than 1,000 square feet. However, not everyone loves micro living. The study collected completed surveys from 110 micro-apartment renters, finding that they were less likely than traditional renters to be satisfied with the value they got for their money.[9]

Tiny houses

Detroit's Cass Community Social Services (CCSS) is in the process of building 25 different "tiny homes" (250-400 square feet) on the north end of its campus, approximately three miles north of midtown. Each home will be on its own lot (roughly 30 x 100 feet) and foundation. Most will have a front porch or rear deck to increase the living space. The houses are primarily targeted to low-income households who are formerly homeless, senior citizens, or college students.[10]

The development will address three critical issues: transforming the homeless into homeowners; bringing density to an area that has vacant lots and abandoned houses; and creating inexpensive, environmentally friendly housing in the community. Also, residents in the tiny homes will be within walking or cycling distance to most of the other services available at CCSS, including educational, recreational, nutritional, medical, mental health programs, and social activities.[11]

While the homes are affordable, residents must meet income qualifications. A 300-square-foot home will cost $300 in rent each month, plus heating, which is estimated at $32 per month in the winter. The organization is using a rent-to-own model, where tenants graduate from a rental lease to a land contract, with full ownership rights after seven years. A 300-square-foot home will cost about $48,000 to build, a figure that could decrease as the organization achieves economies of scale. The Ford Foundation has contributed $400,000 to this project.[12]

Tiny houses are gaining in popularity nationwide. YouTube.com is replete with videos of people building and promoting tiny houses as a method for downsizing to a simpler life, freeing themselves of stressful and excessive mortgage payments, or just getting "off the grid." There are even cable shows devoted to this population. These homes, usually 100 to 500 square feet in size, are not a new phenomenon. However, they are new to the city of Detroit.

Proposed inclusionary housing ordinance

Detroit city leaders pulled together a work group of nonprofit housing advocates, developers, planners, and land-use professionals to address the issue of inclusion in Detroit. These efforts have resulted in drafting Detroit's first inclusionary housing ordinance with the goal of creating mixed income housing in new development and rehabilitation projects. The ordinance will mandate that developers, who receive city-owned property at less than true cash value and/or public funding, set aside 20 percent of their units for residents and families making no more than 80 percent of AMI for at least 30 years. It will create a mechanism for enforcement through an income verification process to ensure that the designated units actually go to low-income residents and families. The ordinance will also appropriate funds, collected from penalties assessed on landlords not in compliance, to create a housing trust fund, the Detroit Affordable Housing and Development Preservation Fund. This fund will address affordable housing needs for Detroit's most vulnerable citizens, families earning 50 percent of AMI or lower, with a majority going toward individuals at or below 30 percent of AMI.[13]

Conclusion

The foreclosure crisis changed Detroit's housing occupancy landscape. The city now has more renters than homeowners. City officials are working to study and understand the rental market and now have evidence that, though affordable options exist, a significant affordable housing gap remains, especially for residents in the lowest income brackets. The rental market is extremely competitive, with those at or below 30 percent AMI having the fewest choices and the greatest likelihood of living in the most uninhabitable conditions. As the new administration in Washington, DC, looks to include housing as part of its proposed budget cuts, Detroit's proposed inclusionary housing ordinance may offer a new opportunity in addressing the housing needs of the city's most vulnerable residents.

Notes

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Biography

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Investing in Healthy Communities: Ideas to Action for Healthy People, Places and Planet – A conference summary

by Steven Kuehl, Susan Longworth, Lisa Richter, and Jennifer Riggenbach

*The Federal Reserve Bank of Chicago and Incourage[1] co-sponsored a conference, "**Investing in Healthy Communities: Ideas to Action for Healthy People, Places and Planet**," on December 7, 2016, in Wisconsin Rapids, Wisconsin. More than 200 participants from the fields of business, philanthropy, health care, academia, and government attended the conference. This ProfitWise News and Views article provides an overview of the event, summarizes the salient points from the keynote speakers and panelists, and concludes by discussing the way forward for healthier communities in Central Wisconsin.*

Overview

The Wisconsin Rapids event was the third in a Wisconsin series and built on earlier events in Milwaukee (December 2014)[2] and Platteville (July 2015)[3]. Co-sponsored by the Federal Reserve Bank of Chicago and local leaders, the earlier conferences highlighted the connections between health, community development, and economic development in urban and rural communities, as well as the opportunities for these fields to improve outcomes by working together. This third conference focused on the role of investing to build healthy communities, including how financial investments by banks and socially motivated "impact investors" can help to foster equitable access to health and human development, while contributing to regional prosperity and preserving natural resources.

Conference goals

Conference sponsors identified three specific goals:

1. Create common ground. Affirm the definition of health, the determinants of health, and the critical importance of health and health equity to regional prosperity. According to the World Health Organization, "Health is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity."[4] The social determinants of health are highly relevant in community development and impact both the quality and length of life. They include the physical environment, socioeconomic factors, and access to quality health care. *Health equity* describes conditions where everyone has the opportunity to attain their full health potential. affirms health for all – in policies and plans, as well as economic and community activities.

2. Support movement from idea to action. Examine how a community/region can harness all of its resources to foster health and human development for all residents.

3. Set the stage for ongoing regional collaboration. Promote a sense of shared purpose among local health, community development and economic development networks, and with similar networks across larger rural and urban regions. Local economies need regional partnerships and vice versa. Profile partnerships that model productive relationships and set the stage for ongoing regional collaboration to optimize health and prosperity for all.

Broad conference themes

Consistent with the emphasis in the conference title on healthy people, places, and planet, three broad themes were highlighted:

1. **People–Healthy Human Development over the Life Course**. Our nation's health disparities provide evidence of the risks of *not* investing in healthy human development. Healthy communities invest private and public dollars to ensure equitable access to quality, affordable housing, child care, education, recreation, health care services, healthy food, healthy workplaces, and a range of services for affordable, dignified aging in place.

2. **Places – Employment and Workforce Development.** While *place* is the focal point for all efforts to foster equity and health, unstable or lack of employment in rural areas poses particular health and economic risks. Communities seek resiliency through a range of approaches – from stimulating local businesses and farms that create jobs, to preparing a diverse, qualified workforce, to connecting workers to jobs. Public and private partnerships, including impact investing, help to fuel the growth of businesses, nonprofit organizations, and entire sectors, such as sustainable agriculture, green building, and home health care, which provide jobs while enhancing community health.

3. **Planet–The Environment**. In rural communities, environmental risk factors include agricultural or industrial methods that pollute or deplete natural resources. To foster a healthy environment, farmers, businesses, and others are "greening" their approaches, often with financing from community development financial institutions (CDFIs), banks, and others. Investors in the broader public markets for stocks and bonds are implementing low carbon and green strategies that reinforce environmental stewardship and performance reporting. Conducive public policy is critical to advance these efforts.

Welcoming remarks

Alicia Williams, vice president, Federal Reserve Bank of Chicago, welcomed everyone to the event and described how it was the 34th conference in the Healthy Communities[5] series across the Federal Reserve System. Williams noted, however, that it was the first one to focus on how financial investments by banks and socially motivated "impact investors" can help to foster better health *and* economic outcomes. Williams explained that many of the familiar tools in community development – facilities and service delivery in the largest part – can impact both health and socioeconomic status. However, she emphasized that improved economic outcomes hinge on illness prevention, wellness, security, and above all, human development at all stages of life.

Kelly Ryan, president and CEO, and Kristopher Gasch, board chair, Incourage, also provided a welcome to the event co-sponsored by their organization. Ryan stated that the conference goals were closely aligned with the vision of her organization: to work with residents to *realize a community that works well for all people*. For Incourage, such a vision can only be realized by recognizing the interdependence amongst community stakeholders. In short, people are the most important asset and positive community change happens when individuals have the opportunity to succeed. Ryan believes philanthropy has untapped potential in its investment portfolios to impact health and socioeconomic outcomes, and Incourage is committed to deploying its financial capital and aligning its resources to advance its vision. Gasch stated that the public sector is a vital partner in the fields of health and community development. Communities need strong, courageous public leadership that is principled, and has vision and the ability to help others see the potential in their places, he concluded.

A message from Wisconsin Rapids

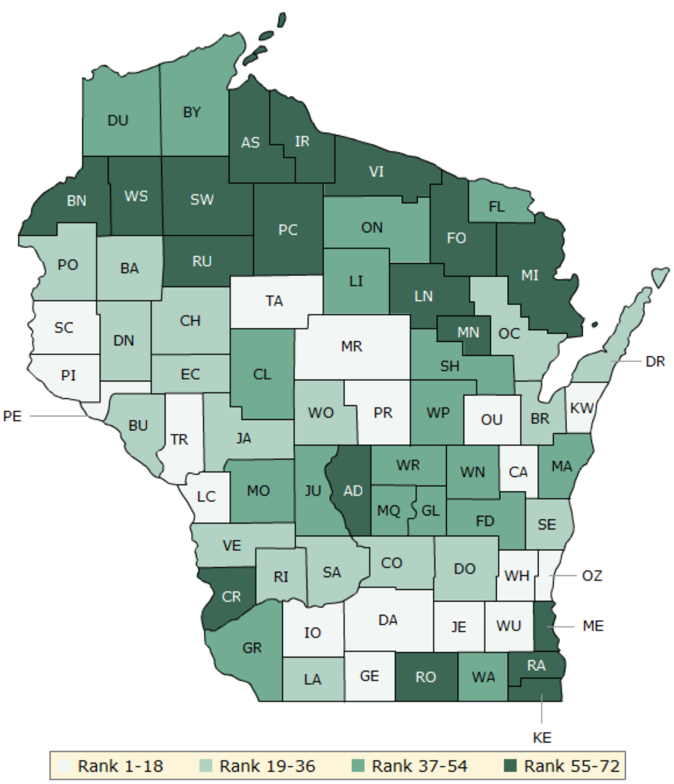
Zach Vruwink, mayor, city of Wisconsin Rapids, emphasized the important role that local communities play, given that local governments have the ability to be more nimble than their national counterparts and are more accountable for producing results because they are closer to their constituents.

David Greendeer, representative for the Ho-Chunk Nation Central Wisconsin, welcomed the audience on behalf of the approximately 7,500 tribal members in the state of Wisconsin. Greendeer described how the Ho-Chunk Nation, which regards itself as an independent country, has historically been one of the poorest tribes in the United States, with no modern housing stock until the 1990s. With the advent of gaming, the tribe has become a multi-billion dollar organization and Greendeer sees much untapped potential within his tribe. He stated that Wisconsin, and other neighboring states, remained relatively unaware of the potential for economic growth within the Ho-Chunk Nation. Greendeer invited participants to collaborate with the tribe to achieve economic development.

Part 1. Perspectives from the Healthy Community Frontier: The convergence of population health, community development, and economic development – a vision for healthy rural communities

The conference's first panel discussion explored how public and private leaders are advancing a culture of health. Julie Willems Van Dijk, director, County Healthy Rankings Roadmaps (Roadmaps), summarized the 2016 Wisconsin County Health Rankings to highlight differences between rural and urban communities. Roadmaps, a collaboration between the Robert Wood Johnson Foundation (RWJF) and the University of Wisconsin Population Health Institute, serves as a tool to compare nearly all of the counties in the United States with others in its state, to illustrate how health is influenced by social,

Map 1. Overall rankings in health outcomes (Wisconsin)

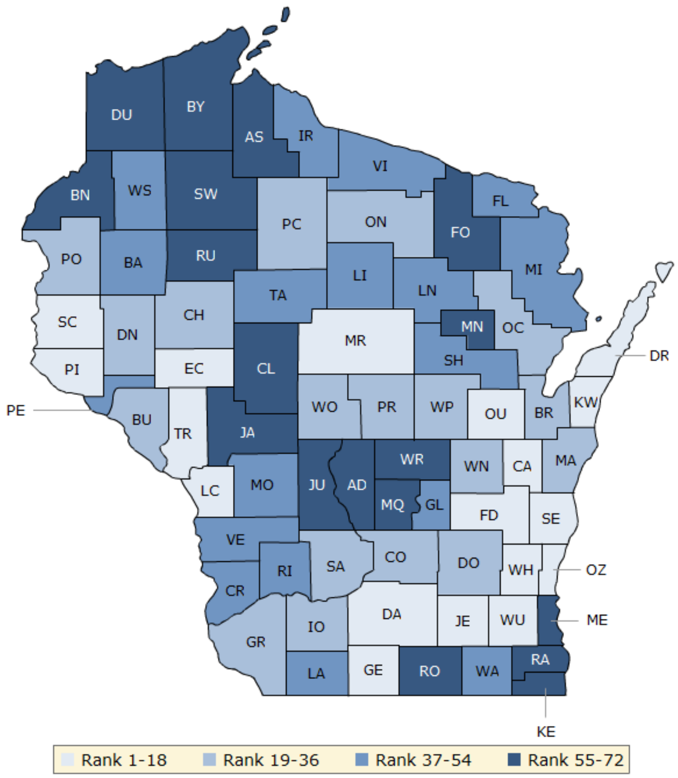


Source: County Health Rankings and Roadmaps.

economic, and environmental factors. These rankings provide a starting point for change in communities.

Willems Van Dijk explained how map 1 represents the relative health of Wisconsin counties using health outcome measures: length and quality of life.

Map 2. Overall rankings in health factors (Wisconsin)



Source: County Health Rankings and Roadmaps.

Map 2 ranks the future health of counties based on factors of health behaviors, clinical care, and the social, economic, and physical environment.

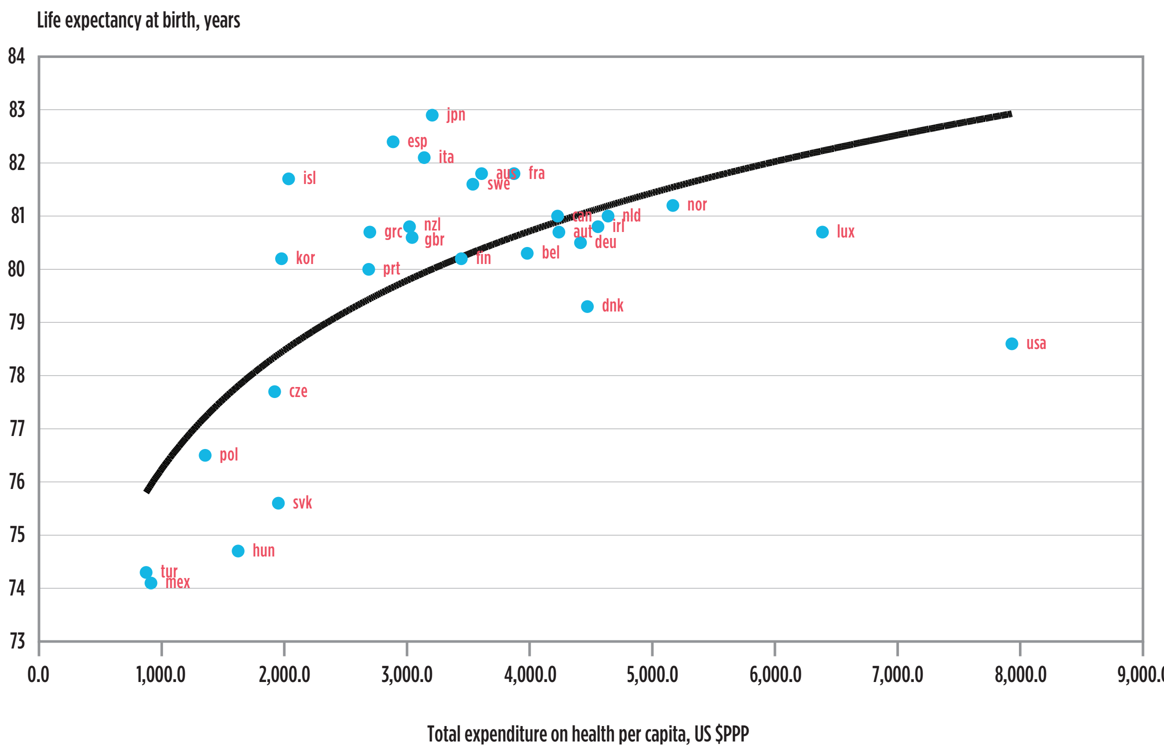
For both maps, degrees of 'health' range from light (most healthy) to dark (least healthy).

Willems Van Dijk noted that rural counties almost universally suffer from less than optimal health outcomes. Factors contributing to poor health outcomes for rural Wisconsin counties are: low educational attainment; high unemployment; and a high percentage of children in poverty, a trend that is echoed nationwide. Even more disturbing, emphasized Willems Van Dijk, is that recent data suggest that, while all other non-rural areas have seen health improvements, it appears that health outcomes in rural communities are getting worse.

Willems Van Dijk pointed to resources that exist which help rural communities improve their health outcomes, such as an evidence analysis of strategies. Further, Wisconsin can learn from two local RWJF 2015 Culture of Health prize winners: the Menominee Nation and the Waaswaaganing Anishinaabeg (Lac du Flambeau) Tribe.

Katie Wehr, program officer, RWJF, introduced RWJF as the largest philanthropy in the country dedicated to improving the nation's health and grants

Figure 1. Differences in life expectancy and health care spending across OECD countries, 2010



Source: OECD Health Data 2010.

with over $400 million each year in urban, rural, and tribal communities. Wehr pointed out that although the US spends more than any other nation, Americans live shorter, less healthy lives – outpacing peer countries in early morbidity across all causes of death.

Considering what could be contributing to this difference, Wehr explained that the US invests much more in health care – taking care of those who are already sick. Because Americans invest less in illness prevention, greater health care spending doesn't translate into longer life expectancy, as illustrated in figure 1 which compares health expenditures and life expectancy across other developed countries.

Wehr noted that health varies by where you live: just a few subway stops can mean improved educational, environmental, health care, nutritional, housing, and employment opportunities. This disparity exists not only in urban areas, but also in rural areas. Wehr emphasized that to improve the nation's health, there needs to exist a shared belief in the value of health and community. Multi sector collaborations, across the housing, education, transportation, and health sectors, can create improved outcomes though efficient resource utilization.

Farshad Maltes, director of strategic business development, Wisconsin Housing and Economic Development Authority (WHEDA), described how WHEDA incorporates a culture of health in its community and economic development financing policies. He stated that the economic development community already knows the strategies required to achieve successful health outcomes. However, two challenges remain. First, there is a lack of money and resources; and second, community members must be included in order to build trust and sustain outcomes. To address the lack of money and resources, for example, WHEDA financed the

Menominee Market Food Co-op, a community-owned grocery store providing access to healthy food choices, using a complex financing structure leveraging many different sources, including New Markets Tax Credits, which incentivize community development and economic growth in order to attract private investment to distressed communities. Additional financing came from the U.S. Department of Agriculture (USDA) Business & Industry Loan Guarantee Program. Maltes also pointed out that WHEDA has used conventional financing on other health-related projects, such as the Gerald L. Ignace Indian Health Center, Inc., in Milwaukee and the Access Community Health Center in Madison. Both clinics provide health services in low-income, urban areas. Further, WHEDA helped to finance a new health center and library in Platteville, which serves a rural population.

David Erickson, director of community development, Federal Reserve Bank of San Francisco, emphasized four main points. First, health is not medical care; rather, health is the result of socioeconomic indicators such as income, educational attainment, access to healthy food, and the safety of neighborhoods. Second, low-skill, middle-wage jobs no longer exist and therefore the focus of public policy should be to increase the educational attainment of workers and thereby productivity, in order to increase wages and incomes. Third, there is a growing marketplace comprised of consumers, institutions interested in purchasing better health outcomes, and organizations that are skilled at connecting buyers and sellers. Fourth, disrupting the tight grip of intergenerational poverty is very difficult, but progress is achievable and the potential benefit to both the local community and the surrounding region is enormous. Key elements to accomplishing healthier communities are: cross-sector collaboration among (local) interests, including private industry, education, health care, and public safety; initiatives and programs guided by passionate individuals; data driven interventions that have the support of the community; and a backbone organization or "community quarterback" to ensure continued progress.

Part 2. Moving from Idea to Action on Building Healthy Communities: How communities can move from ideas to action in building healthy communities, including the role of impact investing

Breakout 1. Investing in People over the Life Course – Childhood (Part 1)

One would be hard-pressed to argue against providing quality, safe, affordable child care. However, panelists described the challenges they face in ensuring that this most vulnerable, yet essential, segment of the population is cared for in a manner that meets the needs of the entire family. While the challenges of poor pay ($10/hour in rural Wisconsin), mounting regulation, stagnant subsidies, and decreasing supply are daunting, the panelists illustrated how these obstacles are being overcome through hard work, dedication, and collaborative innovation.

The St. Anne's Center for Intergenerational Care grew out of the need to ensure that caregivers for the elderly did not miss work when their children were sick or out of school. Sister Edna Lonergan, who developed the center, noted how intergenerational interaction extends the life span of the elderly by seven years and advances childhood development by 11 months by kindergarten age. Salli Martyniak, president of the CDFI, Forward Community Investments (FCI), described how FCI purchased a building on behalf of a child care provider operating in a neighborhood that was becoming a "child care desert." The patient capital and tax credits that her organization was able to provide allow the provider to manage cash flow as their business grows. Each of these examples requires innovative, patient capital, many diverse partners, and a dedicated champion to see them through, according to Martyniak.

Doug Jutte, panel moderator and executive director of the Build Healthy Places Network, described that over $3 trillion is spent each year on medical care in the United States. The budget for Head Start is less than one-third of 1 percent of that amount ($8 billion/year), and yet, half of all eligible children are turned away from Head Start funded agencies for lack of resources. While the case that prevention is more cost effective than treatment in preserving good health and preventing disease is well understood, converting that understanding into investments in early childhood education – when the impacts of chronic poverty, trauma, and stress are most damaging – remains challenging.

Kelly Borchardt, executive director of Childcaring, Inc., a child care resource and referral agency, detailed that challenge for the people in rural Wisconsin in stark terms:

- In Wisconsin, 74 percent of children under the age of six have resident parents in the labor force.
- Infant care and care for children whose parents work a second or third shift is in very short supply – especially in rural areas.
- In Wood County, where the conference was held, the cost to provide child care for two children can exceed $15,000 a year.

Nonetheless, since 2005, families in Central Wisconsin have experienced a 60 percent reduction in their child care choices. Borchardt detailed a precise course of action to address the deficit in affordability and accessibility of child care:

1. Supplement child care programs; subsidy rates have been frozen for several years.
2. Build the supply of child care programs to reverse the decline.
3. Maintain a quality child care work force; the average wage of a child care provider is $10/hour without benefits.
4. Increase the number of children in quality child care programs.
5. Expand public-private partnerships with intentional, creative, community-level planning.

An overriding theme of the conference was the need to create a market that values health. In the case of children, the experiences and opportunities of early life will have significant impact throughout the life course. A market that invests in these early years will reap benefits across decades and perhaps generations.

Breakout 2. Investing in People and Place: Healthy Food, Healthy Economy, Healthy People

Panelists discussed how strengthening regional food systems provides the opportunity to increase community access to healthy, fresh food, while also creating equitable access to jobs and lower transportation-related carbon emissions. Mike Bedessem, vice president business development, Organic Valley Cooperative (OVC), attributed their success to a rural/urban partnership – rural farmers grow food and people in cities eat the food. Although OVC pays a premium to farmers for their products, it has enabled both the cooperative and its supplying farms to prosper and grow.

Jeff Metoxen is director for the Oneida Community Integrated Food Systems (OCIFS), a series of projects on the Oneida Reservation created to grow the local economy through the food system. The OCIFS includes a food distribution center, orchard, cannery, retail business, two farms, farmers markets, community gardens, and involvement with the local 4-H. In creating OCIFS, the Oneida made a commitment to their people and the cultural significance of self-sustainability. He described his experience managing Tsyunhehkwa, the organic farm on the reservation, which is challenged to be both profitable and offer affordable prices to residents.

Joel Kuehnhold, owner, Lonely Oak Farm, is a fourth generation farmer who left a career as an agricultural education teacher to focus on his family farm. While in college, Kuehnhold learned about the modern food system and vertical integration, but stated he was inspired by his grandparents' description of the diversified array of farm products they sold into the local economy and that were enjoyed by local consumers. Kuehnhold now raises 200 sheep, 200 laying hens, has an on-farm canning operation, and runs a 40-person community-supported agriculture (CSA) farm.

Layne Cozzolino is executive director of Central Rivers Farmshed, which connects a local food economy in Central Wisconsin. Farmshed publishes the *Central Wisconsin Farm Fresh Atlas,* which helps residents to locate and support local farms in an 11-county region. Farmshed also provides programming that has an economic impact on community farmers, such as: the Local Food Tastes Great Fundraiser, which raises money for local schools by selling locally grown and raised products; the Local Food Buying Club, a local produce bulk purchasing option; Frozen Assets, which freezes bulk produce for sale through a community supported agriculture model throughout the winter; and FoodShare, which offers the opportunity to use benefit cards at two farmers markets. Cozzolino emphasized that consumers, farmers, and the local economy all benefit from an interdependent, sustainably grown food system.

Breakout 3. Investing in People and Place: Community Health Needs Assessments – A Tool for Regional Investment Strategies

The Community Health Needs Assessment (CHNA) and Community Health Implementation Plan (CHIP), mandated by the Affordable Care Act, can motivate community investments that improve health. By thinking differently about their investment strategies, health systems and hospitals are improving the health of their communities and neighborhoods.

Kristie Rauter Egge, community health planner/health promotion specialist, Wood County Health Department, and Nan Taylor, director of business development and community relations, Aspirus Riverview Hospital and Clinics, Inc., discussed the CHNA, which is required for all nonprofit hospitals, as well as for local public health departments. The CHNA is a comprehensive process to determine the most pressing health concerns of a community by analyzing demographic and health statistics, surveying the community and involving key stakeholders. At the conclusion of the CHNA, key stakeholders collaborate to develop a CHIP to address the health priorities identified in the CHNA. This overview informed the panel, which highlighted three regions in Wisconsin and how they are working toward outcomes through aligned agendas and investing in health.

Sarah Grosshuesch, public health officer, Adams County Health and Human Services Department, discussed how the Central Wisconsin Health Partnership (CWHP), a consortium representing six central Wisconsin counties, collaborates to improve access to behavioral health services. Success requires that the six health officers from the counties of Adams, Green Lake, Juneau, Marquette, Waupaca, and Waushara understand that the overall health of a community is a shared responsibility amongst all stakeholders, including human services, health care providers, nongovernmental organizations, and community members. All six counties identified gaps in the provision of behavioral health and the treatment of substance use disorders. The CWHP leverages resources to provide population-based services targeted to those most at risk for poor mental health and drug use outcomes.

Sarah Havens, director, community and preventive care services, Gunderson Health System (GHS), discussed how GHS, an anchor institution in the Powell-Poage-Hamilton (PPH) neighborhood in LaCrosse, Wisconsin, uses its CHIP to address the city's health, quality of life, and economic stability. Havens described how the CHIP led to the creation of a tax increment financing district that provides a funding source for PPH projects, a neighborhood development plan, and a development corporation. Results include new single family homes, mixed market apartments, a hotel, medical resident housing, as well as reduced surface parking, and street and sidewalk modifications for increased safety, walkability, and security. Havens stated that the anticipated ripple effect is evident with the creation of additional single family home builds, employee home purchase incentives, existing home and property upgrades, place-based human services, and educational incentives.

Amy Mihm, director of clinical nutrition and culinary services wellness options at work, UW Health, discussed the University of Wisconsin-Madison approach to investing in community health. She explained that UW Health has made sustainable commitments through internal and external collaborations, including culinary and clinical nutrition services, staff leaders, and wellness options at work, as well as working with REAP Food Group, the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP), and local growers, producers, and artisans. The work has been shown to be financially sustainable for UW Health by focusing on cost neutral pricing initiatives, using pricing strategies to promote healthier choices, investing internal capital to drive and promote economic growth, and menu engineering for cost effectiveness.

Breakout 4. Investing for People and Planet: Advancing Health and Well-being through Environmentally Sustainable Development

Moderator, Carrie Vanderford Sanders, founder/principal, Hope Community Capital LLC, set the stage for the panel discussion about how investors in sustainable development can pursue a triple bottom line that includes social, environmental, and financial returns. Sanders stated that we are in the midst of a global environmental crisis that will particularly affect the most vulnerable in society. The panel discussed how to approach this issue considering the interests of business, policy, community leadership, and capital providers. The Wisconsin Rapids community, via Incourage, conducted community surveys to establish a vision for creating sustainable resources. Incourage's approach involved the entire community in the redevelopment and repurposing of the former Daily Tribune building, the first LEED-Gold-certified building in the region.[6] Sanders emphasized the community movement to transition away from legacy fossil fuels toward increased reliance on renewable sources of energy, carbon sequestration in the form of living landscapes, and the development of environmentally sustainable products and processes. This movement guides how Incourage invests its assets and conducts its business within the local community and region.

Nick Hylla, executive director, Midwest Renewable Energy Association (MREA), focused his remarks on the opportunities available to influence energy policy toward more sustainable outcomes. The MREA works with partners around the Midwest to expand renewable energy adoption through innovative programs, renewable energy training, and educational events. The MREA is trying to change the economic marketplace for renewables, particularly photovoltaic systems, by enabling more funding to derive from local communities and by developing more partnerships to make it happen. Hylla sees on-site energy creation as the key to the industrial world's transition away from gas and oil to more renewable sources of energy, with solar and wind energy infrastructure development leading the nation in new energy built capacity. In fact, more people work in solar than in oil and gas. Hylla also sees a shift in how renewables are being funded toward a business model much like a major utility. This results in a shift in approach to return on investment: some investors require traditional bottom-line returns while other investors seek triple-bottom-line returns that factor in people (social), planet (environmental), and profit (financial returns). With more capital flowing into renewables, Hylla sees an opportunity to decouple the nation's Gross Domestic Product (GDP) from traditional fossil fuel production.

The Center for Resilient Cities (CRC) has developed a proven, replicable model for creating sustainable, thriving neighborhoods that relies on a combination of community engagement, connected systems, and restorative environmental design to address the racial and economic inequities found in many US cities, according to the CRC's executive director, Marcia Caton Campbell. For example, Badger Rock, a LEED-Platinum neighborhood center and charter school in Madison, Wisconsin, transformed an under-used site into a public space with green and sustainable design that fosters resident and neighborhood resilience. The CRC's building attracts residents of all ages for education, healthy food and fitness, civic engagement, leadership development, and friendship-related activities. The CRC acts as a connector and organizational bridge between complex capital resources and investable systems by making voices at the table heard in ways that otherwise would not happen. These voices impact sustainability and Caton-Campbell stated that the CRC can broker resilience through its skill at community organizing and networking, taking projects one step beyond sustainability, to where they thrive and flourish.

The Central Waters Brewery Company is committed to being one of the most environmentally sustainable breweries in the nation. Owner Paul Graham considers every aspect of the brewery – from upstream product sourcing to downstream management – when managing the environmental footprint: bottles are sourced from the greenest manufacturer in the country; packaging is post-consumer recycled cardboard; and raw inputs into the beer are locally sourced, when possible. Central Waters is the only brewery to receive recognition from the state of Wisconsin's Green Tier program as a sound environmental steward. Believing that his sustainability efforts provide a competitive advantage for his products, Graham prefers to invest in his employees, while taking a long-term view for returns on capital investments in his brewery.

Lunch and plenary panel

The conference's lunch panelists brought seasoned leadership perspectives to key questions: what can be done to build healthy communities in today's global economy; what kind of leadership is necessary; and what role can leadership play in periods of economic or political change?

Doug Nelson, retired president and CEO, Annie E. Casey Foundation, led off to suggest that solutions must be forward-looking in order to answer how we improve health and other outcomes for those who live in places that have been impacted negatively by globalization – rural communities, as well as small and inner-city communities that relied on manufacturing. It may take two to three generations before the majority of the population is ready for a high tech, global economy. Interim progress needs to focus at the regional level, investing in sectors that make sense and lend themselves to local control, while ensuring inclusive strategies that advance social equity.

Katherine Tyler Scott, managing principal, Ki ThoughtBridge, built upon Nelson's framing to ask how to help local communities focus. She noted the sense of isolation that permeates communities that have lost or are losing traditional industries. They are grieving, and "magical thinking" can't occur unless there is a community steward working with local residents and institutions to understand and adapt to change. Scott added that recognizing the magnitude of the changes helps to shift focus to building competence and confidence in caring for others, whether on economic, spiritual, or other levels. She reminds participants that being a trustee of a community in challenging times requires rebuilding trust. It also requires encouraging people to look to themselves rather than authorities for solutions, and to respect differences and engage in civil dialogue.

Incourage's Kelly Ryan spoke about the 40 percent job loss following the off-shore sale of the local paper mill that had driven her community's economy for a century. A place-based, values-led, and resident-centered foundation, Ryan described how her institution learned how others had supported their communities in times of crisis and through a cultural transformation. With a Maya Angelou quote as guidance – "You did then what you knew how to do, and when you knew better, you did better" – Incourage believes that people are the most important asset and positive community change happens when individuals can realize their full potential. Through this practice, Incourage has learned that residents who feel ownership, shared responsibility, and shared destiny toward their community are essential in shaping healthy, sustainable, and inclusive economic growth.

This transformational work has taken the form of several key initiatives, including:

- Partnering with the USDA to sponsor Blueprints for Tomorrow, an economic development skills and network building initiative in which key, local institutions advance development projects in the context of interdependence and shared vision;
- Investing in Workforce Central to help local businesses value the interdependence among business, worker, and community; and
- Supporting Speak Your Peace, whose multi-lingual materials encourage civil dialogue and behavior in regional development work.

Incourage has also made a commitment to align all of its assets to mission. Under this mandate, it has invested in Wisconsin's high performing CDFIs as part of its fixed-income allocation, and is creating a passive index of Wisconsin-based and Wisconsin-focused companies in which it will invest as an active shareholder to encourage healthy community practices.

The work of Incourage is best symbolized by the organization's leadership on the redevelopment and repurposing of the former Daily Tribune building. The old newspaper building, with its unique circular shape, has been reborn as a community accelerator and the first local LEED-certified building designed through a resident-centered process. As a result, responsibility for the region's economic future has shifted from "they" (the area's former largest employer) to "me" (the Central Wisconsin resident impacted by the paper mill layoffs) to "we" (working together on a brighter and more diverse economic future).

Shared stewardship can be practiced by any community, said Lisa Richter, managing partner, Avivar Capital. Echoing many of the other sessions of the day, she added that all communities undergoing transformational change require a range of patient financial capital. Nelson noted that, before creating a new community, residents must decide they can do so and leadership must be on-board. Without hard evidence, imagination and acts of faith are required, along with resolve, to find a pathway forward. Scott concluded that adaptive problems are unclear and complex, and solutions require the people affected to be involved in the solutions. The leader's position and expertise are not automatically accorded authority, so relationships and trust must be developed. The leader's capacity for self-awareness and self-management engenders trust and builds healthy relationships, though even effective leaders will encounter challenges. Ryan stressed that leaders must model culture change and practice shared stewardship to realize the vision of a community that works for all people. Incourage has learned that relationships are the real work of building community, building upon shared humanity, interdependence, and connected futures by virtue of a shared place.

Breakout 5. Investing in People over the Life Course: Advancing Age (Part 2)

As life expectancy continues to extend, increasing the number of years without physical or mental impairment becomes a key objective for health care providers, their patients, and their families. Enabling individuals to live as close to the moment of death free of disease and disability – referred to as 'compression morbidity' – hinges on many factors, medical care being only one. In fact, of the factors affecting healthy aging, medical care accounts for only 20 percent of the picture, the remaining 80 percent are individual health behaviors (20 percent), social and economic factors (40 percent), and the physical environment (10 percent).

Panelists in the *Investing over the Life Course: Advancing Age* session brought varied but interconnected perspectives. Two CDFIs represented the housing development and the small business financing aspects. A leader of a business providing home health care spoke to the workforce challenges of serving the elderly population. And, an expert in policy for the elderly revealed the policy/legislative challenges.

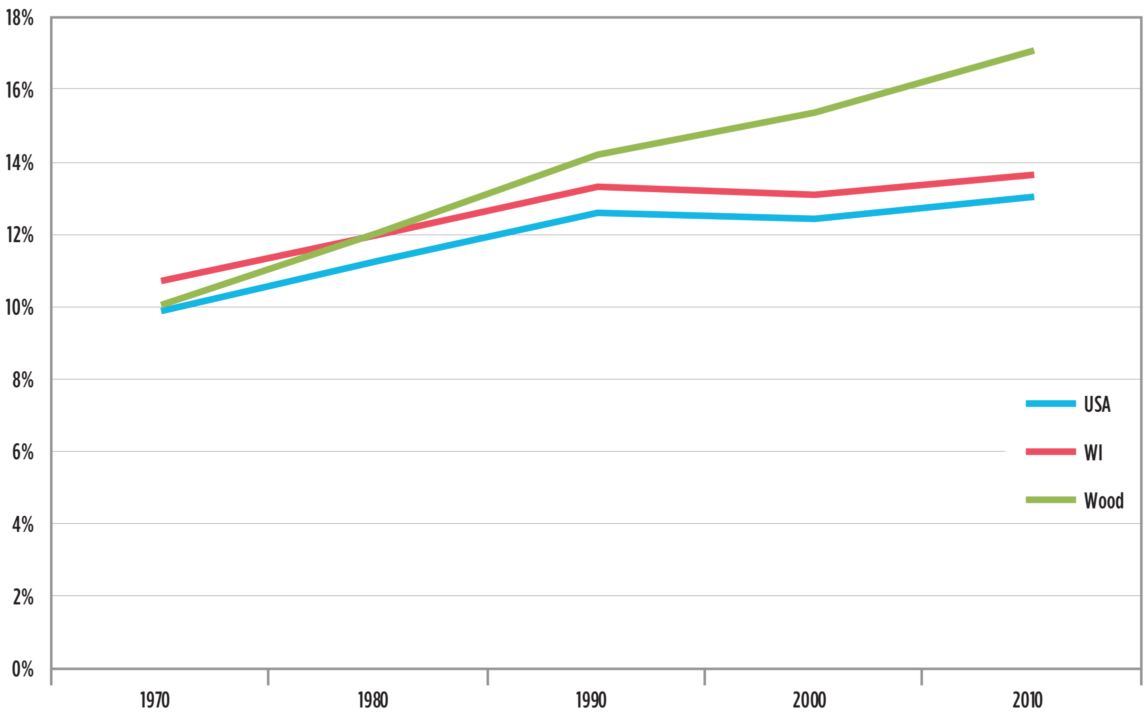
Much evidence exists documenting the return on investment for early child care programs. Creating similar models for investments in programs and initiatives in support of the elderly is possible, with arguably shorter time horizons in which to reap measurable cost savings. Janet Zander, advocacy and public policy coordinator for the Greater Wisconsin Agency on Aging Resources, presented evidence of several such programs:

- The State of Wisconsin Falls Prevention Program[7] resulted in a net savings of $500 to $900 per person with a 70 percent reduction in emergency room visits.
- The cost of a home delivery meals service for one year is equivalent to the cost of one day in the hospital.
- Meals on Wheels reported significant benefits related to the ability to stay in one's home, improved health, and overall safety (as the meal deliveries constituted a well-being check and provided a sense of security).

Programs that can impact the number of visits to the emergency room, and interactions with the health care system in general, result in measurable, near term cost savings, and often improve and extend the quality of life for beneficiaries.

However, the challenges of providing the supportive services needed to ensure individuals can "age in place" are daunting. Tracy Dudzinski, administrative coordinator, owner, and board member of Cooperative Care and May yer Thao, executive director of the Hmong Wisconsin Chamber of Commerce, both of whom are charged with leading organizations that directly support the provision of in-home care, recognized that successful models are only as strong as the people delivering the care. However, programs that are dependent on state and federal subsidies are limited in what they can pay their care providers. Evidence compiled by the Federal Reserve Bank of Chicago illustrated this challenge in stark terms, reflecting Dudzinski's assertion that "we compete with gas stations for employees." Table 1 illustrates the three primary occupational classifications used in delivering home health care (home health aides, personal care aides, and nursing assistants) and the associated median hourly wage. It also shows a 'competing' occupation paying just slightly more per hour.

Figure 2. Segment of population that is over 65 (Wood County, Wisconsin; US)



Source: U.S. Census Bureau.

Table 1. Home health car upations and comparable jobs

	Median Hourly Wage
Home Health Aides	**$ 9.34**
Counter and Rental Clerks	$ 9.37
Personal Care Aides	**$ 11.14**
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	$ 11.18
Nursing Assistants	**$ 12.78**
Meat, Poultry, and Fish Cutters and Trimmers	$ 12.90

Source: Bureau of Labor Statistics.

At the same time, demand for skilled, qualified care providers is growing, as demonstrated by figure 2, which shows that the segment of the population that is over 65 in Wood County, Wisconsin, where the conference was held, is increasing at a disproportionate rate when compared to the state and nation. In fact, the over-65 share of the population there has doubled since 1970. However, the wages for those charged with caring for the elderly do not reflect these market conditions and remain artificially low due to low levels of government subsidy. The challenges of providing care in a rural environment when care providers must travel long distances to reach clients – sometimes providing only an hour or two of care at a time – compounds the challenges of recruiting and retaining a skilled workforce.

In an effort to introduce efficiencies into this framework, Mary Patoka, CEO of CAP Services, spoke of some of their successes in establishing multi-unit, affordable housing options that would enable seniors to remain in their (often very small) communities, if not in their original homes. The scale of the projects – perceived as too small for traditional developers who balked at the less than 20-unit sizes and too large by mainstream financial institutions who questioned occupancy projections – required the innovative financing and associated services of a CDFI.

However, wrapping associated support services around built developments in a cost-effective manner remains vital to the success of these initiatives.

Again, a CDFI's ability to be context-responsive in its financing and services provides a solution. Thao conveyed how her organization provides working capital loans to the small businesses serving the elderly amongst the Hmong community in Wisconsin. Despite the unique cultural requirements of serving this population, the economic challenges of low wages and sometimes delayed government payments remain the same. The Hmong Chamber of Commerce, through its small business working capital loans, helps ensure consistency of service to this growing immigrant population.

The number of elderly is increasing nationwide, but especially in states like Wisconsin, with large rural populations. The vast majority of this population wishes to age in place, at least in the community where they were often born and raised their family, with independence, dignity, and strong physical and mental health for as long as possible. Ample evidence shows that enabling these conditions reaps almost immediate cost savings in terms of reduced hospital stays and emergency room visits. However, the market seems to conspire against these positive outcomes. Affordable, safe, quality housing (that would prevent falls, provide community support, maintain adequate climate controls, etc.) still faces financing and development obstacles. In terms of service delivery, the market undervalues the professionals who meet the daily needs of the elderly under their care. And, yet, not providing these structures and support has been shown to reduce both quality and length of life, as it increases health care costs significantly.

Providers – regardless of where they fall in the spectrum of care for the elderly – have the evidence needed to make their case. The demand is well-documented, the actual costs and potential savings accounted for, and the gaps in housing and services precisely measured. All that that remains is the recognition that caring for the elderly is both a responsibility and an opportunity.

Breakout 6. Investing in People and Place: Trends in Workforce Development

Jenny Riggenbach, director of workforce, Incourage, moderated the panel and provided the overarching theme that the quality of a person's employment and the level of educational attainment significantly impacts their own health, that of their family, as well as the prospects for wealth generation in the community. Both rural and urban communities are seeking innovative approaches to increase their ability to attract, retain, and grow a talented workforce. Public and private partnerships, as well as impact investing and public policy are helping to fuel the growth of businesses and increase the quality of jobs. Riggenbach explored several innovative approaches and strategies, including how communities can build and strengthen partnerships with committed businesses. For example, the National Fund for Workforce Solutions (NFWS) brought together a group of national foundations and the U.S. Department of Labor to invest in local communities committed to employer-driven strategies that realize positive outcomes for businesses and workers. Urban centers such as Boston, Seattle, and Milwaukee are realizing positive results from such partnerships, and the NFWS continues to be an innovative network and source of capital that incentivizes urban and rural communities to create systems change. These innovations have influenced public policy and local behavior. Employer engagement is a key component of the 2015 Workforce Innovation and Opportunity Act, and is generating examples of employer-led strategies across the county. As one of the first rural NFWS sites, Incourage's workforce strategy represents nearly a decade of innovative investment and collaboration in Central Wisconsin. Riggenbach shared how their innovation starts with skilled facilitation and builds trusting relationships between business and among public and private partners. Communities like those in Central Wisconsin, hit hard by a changing economy, benefit from a combination of local and national capital investments, including financial, intellectual, social, and human. Results include a stronger pipeline of workers, business-driven training solutions, and a comprehensive local economic development strategy.

Rene Daniels, executive director, North Central Wisconsin Workforce Development Board (NCWWB), shared the role of the public sector in driving innovation. The NCWWB has made a concerted effort to collaborate with partners who have a greater ability to innovate and test solutions. Daniels highlighted the learning she gained as one of Incourage's partners in the Food Manufacturing Certificate Program, which now offered as a diploma program at three Wisconsin technical colleges. She described establishing employer relationships and transferring this learning to other communities within their nine-county region. The NCWWB results include launching the Central Wisconsin Metal Manufacturing's Alliance with over 60 employers, which promotes and provides educational and career opportunities in the welding, fabricating, and machining trades.

The panel then discussed recent innovations in workforce development. There is greater appreciation that not all jobs are created equal, and that while employer-driven training and pipeline strategies are important for economic growth, so is the quality of the job. Businesses experiencing growth in profits are those that understand their workers are an asset and not just a cost. National Fund partnerships provide examples and data that illustrate that commitment to job quality pays off.

Kelly Aiken, CareerSTAT director, National Fund, described the National Fund Job Quality Strategy as having three interdependent components: compensation, opportunity, and support. While compensation, including family sustaining wages, accessible benefits, and flexible scheduling, is important, so are opportunities for advancement and a work environment with supportive supervision and frontline worker coaching. Employers that integrate business practices and policies to support and sustain quality jobs create a work culture that enables both employees and the business to thrive.

The Hitachi Foundation has a library of over 100 case studies on "Pioneer Employers," according to senior program officer, Tom Strong, which describe companies that have made investments in corporate performance, while also creating compensation and career opportunities for lower-wage workers. To illustrate the Pioneer Employer concept, Strong described how Optimax Systems, an optics manufacturer based in the suburbs of Rochester, New York, produces customized lenses for use in aerospace, medicine, and other high-tech fields in a short one-week timeframe. To enable this competitive advantage, Optimax has invested heavily in cross-training and career development for all staff, as well as developing an agile, team-based approach to management with little overhead. The company also offers employee ownership and a robust profit-sharing plan. Optimax's team-based system enabled the company to weather the Great Recession without layoffs, and nearly triple in size since then. While companies like Optimax represent a potential path out of poverty for some workers, Strong pointed out the limitations of this approach without broader community support. The founders of Optimax initially hired talented people with relatively low levels of education and trained them up. But as the company grew and developed a reputation as a great place to work, Optimax became an "employer of choice," able to attract highly educated employees. They have continued their commitment to all workers in the community.

The Waupaca County Department of Health and Human Services (WCDHHS) works with clients who struggle with employment. Its director, Chuck Price, underscored that stable employment is essential to the success of the whole family. Price stated that it is critical for employers to take steps to understand the complex backgrounds and experiences that employees bring to their workplace in order to fully support them. Price observed that when joining WCDHHS four years ago, the staff turnover rate was almost 20 percent. Over the past four years, Price has implemented a wellness program focused on secondary trauma, using the adverse childhood experiences (ACEs) framework. As a result, turnover is now less than 5 percent, and client success is on the rise. The ACEs framework is focused on 10 types of childhood trauma. Price described a confidential process that provided important insights about his staff, which led to new strategies where coworkers support each other to bring their best selves to work. Price says other employers in Waupaca County are interested in understanding ACEs as a way to support their workers.

Breakout 7. Investing in People and Place: Connecting Capitals to Advance Health in Central Wisconsin (Blueprints Case Study – Fostering Conditions of Readiness)

Heather McKellips, Blueprints project director, Incourage, outlined the program details. Blueprints for Tomorrow (Blueprints) is a 25-month Incourage-led and USDA-supported program designed to build networks, vision, and skills for a new regional economy. Blueprints is a place-based program that was designed by a team of national thought leaders and a local Incourage team who could bring community needs, knowledge, and on-the-ground coaching to participants. The curriculum consists of four integrated tracks, including adaptive leadership; impact investing and non-traditional financing; local, inclusive, sustainable economies; and resident-centered approaches. Participants from six community organizations were selected to participate in the program based on the role that they play in economic development, with Incourage being one of the participants. The curriculum was designed to build skills while developing trust, relationships, and connectivity between the participants. Although the program is still in progress, McKellips shared that they have seen early signs of behavior change. Madeleine Taylor, CEO of Network Impact, the evaluator for the program, conducted a recent survey of the participants, which indicated an increase in collaboration, trust, and relationships inside and outside of the cohort.

Stan Gruszynski, Wisconsin state director, U.S. Department of Agriculture Rural Development (USDA-RD), explained that USDA-RD is charged with dispensing federal financial resources into rural communities in manners that align with its mission. Examples include providing loans, loan guarantees, and grants for projects such as: building hospitals, sewer, and water infrastructure; providing housing and community facilities; and expanding telecommunications. Blueprints is made possible by a co-investment partnership between USDA-RD and Incourage, through a Rural Community Development Initiative grant. This new approach was acknowledged nationally by being awarded the 2016 HUD Secretary's Award for Public-Philanthropic Partnerships, which recognizes excellence in partnerships that have led to measurable benefits in housing and community development, including increased economic development, workforce development, innovative regional approaches, and/or housing access for low- and moderate-income families.

Kelly Ryan stated that Blueprints represents a new approach to economic development in Central Wisconsin. Formerly, the economy was heavily concentrated in the paper industry. Thus, the economic development infrastructure – beyond suppliers to the paper industry – was underdeveloped. When the paper mill was sold from local to national to international ownership, there was a subsequent vacuum with regard to the economic development strategy for central Wisconsin. As a result, there is now a concerted effort to work more collaboratively on an overarching economic development strategy. Also, in 2014, Incourage committed to deploy its investment portfolio in alignment with its mission, and the Blueprints strategy not only helps local people, businesses, and anchor institutions work together, but it also helps to create a pipeline of investable deals that can be funded with local endowments.

Jo Ann Grode, executive director, Wisconsin Rapids Housing Authority, shared her perspective on being a participant in the Blueprints program. Grode described that the 195 affordable housing units in Wisconsin Rapids were built between 1970 and 1974. These units are falling into disrepair due to decreased government funding. Further, efforts to secure tax credits through a developer have been unsuccessful, as the funds were directed to urban rather than rural sites. Grode stated that she felt the Housing Authority was isolated from ideas and resources. Blueprints has offered her the ability to establish new connections to the broader community of economic development practitioners in the wider Central Wisconsin area. Grode added that two of her employees are benefitting from the leadership training offered by the program.

Matt Wysocki, vice president, organizational development, Impact Seven, discussed the role of CDFIs in place-based economic development. He has found that, regardless of their lending niche, CDFIs are adept at putting together complex financing deals, requiring multiple layers of capital, each with its own regulatory and technical requirements. Further, as is true for Impact Seven, CDFIs are often challenged to work across multiple regions and communities.

Blueprints helps remove this barrier because the program creates a pipeline of deals across Wisconsin, including from smaller, rural communities, that links directly to community development plans, representing multiple sectors, driven by community leaders from a diversity of organizations.

In closing, McKellips stated that Blueprints approaches economic development differently by working together to move development projects forward for the overall benefit of the community, not just one institution. Incourage's investment in Blueprints demonstrates its commitment to accelerate community change and co-learning. Inter-organizational relationships across sectors that are characterized by trust, shared norms, and alignment of priorities for greater impact are critical to community change.

Breakout 8. Investing for People and Planet: Assuring Healthy People and Planet through Institutional Investment Strategy

Moderator Kathryn Dunn, vice president, community investment, Greater Milwaukee Foundation, noted that boards, trustees, and others who manage institutional wealth are more aware of the need and opportunities for aligning investments with values. Worldwide, investors are increasingly applying environmental, social and governance (ESG) screens to drive corporate practices that reduce harm to the environment and increase transparency in reporting environmental practices. Investors are constructing portfolios that steward natural resources through techniques of inclusion (screening in holdings of companies with positive environmental performance), exclusion (divestment of holdings in companies with inadequate environmental performance), shareholder activism, and/or thematic investing in sectors that foster environmental conservation and restoration. Dunn pointed to an increasing number of investment products being developed to advance this work, including Milwaukee's Bader Philanthropies creation of an $11 million portfolio, including a private equity fund that supports minority business development.

Money management firm, Aperio Group, has created $4 billion in some 600 separately managed accounts (SMA) that customize passive index funds of public equities to reflect client values, according to chief of staff, Liz Michaels. Passive index funds or ETFs (exchange-traded funds) seek to mirror the financial performance of the overall stock market. The goal is to minimize deviation between the fund's performance and the market benchmark under 100 basis points. Michaels illustrated Aperio's customized work with conference co-sponsor, Incourage. Aperio and Incourage have constructed a passive index fund to reinforce Incourage's priority of regional economic development. The fund includes companies headquartered in and/or employing workers in Central Wisconsin and the broader state, with an emphasis on those that reflect Incourage values of excellent labor relations, community involvement, diversity, non-discrimination, and environmental stewardship. The fund targets tracking error of less than 100 basis points with respect to the Russell 3000, will use shareholder activism to encourage strong social and environmental practices by the corporations it holds, and will seek Wisconsin co-investors in corporations that are strengthening the state's communities.

Laura Berry, trustee of the William Caspar Graustein Memorial Fund and an expert in shareholder activism, described how investors can use that strategy to influence corporate practices. She noted how, beginning in the 1970s, faith-based and other investors voted proxies and filed shareholder resolutions that challenged American companies to relocate from South Africa, unless its apartheid system was dismantled. Following that success, shareholder activism has become a critical tool to encourage strong social and environmental performance by corporations. Berry cited a Robert Wood Johnson Foundation grant to the Interfaith Center for Corporate Responsibility to organize shareholders with different ideologies on a campaign to motivate corporations to adapt practices that could help to reduce childhood obesity. Wendy's decision to remove sugar-sweetened sodas from their kids' menu was one positive outcome of this work. Berry closed by encouraging all investors – institutional, individual, and/or beneficiaries of pension and retirement funds – to vote their proxies, given that the issues that come up for decision can have great social or environmental consequences.

Dawn Neuman, CFO, Incourage, provided further details on how they developed a commitment to align 100 percent of capital or resources with the organization's vision. The sale of Consolidated

Papers in 2000, and again in 2007, resulted in a 40 percent decline in area jobs, prompting Incourage to adopt reflective practice and user-centered approaches focused on what it means to be an authentically-values-led, resident-centered, place-based philanthropy. Early in this process, Susan Berresford, then president of the Ford Foundation, assisted members of Incourage's board, staff, and community to visit leading rural CDFIs in Maine and New Hampshire, helping Incourage to see that, unlike a traditional philanthropy that funds grants with earnings on its investment portfolio, it could apply investment principal as well as earnings to advance its place-based priorities.

In 2010, Incourage made an investment in Community Assets for People, a regional CDFI. It also provided a grant, to support the organization's governance and marketing efforts. In 2012, Incourage purchased the former Daily Tribune property along the Wisconsin River with the intent that residents would decide its future uses. The city's first LEED-certified building, the Tribune is more than real estate redevelopment: it is a demonstration of a resident-centered process that offers hope, change, and progress toward realizing a community that works well for all people. Over 2,000 residents participated, with the result that the Tribune will serve as a "community accelerator" for economic growth and opportunity, environmental sustainability, learning, creativity, community gathering, and events. In 2014, Incourage's board committed to aligning 100 percent of its capital to mission. This commitment now guides all policies and practices. As part of its fixed-income allocation, Incourage now has investments in three regional CDFIs, each targeting a different type of impact: small business, entrepreneurial startup, affordable housing, nonprofit facilities, and sustainable agriculture finance. Incourage is working with Aperio, Avivar Capital, and Colonial Consulting, to develop the tilted passive index fund described above and other strategies. Incourage is taking direct ownership interests in publicly traded companies that play vital employment roles in its community, utilizing shareholder activism to motivate positive community change. It is further reviewing all of its securities holdings to achieve as much alignment as possible. When investments run counter to its vision, Incourage may divest or hold the investment and practice shareholder activism to encourage more positive behaviors; however, at a minimum, Incourage will avoid unintentionally holding investments that are counter to its vision. Finally, Neuman stated that Incourage welcomes other philanthropies and investors to join its efforts to unlock investment principal as well as grants to support long-term positive community change for all, and is partnering with the Greater Milwaukee Foundation to increase collaboration among the state's impact investors.

Part 3. Staying the Course: Crafting an Agenda for Ongoing Collaboration

The closing session of the Investing in Healthy Communities conference provided an opportunity for all participants to reflect on the event's goals and how to support follow-up action. To recap, the conference goals were to:

- Create common ground in understanding the connections between health and other community development activities, including investing.
- Support movement from idea to action in how a community or region can harness all of its resources or "capitals" to foster health and human development over the life course, for all of its residents.
- Set the stage for ongoing regional collaboration among local and regional health, community development, and economic development networks to optimize health and prosperity for all.

To support the closing dialogue on moving from idea to action, at the end of each panel session, conference participants were polled on three action-oriented questions:

- What was the top achievement or opportunity discussed in your session that we can advance with regional networks?
- What was the top challenge discussed in your session that we can advance with regional networks?
- What was the top network discussed that can advance opportunities or progress on challenges?

The closing session provided the opportunity to report out the achievements, challenges, and favored networks that participants identified through session polling.

Achievements

- Early Childhood: Fostering a stronger infrastructure for child care, including financing early childhood care programs by leveraging multiple payment streams, such as demonstrated by the Intergenerational Care Center.
- Food Systems: Strengthening community ties to local food production and building better Wisconsin connections across the food systems value chain (mutually reinforcing local business relationships from producer to processor to distributor to retail and institutional consumers).
- Community Health Needs Assessment: Local institutions are considering ways to build on the possibility of making upstream investments to increase community capacity to foster health.
- Environmental Sustainability: Development of political capital that advocates for environmental conservation as part of shared stewardship for natural resources.
- Aging: Focus on evidence-based care opportunities, to demonstrate that aging in place produces better outcomes and lower system costs.
- Workforce: Employers are seeking ways to improve jobs to ensure they are able to keep the workforce they need. Job quality strategies can include improving internal processes, health and wellness, engagement strategies, training and development opportunities, as well as pay and benefits.
- Blueprints: Realizing that leadership groups need to cut across organizations and sectors in order to affect regional transformation.
- Institutional Investing: Traditional tools of local investing, passive fund indexing, and shareholder activism are being applied within the state of Wisconsin to grow local businesses and advance positive labor and environmental practices.

Challenges

- Early Childhood: The sector needs financial capital and creative funding. Those parents most in need often cannot pay for child care. Providers, in turn, cannot be financially sustainable without outside grant support.
- Food Systems: Two inter-related issues remain hard to overcome when seeking to create vibrant local food systems – how to pay farmers a living wage, while making healthy, local food affordable to lower-income local residents.
- Community Health Needs Assessments: To have an effective CHNA, communities need a cross-section of stakeholders. But these entities already have their own priorities. It is challenging to get decision-makers to offer additional resources to collaborative efforts.
- Environmental Sustainability: While the field has increased political capital, a need for coordinated representation remains.
- Aging: Demand for caregivers is growing, but wages do not reflect the demand. This constitutes a failed market, putting elderly residents at risk.
- Workforce: Recruiting and retaining a skilled workforce requires a culture of shared responsibility and commitment among communities, business, and workers.
- Blueprints: Building resources and aligning capital and creating effective collaboration will be fraught with challenges, and program participants must prepare for that.
- Institutional Investing: The term impact investing is now a buzzword, yet the actual practice still needs more leaders to incorporate impact investing as part of a change methodology.

In reviewing achievements and challenges, some of the same issues came up as both success and challenges, reflecting the complexity and long-time horizon of transformation change.

The achievements and challenges also highlighted the importance of networks to accelerating, sustaining, and broadening the base of change.

Networks for advancing the regional work of building healthy communities

- Early Childhood: Networks that promote intergenerational care are likely the best place to advance needed innovation in financing.
- Food Systems: Grassroots networks seemed most important, with government and business links also being very important.
- Community Health Needs Assessments: There is a need for networks that more effectively gather input from those affected. Part of the CHNA process is to hear the voice of the most vulnerable, and to pinpoint what they need in their communities.
- Environmental Sustainability: Networks are needed to develop the next generation of environmental leadership.
- Aging: Networks should build on the user-centered concept, leveraging grassroots participation in the discussion and a variety of funding streams.
- Workforce: There is a need to think holistically and create a new kind of network that works across education and business networks.
- Blueprints: Innovative networks can generate genuine assessments of the landscape; i.e., help those leading equitable, sustainable development in their local communities to learn the scope of activity in their communities.
- Institutional Investing: There is an opportunity to leverage the many community and other foundations in Wisconsin that are expressing an interest in impact investing. The goal is to formalize a collaboration that facilitates impact investing statewide.

In closing, commitments to follow-up actions, as well as final reflections on the work of Building Healthy Communities in Wisconsin, were highlighted.

Commitments

- Participants were reminded that the conference app will serve as a living reference library for the event and any follow-up activities. The moderators encouraged participants to post their updates using the hashtag, #HealthyStrongWI16.
- The Federal Reserve Bank of Chicago committed to publishing an article on the Building Healthy Communities Conference in its online journal, *ProfitWise News and Views*.
- Incourage proposed regular blogs throughout 2017-18 on topics relevant to the conference.
- Incourage will explore ways to share the health and community development timeline and network maps electronically.
- Incourage will keep participants abreast of its efforts to expand impact investing in the state.

Crafting collaboration

Event planners were intentional about providing opportunities for participation and networking, using "Gather: The Art and Science of Effective Convening"[8] and the seven building blocks for an effective convening as guides. The first step was to ensure a balance of program content, interaction, and co-creation. To this end, strategies were implemented to engage conference participants outside of traditional panel presentations. A few of those are highlighted, here.

A conference app

Development of a conference app was trialed at the Platteville conference and showed great promise and reduced the need for printed materials. At the Wisconsin Rapids conference, the technology was further leveraged to increase the level of participation with live polling to consolidate priorities from throughout the day at the closing session.

Interactive timeline

Interwoven with the conference were advancements and innovations in public health, workforce, environmental sustainability, and impact investing. To visually demonstrate their interrelated nature and progress over the years, a 20-foot-long timeline was assembled with color coded key events from the late eighteenth century into the future. Conference participants were provided with markers and sticky notes to annotate the timeline with other important milestones from their perspective.

Network map

With the registration information in hand and guidance and advice from our network professionals, a network map was created to enable "individuals and/or organizations (to) connect as peers." Participants were presented with a map of the Unites States featuring participant geographical locations and were encouraged to draw connections to others in their networks. The result was an opportunity to visually co-create a network map in real time.

Innovation Hall

The Innovation Hall provided an opportunity for conference participants to further learn from the breakout sessions. Ten innovations from eight organizations were displayed, including local food solutions, impact investing, and public health collaborations, to allow networking and learning during break and transition times.

Notes

1. Incourage, available at https://incouragecf.org.
2. Kuehl, Steven, 2014, "Healthy Communities – Milwaukee," Community Development and Policy Studies, Federal Reserve Bank of Chicago, blog, November 12, available at http://cdps.chicagofedblogs.org/?p=1602.
3. Kuehl, Steven, Karen Timberlake, Kayla Brenner Peissig, and Lexi Handrick, 2016, "Investing in Healthy Rural Communities – Lessons Learned and Future Directions," *ProfitWise News and Views*, No. 3, available at https://www.chicagofed.org/publications/profitwise-news-and-views/2016/investing-in-healthy-rural-communities-lessons-learned-and-future-directions.
4. Preamble to the Constitution of the World Health Organization, adopted by the International Health Conference held in New York from June 19 to July 22, 1946, signed on July 22, 1946, by the representatives of 61 States and entered into force on April 7, 1948, available at http://www.who.int/governance/eb/who_constitution_en.pdf.
5. Federal Reserve Bank of San Francisco Healthy Communities, available at http://www.frbsf.org/community-development/initiatives/healthy-communities.
6. LEED, or Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices.
7. Wisconsin Institute for Healthy Aging, see https://wihealthyaging.org/stepping-on.
8. Deloitte Development LLC, 2013, "Gather: The Art and Science of Effective Convening," June, available at https://assets.rockefellerfoundation.org/app/uploads/20130626174021/Gather-The-Art-and-Science-of-Effective-Conveing.pdf.

Biographies

Steven Kuehl is the economic development and Wisconsin state director for the Community Development and Policy Studies Division of the Federal Reserve Bank of Chicago.

Susan Longworth is a senior business economist in the Community Development and Policy Studies Division of the Federal Reserve Bank of Chicago.

Lisa Richter is a managing partner and co-founder of Avivar Capital, an SEC-registered investment advisor assisting foundations and other institutions to design and execute impact investing strategies.

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Small Business Credit Survey

Are you a small business or do you work with small businesses that would be interested in participating in the 2017 Small Business Credit Survey?

The dual mandate of the Federal Reserve includes maximum employment. Small business development and growth is essential to full employment. "More than half of Americans either own or work for a small business, and they create about two out of every three new jobs in the US each year," according to the Small Business Administration. To learn more about credit access and business conditions for this very large cohort of employers, Community Development and Policy Studies, a department of the Chicago Federal Reserve, is working to engage small businesses through trade, advisory, and other intermediary groups to participate in the Fed System's Small Business Credit Survey.

Background on the Small Business Credit Survey

The small business credit survey collects information about business performance, financing needs, capital sources and borrowing experiences of firms with 500 or fewer employees. Responses to the survey provide insight into the dynamics and details behind aggregate lending and business trends. The survey was launched in 2010 through an effort that combined the regional surveys conducted by several Federal Reserve Banks. In 2016, over 10,000 small employer firms responded to the survey, and table 1 breaks down the Seventh District states, which is important since each state with at least 200 responses will have a state level report. Additionally, each institution that has at least 50 responses will receive a customized report for their organization.

Table 1. Respondents by 7th District state

7th District State	Number of Respondents
Illinois	234
Indiana	120
Iowa	62
Michigan	131
Wisconsin	112

Source: Small Business Credit Survey, Federal Reserve Banks.

Highlights of the 2016 findings

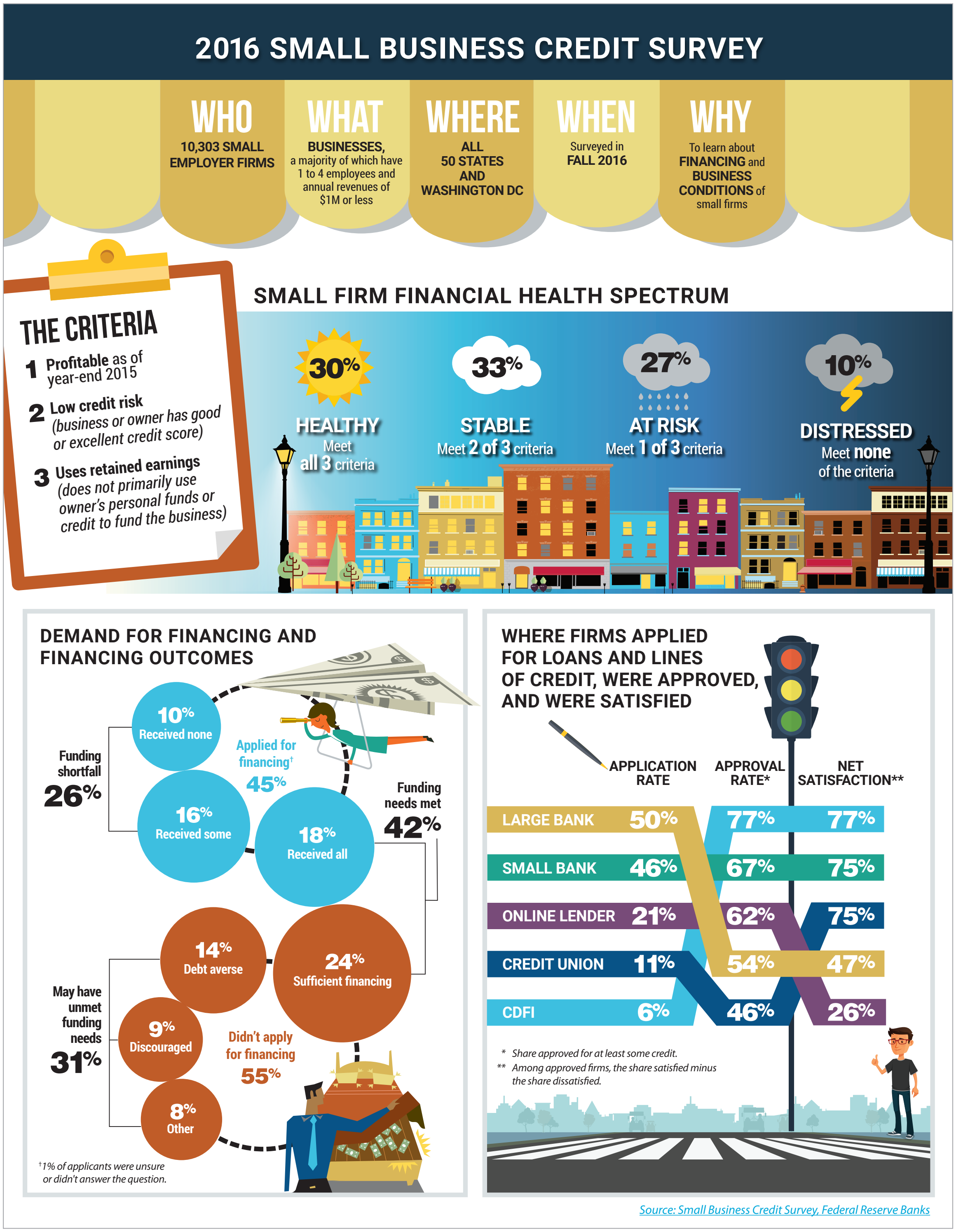
Small businesses reported that although many were profitable and optimistic, a significant majority had faced financial challenges, experienced funding gaps, and relied on the personal finances of the owner to fund basic capital needs. In 2016, 87 percent of employer firms relied on their owners' personal credit scores to obtain funding. Lack of access to credit often inhibits growth. These issues were even more pronounced for the smallest firms.

Only 30 percent of the firms surveyed were considered "healthy," according to the following criteria:

1. (2015) profitability;
2. Low credit risk (business or owner has good or excellent credit score); and
3. Growth through retained earnings (rather than owner's personal funds or credit to fund the business), as can be seen in the graphic image on the following page.

Additional reports on the 2016 Small Business Credit Survey will be released throughout 2017. These will take an in-depth look into specific types of small businesses, including start-ups, minority firms, and microbusinesses.

If you are a small business or if you work with small businesses that would be interested in participating in the 2017 Small Business Credit Survey, please contact the Federal Reserve Bank of Chicago's Small Business Credit Survey representative, Emily Engel, at emily.engel@chi.frb.org or (312) 322-5520.


2016 SMALL BUSINESS CREDIT SURVEY
WHO
10,303 SMALL EMPLOYER FIRMS
WHAT
BUSINESSES, a majority of which have 1 to 4 employees and annual revenues of $1M or less
WHERE
ALL 50 STATES AND WASHINGTON DC
WHEN
Surveyed in FALL 2016
WHY
To learn about FINANCING and BUSINESS CONDITIONS of small firms
THE CRITERIA
1 Profitable as of year-end 2015
2 Low credit risk (business or owner has good or excellent credit score)
3 Uses retained earnings (does not primarily use owner's personal funds or credit to fund the business)
SMALL FIRM FINANCIAL HEALTH SPECTRUM
30%
HEALTHY
Meet all 3 criteria
33%
STABLE
Meet 2 of 3 criteria
27%
AT RISK
Meet 1 of 3 criteria
10%
DISTRESSED
Meet none of the criteria
DEMAND FOR FINANCING AND FINANCING OUTCOMES
Funding shortfall
26%
10% Received none
16% Received some
Applied for financing†
45%
18% Received all
Funding needs met
42%
14% Debt averse
24% Sufficient financing
May have unmet funding needs
31%
9% Discouraged
Didn't apply for financing
55%
8% Other
†1% of applicants were unsure or didn't answer the question.
WHERE FIRMS APPLIED FOR LOANS AND LINES OF CREDIT, WERE APPROVED, AND WERE SATISFIED
APPLICATION RATE
APPROVAL RATE*
NET SATISFACTION**
LARGE BANK 50%
SMALL BANK 46%
ONLINE LENDER 21%
CREDIT UNION 11%
CDFI 6%
77%
67%
62%
54%
46%
77%
75%
75%
47%
26%
* Share approved for at least some credit.
** Among approved firms, the share satisfied minus the share dissatisfied.
Source: Small Business Credit Survey, Federal Reserve Banks

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