



**HUD Midwest Region  
Sustainability Conference  
BEYOND HOPE VI  
Presented By:  
Urban Strategies, Inc.  
May 28, 2008**





# About Urban Strategies, Inc.

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Urban Strategies, Inc. is a not-for-profit corporation that works with its development partner, McCormack Baron Salazar, to help distressed urban core communities rebuild into vibrant, safe neighborhoods with good schools and a range of services and amenities that appeal to residents of diverse socio-economic backgrounds.



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# Urban Strategies & McCormack Baron Salazar

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- *Two focuses for human capital planning linked to physical development of mixed income communities:*
  - Enhancing existing assets and building new amenities
  - Developing essential supports for low-income families



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# Urban Strategies Mission

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Urban Strategies' Mission is to empower residents in distressed urban core neighborhoods to lead healthy, prosperous lives in thriving, self-sustaining communities.



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# Comprehensive Human Capital Planning

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## What is Human Capital?

Individual knowledge, skills and abilities used to contribute to individual and community growth and development

Gary S. Becker, [Human Capital](#) , The Concise Encyclopedia of Economics, 1975



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## What is Social Capital?

“The social trust, norms and networks that people can draw upon in order to solve common problems...social scientist emphasize two main dimensions of social capital: social glue and social bridges”

Robert E. Lang and Steven P. Hornburg, [What is Social Capital and Why is it Important to Public Policy](#), Fannie Mae Foundation, 1988



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- **Social Glue** – the degree to which people take part in group life; the comfort level that people feel when participating in groups; participation begets comfort and comfort begets participation
- **Social Bridges**—the links between groups; links connecting one group to another and thereby giving members access to a larger world by affiliations



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- **Social Capital** and **Human Capital** - often used interchangeably
  - Social Capital often used to describe ALL social interaction in a community
  - Human Capital used to describe the need for job skills and jobs



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- **Social Capital is measured by:**
  - Rates of civic participation
  - Active volunteer and civic networks
  - How many people vote or join groups
  - How committed people are to those groups
  - How effective the civic participation is in solving or eliminating community problems



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# Comprehensive Human Capital Planning

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- **Human Capital is an individualized set of assets that yield not only income, but other important outcomes over time:**
  - Raised earnings
  - Improved health
  - Increased self-esteem



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# Comprehensive Human Capital Planning

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Human Capital Planning has four critical parts:

1. Information gathering – the process of gathering information on community strengths, resources and challenges
  - This information is used to develop strategies for improving the existing strengths and to develop strategies to reduce or eliminate neighborhood challenges
  - Prioritization of goals based on the information



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2. Drafting the Human Capital Strategy/Plan – the recommendations for how to actually create, improve or eliminate programs are written into a complete document

The Plan document:

- Recommends critical public partnerships leveraging public dollars currently being expended
- Builds upon the community's strengths
- Avoids duplication of quality services



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3. Funding Strategy – a full, proposed budget, including potential approaches to funding the cost of the programs, projects and facilities, besides housing, that might be needed to strengthen families and the community overall
4. Connecting the Human Capital Planning to the Physical Design Planning – ensuring that all of the buildings, the housing and any other buildings that are necessary to strengthen the community (schools, recreation facilities, senior citizen facilities) are all included in the joint Physical Development and Human Capital Plan



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## What Does Success Look Like And Why Does It Matter



# Why Does it Matter? Generally

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- *Safe*
- *Maintained and well-managed*
- *Income-integrated*
- *Supporting employment of adults*
- *Supporting achievement of children in and out of school*
- *Vital and lively with respect to recreation, sports, arts and cultural activities*
- *Dynamic and continually evolving in response to opportunities and resident needs*



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# The Comprehensive Approach:

## ***Centennial Place Atlanta, Georgia Before & After***



# Centennial Place (Techwood Homes) -- Before

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# Centennial Place -- After

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# Centennial Place -- After

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# Centennial Place 2003 Household Incomes

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|                             |            |             |
|-----------------------------|------------|-------------|
| <b>Under - \$10,000</b>     | <b>210</b> | <b>33%</b>  |
| <b>\$10,001 - \$20,000</b>  | <b>123</b> | <b>19%</b>  |
| <b>\$20,001 - \$30,000</b>  | <b>149</b> | <b>23%</b>  |
| <b>\$30,001 - \$40,000</b>  | <b>77</b>  | <b>12%</b>  |
| <b>\$40,001 - \$50,000</b>  | <b>36</b>  | <b>6%</b>   |
| <b>\$50,001 - \$60,000</b>  | <b>23</b>  | <b>4%</b>   |
| <b>\$60,001 - \$80,000</b>  | <b>17</b>  | <b>2%</b>   |
| <b>\$80,001 - \$214,000</b> | <b>7</b>   | <b>1%</b>   |
| <b>TOTAL</b>                | <b>642</b> | <b>100%</b> |



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# Centennial Place 2006 Household Incomes

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|                             |            |             |
|-----------------------------|------------|-------------|
| <b>Under \$10,000</b>       | <b>119</b> | <b>18%</b>  |
| <b>\$10,001 - \$20,000</b>  | <b>148</b> | <b>22%</b>  |
| <b>\$20,001 - \$30,000</b>  | <b>190</b> | <b>27%</b>  |
| <b>\$30,001 - \$40,000</b>  | <b>114</b> | <b>17%</b>  |
| <b>\$40,001 - \$50,000</b>  | <b>49</b>  | <b>8%</b>   |
| <b>\$50,001 - \$60,000</b>  | <b>25</b>  | <b>4%</b>   |
| <b>\$60,001 - \$70,000</b>  | <b>14</b>  | <b>2%</b>   |
| <b>\$70,001 - \$80,000</b>  | <b>2</b>   | <b>0%</b>   |
| <b>\$80,001 - \$90,000</b>  | <b>1</b>   | <b>0%</b>   |
| <b>\$90,001 - \$100,000</b> | <b>4</b>   | <b>1%</b>   |
| <b>Over \$100,000</b>       | <b>9</b>   | <b>1%</b>   |
| <b>TOTAL</b>                | <b>675</b> | <b>100%</b> |



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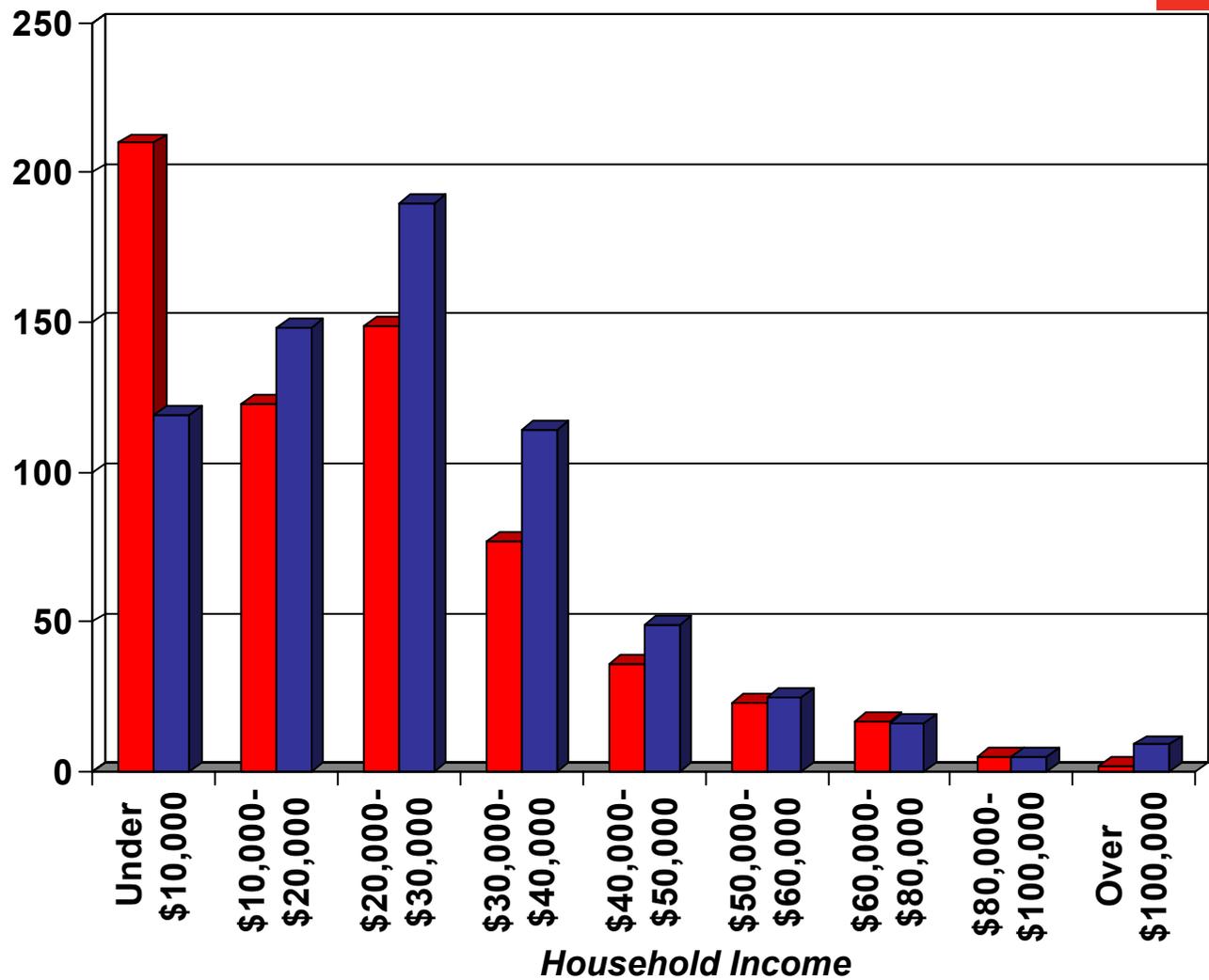
# Centennial Place Household Incomes Comparison

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Number of Households



Year  
■ 2003  
■ 2006



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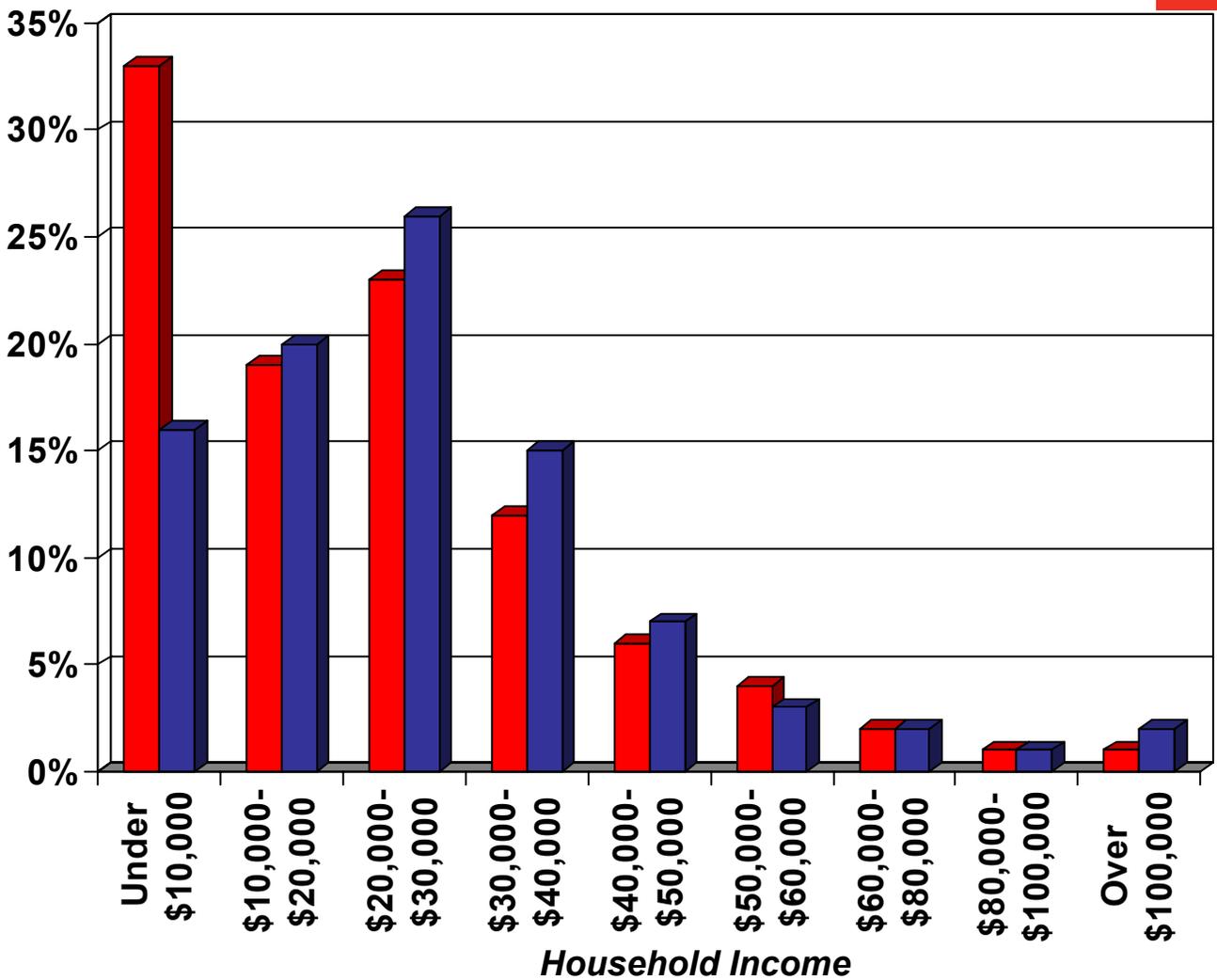
# Percentage (%) Comparison of Centennial Place Household Incomes

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Number of Households



Year

- 2003
- 2006



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# A Focus on Learning and Work:

## **Murphy Park**

### ***St. Louis, Missouri***

### ***Before & After***



# Murphy Park Before – Vaughn Public Housing

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# Murphy Park Community

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# Murphy Park and Jefferson School, COCA Programming

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# Murphy Park Adult Computer Lab at the New Jefferson School

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# Murphy Park 2003 Household Incomes

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|                             |            |             |
|-----------------------------|------------|-------------|
| <b>Under - \$10,000</b>     | <b>94</b>  | <b>29%</b>  |
| <b>\$10,001 - \$20,000</b>  | <b>80</b>  | <b>25%</b>  |
| <b>\$20,001 - \$30,000</b>  | <b>60</b>  | <b>18%</b>  |
| <b>\$30,001 - \$40,000</b>  | <b>41</b>  | <b>13%</b>  |
| <b>\$40,001 - \$50,000</b>  | <b>20</b>  | <b>6%</b>   |
| <b>\$50,001 - \$60,000</b>  | <b>17</b>  | <b>5%</b>   |
| <b>\$60,001 - \$70,000</b>  | <b>7</b>   | <b>2%</b>   |
| <b>\$70,001 - \$100,000</b> | <b>6</b>   | <b>2%</b>   |
| <b>TOTAL</b>                | <b>282</b> | <b>100%</b> |

Total number DOES NOT include an additional 126 units completed in 2003 during Phase III



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# Murphy Park 2007 Household Incomes

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|                             |            |            |
|-----------------------------|------------|------------|
| <b>Under \$10,000</b>       | <b>121</b> | <b>29%</b> |
| <b>\$10,001 - \$20,000</b>  | <b>102</b> | <b>25%</b> |
| <b>\$20,001 - \$30,000</b>  | <b>88</b>  | <b>21%</b> |
| <b>\$30,001 - \$40,000</b>  | <b>42</b>  | <b>10%</b> |
| <b>\$40,001 - \$50,000</b>  | <b>24</b>  | <b>6%</b>  |
| <b>\$50,001 - \$60,000</b>  | <b>14</b>  | <b>3%</b>  |
| <b>\$60,001 - \$70,000</b>  | <b>8</b>   | <b>2%</b>  |
| <b>\$70,001 - \$80,000</b>  | <b>2</b>   | <b>0%</b>  |
| <b>\$90,001 - \$100,000</b> | <b>2</b>   | <b>0%</b>  |
| <b>TOTAL</b>                | <b>403</b> | <b>98%</b> |

Total number includes 126 units completed in 2003 during Phase III



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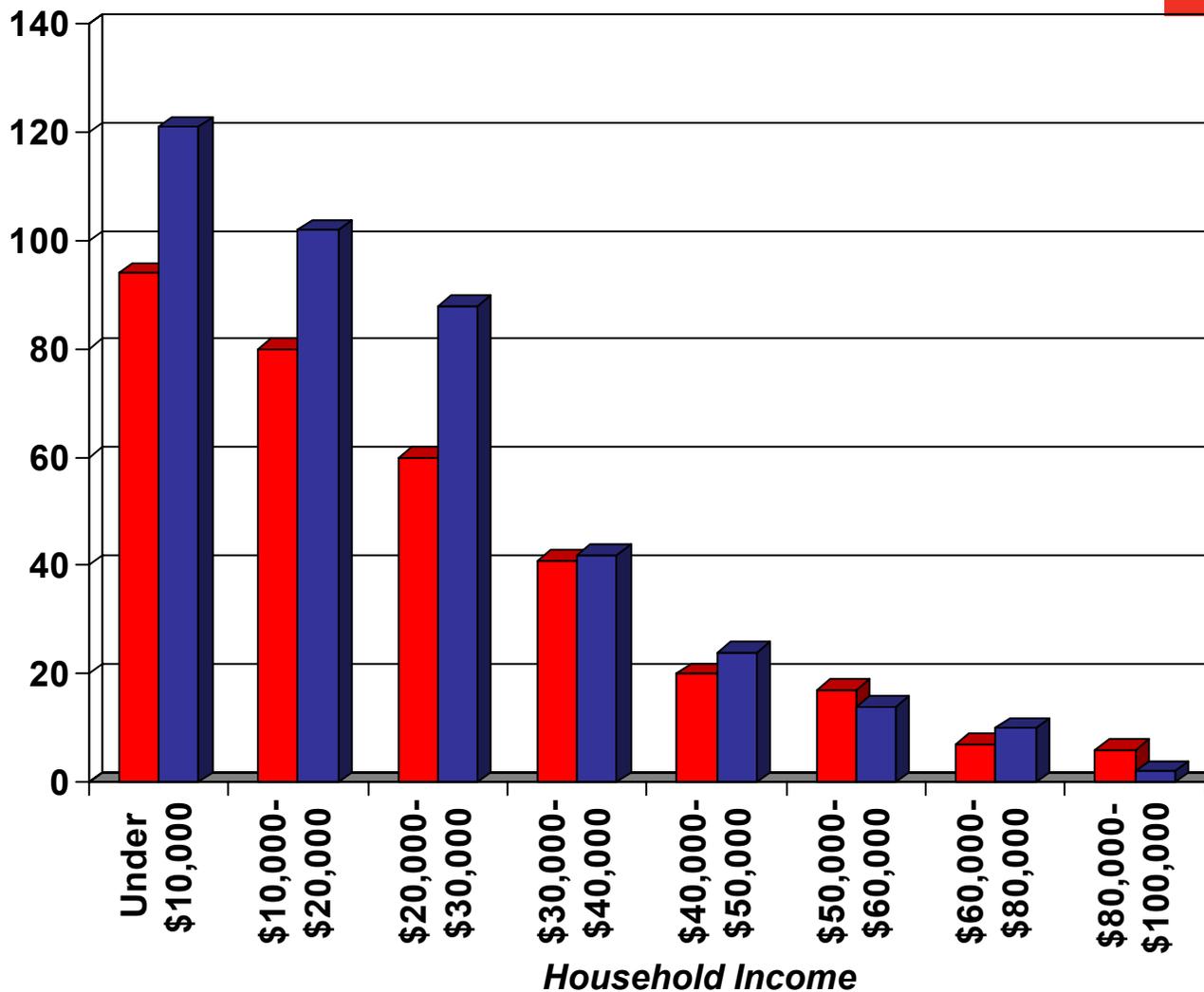
# Murphy Park Household Incomes Comparison

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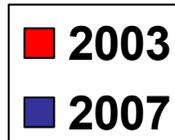


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*Number of Households*



Year



2007 total number includes 126 units completed in 2003 during Phase III



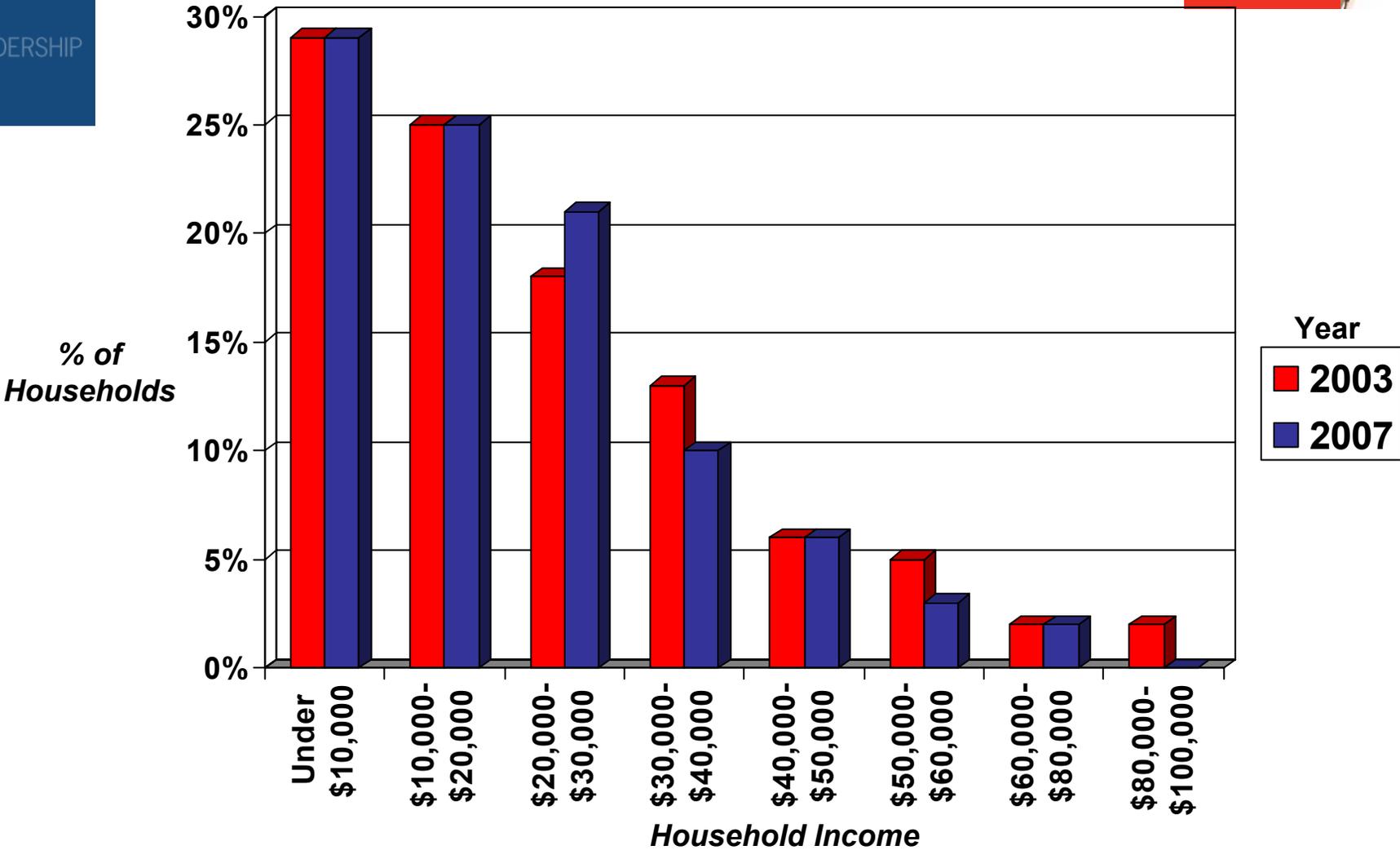
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# Percentage (%) Comparison of Murphy Park Household Incomes

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# Impact: Why Does It Matter

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## Centennial Place Development Budget: Sources and Uses

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|                                       |                            |
|---------------------------------------|----------------------------|
| <b>Construction Contract</b>          | <b>\$10,638,080</b>        |
| <b>Architects &amp; Engineers</b>     | <b>285,390</b>             |
| <b>Finance &amp; Other Soft Costs</b> | <b>841,000</b>             |
| <b>Lease-up &amp; Reserves</b>        | <b>697,652</b>             |
| <b>Developer Fee</b>                  | <b>1,640,000</b>           |
| <b><i>Total Uses of Funds</i></b>     | <b><i>\$14,102,122</i></b> |
| <b>1<sup>st</sup> Mortgage</b>        | <b>3,972,600</b>           |
| <b>Equity</b>                         | <b>3,971,900</b>           |
| <b>URD Funds</b>                      | <b>5,929,300</b>           |
| <b>Financing “GAP”</b>                | <b>228,322</b>             |
| <b><i>Total Sources of Funds</i></b>  | <b><i>\$14,102,122</i></b> |



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# Impact: Why Does It Matter

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## Centennial Place Development Budget: Sources and Uses

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|                                 |                                  |               |                  |
|---------------------------------|----------------------------------|---------------|------------------|
| <b>Public Housing Units</b>     |                                  | <b>74</b>     | <b>\$246,000</b> |
| <b>Tax Credit Units</b>         |                                  | <b>36</b>     | <b>219,600</b>   |
| <b>Market Rate Units</b>        |                                  | <b>71</b>     | <b>592,800</b>   |
| <b>Gross Annual Potential</b>   |                                  | <b>181</b>    | <b>1,058,400</b> |
| <b>Vacancy Loss</b>             |                                  |               | <b>(56,900)</b>  |
| <b>Other Income</b>             |                                  |               | <b>4,300</b>     |
| <b>Net Annual Revenues</b>      |                                  |               | <b>1,005,800</b> |
| <b>Operating Expenses</b>       |                                  |               | <b>509,000</b>   |
| <b>Replacement Reserve</b>      |                                  |               | <b>43,890</b>    |
| <b>Total Operating Expenses</b> |                                  |               | <b>552,890</b>   |
| <b>Net Operating Income</b>     |                                  |               | <b>452,910</b>   |
| <b>First Mortgage</b>           | <b>\$3,418,200</b> 30 year amort | <b>8.375%</b> | <b>(314,500)</b> |
|                                 | <b>\$ 554,400</b> 7 year amort   | <b>8.375%</b> | <b>(110,000)</b> |
| <b>Net Cash Flow</b>            |                                  |               | <b>28,410</b>    |



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# Impact: Why Does It Matter

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| Year                                              | Public Housing Households % of AMI | Area Median Income (100% of AMI) | Total    | Tenant Contribution at 30% of Income | Tenant Total Contribution (360 Households) |
|---------------------------------------------------|------------------------------------|----------------------------------|----------|--------------------------------------|--------------------------------------------|
| 2003                                              | 17%                                | \$67,000                         | \$11,390 | \$3,417                              | \$1,230,120                                |
| 2007                                              | 29%                                | \$67,000                         | \$19,430 | \$5,829                              | \$2,098,440                                |
| <b>Total tenant contribution per household</b>    |                                    |                                  |          | <b>\$2,412</b>                       |                                            |
| <b>Total tenant contribution (360 households)</b> |                                    |                                  |          |                                      | <b>\$868,320</b>                           |



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# What We Have Learned

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## *What Else Has To Happen Moving to Economic Upward Mobility*



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# What We Have Learned

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## *The 4 Essential Factors to Sustaining Change in Revitalized Mixed Income Communities:*

- Economic Self Sufficiency and Community Vitality
- Multi-faceted, Multi-generational Education
- Sustainability Planning
- Leadership



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## What We Have Learned

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- **These factors, with the physical revitalization produce:**
  - Stable and attractive housing
  - Opportunities for children to succeed
  - Strong household units
  - Community leadership
  - Healthy living including ongoing access to arts and recreation



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# FACTOR 1: Economic Sufficiency and Vitality

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- *Opportunity for maximum participation in real work activities.*
  - Work First approach
  - Married to training and support
  
- *Focus on Economic Vitality*
  - Community Based Economic Development
  - Connecting to Community Economic Drivers



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## Factor 2: Multi-faceted Education

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- *State of the Art Learning Opportunities for Adults and Children*
- *State of the Art Learning Environment*
- *Non-traditional learning partners*
- *Multi-generational Arts, culture, recreation*
- *Community Leadership and Advocacy*



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# Factor 3: *Sustainability Planning*

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*Planning For*

- *Strategic Alliances*
- *Partners*
- *Leveraging*
- *Endowments*



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## Factor 4: *Leadership*

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- Leadership Champion
- Stakeholder Leadership
- Resident Leadership



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# Small Group Questions

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- *What is the challenge to human and/or social capital development?*
- *What assets do you have to address the challenge?*
- *How did/does the asset occur?*
- *How do/does the asset grow?*
- *How will you use the asset/ grow the asset?*



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