

Crozet Community Advisory Council – Summary of Meeting
Thursday, October 2, 2014 from 7:00 p.m. to 9:00 p.m.
The Field School, Crozet

CCAC members present: Meg Holden (Chair), George Barlow, Phil Best, Leslie Burns, Kim Connolly, Brenda Plantz, Kim Guenther, Tom Loach (Planning Commission), Ann Mallek (Board of Supervisors)

CCAC members absent: Jennie More, Dave Stoner, Mary Gallo, Beth Bassett, John Savage

Public attendees: Cliff Fox, Paul Grady, Frank Stoner, L. J. Lopez, Megan Huddleston, J. Taylor, Nicholas Castle, Dale Castle, Mike Marshall, Nan Corley, Russell Gough, Susan Stimart, Teri Kostiw, Steve Kostiw, John Shoeb

THESE NOTES ARE FOR INFORMATIONAL PURPOSES AND HAVE NOT BEEN APPROVED BY THE CROZET COMMUNITY ADVISORY COUNCIL.

Chair Meg Holden called the meeting to order at 7:10 p.m.

Meg welcomed our guest speaker, Nate Cunningham, from Pittsburgh, who had been recommended to us by Frank Stoner as having a great deal of experience with community development corporations (CDCs). Meg thanked Frank Stoner and the CCAC's Dave Stoner for their efforts in bringing Nate to us. Meg thanked Nate for making the journey to talk with us.

Nate began by describing his work experience in project development, noting that he began working on real estate projects with Habitat for Humanity in Philadelphia and Pittsburgh. Nate said that he became very interested in real estate development as a driver of how cities grow. He worked on development projects in Pennsylvania, worked in Charlottesville with Frank Stoner, and then moved back to Pennsylvania, to Pittsburgh. Nate said that he has worked for CDCs twice in two capacities, and also has experience on the for-profit side. His CDC experience is in the East Liberty area of Pittsburgh, which historically was a very dynamic area, but then became distressed. East Liberty has a population of around 8,000 residents, and the area has a unique history. At the turn of the (last) century, it was the wealthiest neighborhood in the country, and by the 1950s had the third largest downtown in Pennsylvania. In the 1960s, the local Chamber of Commerce obtained a federal urban renewal grant, with the hope of revitalizing the area to compete with the first suburban malls being built around Pittsburgh. At the time, this was the largest renewal grant ever made by the United States. Nate said that East Liberty was caught at the intersection of good intentions and bad ideas. By the 1970s, the downtown was all but destroyed.

So, a community development corporation, East Liberty Development, Inc. (ELDI, www.eastliberty.org) was founded to undo the damage caused by urban renewal. ELDI has had its share of economic struggles over its 35 year history, and was even nearly bankrupt fifteen years ago. There has also been tension at times between the Chamber and the populace, but everyone is working to learn from prior mistakes. Nate said that ELDI's experience has shown that it must have people committed to same vision in order to make the transformation. East

Liberty has transformed itself from one of the most distressed census tracts in the city to seeing over \$1 billion in investment in last fifteen years. Nate explained that this has been a very decentralized process, and much of the work had been done using access to historic and new market tax credits, and grants. East Liberty is now a very vibrant district in Pittsburgh.

The Whole Foods store was an early project, and it is now one of top five in the nation, and is also in the top five in food stamps. Also, over 85% of the workers at the Whole Foods walk or bike to work. A Target store has come to East Liberty as well. The community can have a powerful voice in making these changes. Nate said that the role of a CDC is not to be implementers of the vision, but to be the protectors of the vision. Bring in the most qualified partners to help. Instead of a CDC, they have a new acronym, CBO, for community based organization, and its role is to do four things: planning, advocacy, facilitation and investment (PAFI). Nate said that planning means taking a vision and cross testing it with the market. Advocating means building support for the plan, and facilitating means finding the best partners. Nate noted that when a CBO tries to implement a project itself, it fails, and so a CBO needs someone else to carry out implementation. For investment, the CBO needs a dedicated staff to protect the vision. The CBO must create incentives to bring in partners. It takes a problem and makes an opportunity. ELDI is able to make loans to make the project happen, and the loans are then repaid, creating revenue. Nate explained that there is also a large redevelopment authority in Pittsburgh.

How can a CDC help us in Crozet? What are our goals? What is cross testing the plan with the market? Nate said that ELDI made a strategic decision to have mixed income communities and planned for affordable housing on the front end of the project. He said that making this happen was very complicated. ELDI helped the community transition from entitled victim to savvy negotiator. For instance, the Target store was built on the site of a former low income housing development. However, the community was able to negotiate for the displaced residents to have the right to move back. They were able to keep this agreement among many constituents, included the home developers, Target, etc. Again, the project was implemented by a network of committed individuals with a decentralized plan. Nate reminded us that the project does not occur in one motion; it's a plan for thirty years with many incremental steps, and it's important always to advance the plan and not backslide. Each step needs to be in the right direction and the CDC must protect the vision.

How was this achieved? Developers want to work where there is certainty. If there is a strong partner who can help you negotiate, the CDC can be a conduit for key types of funding that developers cannot get (such as grants). The CDC has a self-perpetuating board. ELDI was founded by the Chamber of Commerce, but got going on its own. Nate noted that one of the key elements in a redevelopment project is understanding what you need for a population mix to make it work; you need the right demographics. East Liberty had already built into the plan all the permanent affordable housing that they needed to make the plan work. In East Liberty, the affordable housing is community-wide. They tried to match the mix of incomes in the city of Pittsburgh as a whole. They were able to use new market, historic and low income housing tax credits, but of the three, the low income housing tax credit was the lion's share at least at the beginning. Now, the other two are more critical, but overall the mix has been about one-third each. The ELDI Board of Directors is community-oriented, that has been a benefit. However

the Board does need to stay on policy decisions. For staff, ELDI is able to get most of what it needs at lower cost and higher quality from consultants, and so a CDC should not staff up too much. Further, consultants have a lock on some of these federal sources of funds. The ELDI Board consists of about thirteen members, with several standing committees.

It is important to be able to prioritize goals and determine whether each tactical decision advances those priorities. East Liberty wanted to have ground floor commercial throughout. Nate described a \$5 million building that contained affordable housing and was required to have commercial use on the ground floor, but it has been vacant for five years. There is a similar building across the street that has condominium units on the ground floor so that someone can develop that space the way retailers want. He said that you cannot design the space in advance. Be flexible on key priorities and don't get stuck on one solution. Get partners you trust and take an incentivizing approach, and be sure you are advancing on the vision all the time. Take ideas to the market place and see if you get people that want to do the deal. If people don't want to do the deal, then it's probably going to lose money.

How does this work in a rural area? Can CDCs only be used in urban areas with lots of people and commerce? How does this apply in a rural setting? Nate said that this investment model is applicable to this situation. If Crozet has a plan, such as to bring in Light Industry, you want to incentivize it here. He said that we should not be intimidated by the size of Pittsburgh because East Liberty itself is small. There's growth in Crozet and that is what can drive this; direct that growth toward the vision. If you have a compelling vision, the money will show up. The hard part is finding people who want the same vision and want to partner with you. This model is growth driven, and so if you don't want to grow, then it won't work.

How does this business plan work? How do you attract federal grants? Nate said that in Pittsburgh, there are many CDCs because there is considerable foundation money to help fund them. Despite this, not all the CDCs yielded results. The transition came when the CDC started making loans to get what it wanted, using loans to incentivize things the CDC wanted. Recently, they have moved away from the traditional CDC model (based on real estate) because they are moving towards schools and job development. If there is something you want, go to the experts to see if you have the population to support it. For instance, they wanted Light Industrial in East Liberty, but they do not have the right kind of access, such as a railroad spur. However, the area has been great for other types of businesses.

Where did the first money come from? When ELDI started, there was foundation funding for operating expenses, but there are failed CDCs all over Pittsburgh that relied on this model. They have successfully used tax increment financing districts, where a portion of the property tax revenues is used to fund what the community wants. How do they stay self-sustaining? Nate said it is critical to start with the priority that has most passion in the community, and that will attract the funding. It is important to be unanimous, but the project does not need to be huge. In Larimer (another part of Pittsburgh), it was the Green Team that started with a community garden and now they are working with a \$30 million Choice Neighborhoods grant.

Often these groups work in real estate first because of the capital structure. When we think about community development, we talk about incentives. Nate said you must find partners who share your vision and share in the success. He told us about one developer that has done about \$250 million of work in East Liberty, and a large portion of this has been through public subsidies. The developer values the partnership with ELDI because ELDI accelerates the success. The drive was to create a sustainable mixed income area. For the low income population, jobs were created in East Liberty, but the redevelopment also strengthened the transportation link to other employment centers. For higher income residents (including a recent influx of Google employees), they come because the jobs are near East Liberty. These jobs are near East Liberty because of the attractiveness of the community. Nate said that a mixed income community helps the low income populace the most. Their goal was to have a vibrant community and mixed income housing drives that.

How does the CCAC differ from a CDC? Why do we need a CDC when we have a plan? Nate said that he does not believe there is a fixed definition of a CDC, and he thought the CCAC (CCA?) has many of those elements. However it is necessary to incorporate to get grant money. Also, the CDC must have staff members because you need someone to focus full time on implementing the plan. Do we need anything else here in Crozet? It was pointed out that the County can pursue grants and has established an authority to do that (Albemarle County Economic Development Authority). It can pass grant moneys to the private sector. The EDA is new in that thinking, having historically processed bonds for nonprofits, such as Habitat for Humanity and the Martha Jefferson Hospital.

What do we want to make Crozet feel more like a town? We do have a clear plan, but Phil Best noted that we are reactive; we respond to what's brought to us. We need to spend time thinking about where WE want to go. Ann pointed out that the CCAC is responsible for implementation, and as such should be guiding growth. Many of these ideas have been floating around at the edges, but we need to think about how to bring those into the center. The County can receive grants and we have a community base of support. But every community is trying to do the same thing and competition is fierce. The County has virtually never provided incentives. But we saw the community's passion to raise money for the library. How do we get a theme to focus on? Integrate art and agriculture? Perhaps we need a new survey of the community.

Nate says he doesn't want us to think that we need to do something that supersedes what the community has now. Take the passion you have and convert that to something that you can control and can leverage to help drive this vision. We need to have a stake and benefit in what's occurring.

Frank Stoner asked how we get from vision to an executable plan. Nate said that first we have to trust that all parties share the same vision and can speak openly and honestly with each other. We need to be up-front about the vision, and if it is a shared vision, seek to trust. Then enter into deals or contracts and test it. For Crozet, is it a vision for growth? If the developer wants growth and community doesn't, it's not going to work. If we want growth, we need to direct it in order to get what we want.

How can we market-test the vision we have for Crozet to get what we want? Nate said that a financial partnership is the best way to get the cooperation you need. Get consultants who are engaged by the community so the community can trust them. Sometimes the developer can foot that bill for the community. For instance, we could seek advice on what is absorbable from a market perspective. Nate said that he thinks we already have the CBO here. We need to pursue the investment model to incentivize what we want while building the financial strength of the community. For East Liberty, the CBO did not implement the plan itself, but guarded the vision.

The meeting adjourned at 8:35 p.m.

George Barlow
CCAC Secretary