SPARCC

Testing Our Hypotheses on Equitable Development

Midcourse Learning and Adapting Through SPARCC

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The views expressed in this paper are those of the author and do not necessarily reflect those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.

Introduction

Multifaceted problems require multisector solutions. Because no single sector or individual leader holds the solution to a complex problem, such as regional inequity, the need for a new form of "collaborative leadership" that is able to transcend organizational and sectoral boundaries is becoming clear. The Strong, Prosperous, And Resilient Communities Challenge (SPARCC) supports collaborative leadership to advance changes in policy, practice, and investment that promote equitable regional development. SPARCC does this by investing in six regions across the country: **Atlanta, Chicago, Denver, Los Angeles, Memphis, and the San Francisco Bay Area**.[1] Within each site, leaders from across sectors come together at the same metaphorical table to align their vision and implement strategies for effecting regional change. SPARCC provides each site with combined grant and technical assistance funds over three years; access to an estimated pool of $70 million in financing capital; and a forum for peer learning and sharing new models at the national level.

SPARCC reflects a significant national investment from five major funders (the Robert Wood Johnson Foundation, the Ford Foundation, The Kresge Foundation, the JPB Foundation, and The California Endowment) and is being implemented by four nonprofits that comprise the "National Team" (Enterprise Community Partners, Federal Reserve Bank of San Francisco, Low Income Investment Fund, and Natural Resources Defense Council).[2] SPARCC works at both the national and regional levels, which creates an important platform for exchanging innovative local practices and influencing the national narrative.

SPARCC seeks to change the way metropolitan regions grow, invest, and build by applying a cross-sector approach that integrates racial equity, health, and climate considerations for the benefit of low-income communities and communities of color. This goal is grounded in the recognition that our regions were built and shaped in the context of our nation's history, which bears the stains of structural racism. This context produced

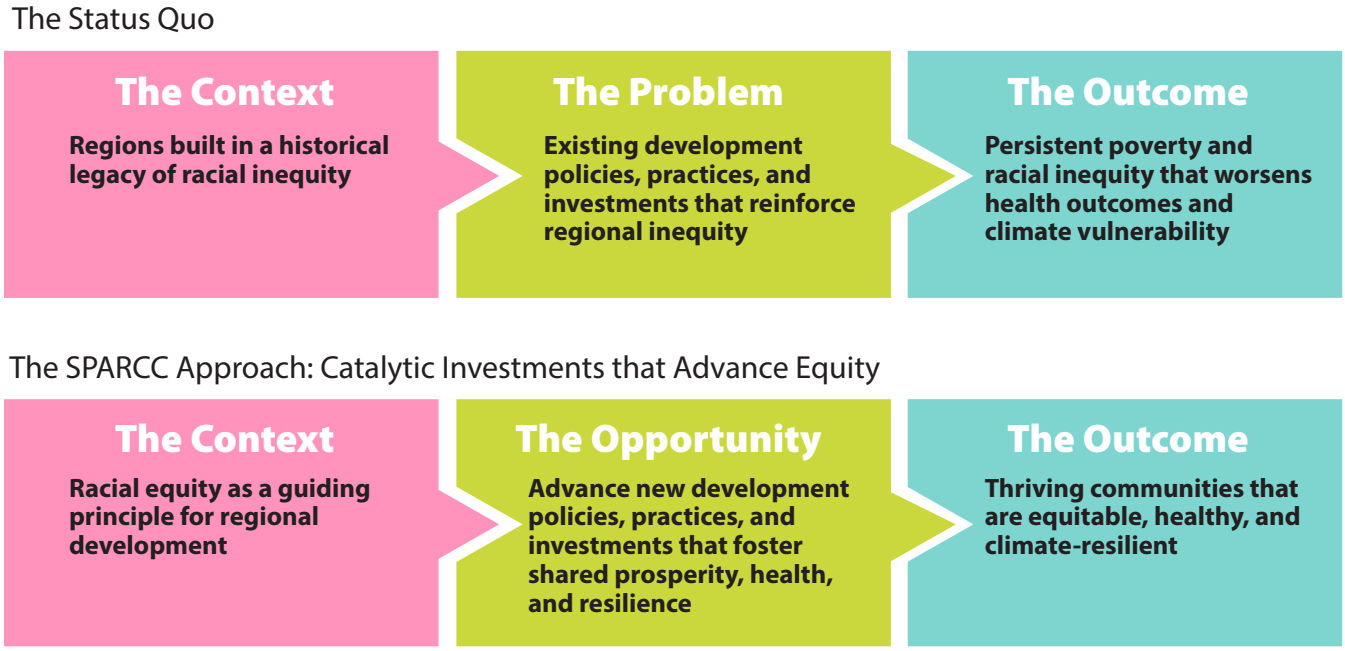
policies, practices, and investment patterns that conferred benefit to some at the burden of others. For example, discriminatory practices, such as redlining and racially restrictive covenants, and the exclusion of blacks from many of the critical benefits of the GI Bill (most notably the opportunity for homeownership) had major implications for regional segregation and neighborhood development. Although such overtly discriminatory practices have been outlawed, these patterns of development have been reinforced over generations, and their impact is clearly visible today.

SPARCC believes that the current set of policies, practices, and investments (i.e., "systems") that shape regional development continue to operate within this context (Fig. 1). These existing systems are likely to reinforce entrenched poverty and racial inequities that worsen health outcomes and climate vulnerability with each successive generation, impacting the vitality and future of the entire region. In particular, over the next decade, trillions of dollars of public- and private-sector funding will fuel new investments in infrastructure, transit, housing, health, and preparing for the challenges of climate change. How can regions respond to these catalytic new investments and develop in ways that are equitable, healthy, and climate-resilient?

1. For more information about SPARCC and the six regions, see https://www.sparcchub.org/about/.

2. See Chris Kabel, Amy Kenyon, and Sharon Roerty, "The SPARCC Initiative: Fostering Racial Equity, Health, and Climate Resilience in the Built Environment," *Community Development Investment Review* 12 (1) (2017): 43-51

Figure 1: Two Approaches to Regional Development



This is a complex problem, but it presents a new opportunity for regions to fundamentally change the way they develop. This begins with upholding racial equity as a shared value and guiding principle for regional development. For example, if development policies, practices, and investments of the past favored one racial group at the expense of another, there is an opportunity to change course and intentionally ask who benefits and who is burdened by this decision. Making a commitment to ensure that both the benefits and burdens of development are responsibly shared across all groups can help promote more equitable regions. This new approach creates a virtuous cycle of communities that are equitable, healthy, and climate-resilient. The six SPARCC sites are working in partnership with their communities and the National Team to pursue strategies for policy, capital, and collaborative effectiveness that advance this new approach to equitable regional development.

Observations and Reflections from the First Half of SPARCC

SPARCC recognizes the emergent and adaptive nature of this work and is committed to creating space for reflection and learning. This report summarizes reflections from interviews conducted with 15 individuals representing the six SPARCC regions. It describes the sites' experiences in testing four key hypotheses that drove the development of SPARCC and how these insights have shaped the evolution of SPARCC over the first half of the initiative (see Appendix 1 for the original and revised logic models).[3] Although there are additional hypotheses that informed the development of SPARCC, the following four reflect the key areas of learning in the first half of the initiative.

3. For details on initiative progress and achievements, see "SPARCC Mid-Initiative Evaluation Report on Progress." Seattle: Center for Community Health and Evaluation, 2018.

Hypothesis 1: Equitable development requires looking at the work simultaneously through the integrated "lenses" of racial equity, health, and climate.

Observation 1: The concept of lens integration has helped prompt new ways of thinking, but it is perceived as highly theoretical and challenging to enact in practice. Racial equity has emerged as the "primary lens" through which SPARCC looks to improve health and climate outcomes over the long term. Displacement has emerged as a key priority across sites and has important implications for racial equity, health, and climate outcomes.

The original SPARCC logic model begins with looking through the three integrated "lenses" of racial equity, health, and climate, and sites were encouraged to pursue systems-change efforts that simultaneously address these three issues. In the first year, this included an emphasis on working across sectors and bringing together new partners from the three lenses to develop coordinated efforts, such as policy proposals and development opportunities.

Long-standing disciplinary silos reinforce the challenge of integrating across sectors.

Sites reported that the frame of the three lenses was helpful for demonstrating the intersection of the issues and that the push to work in an intersectional manner has been valuable because "it's not how anyone is trained to think about things." Many respondents cited the importance of developing solutions that tackle multiple problems and facing the challenge of complexity head-on. However, sites also expressed that this frame of lens integration was "too theoretical" and often a challenge to implement in practice. Sites described the tension within SPARCC of trying to maintain the integration of the issues while still recognizing them as three distinct lenses. For example, multiple sites are working to address residential displacement and promote affordable housing near transit. Yet if such an effort did not directly involve a partner whose explicit role is health promotion—such as a public health department or hospital system (and similar for climate)—it was harder to make the case that it integrated all three lenses, despite the fact that it will confer both health and climate benefits. In particular, sites expressed that the climate lens has not been a natural fit for partners and that it has been difficult to weave climate explicitly into the work. One leader stated, "The challenge is understanding that the outcomes will be better health and climate, but the policy might be on housing," suggesting the need for greater acknowledgement of the connection of the issues.

Sites also shared that the conceptual frame did not necessarily resonate with community members, who have a different lived experience with these issues, particularly as it relates to climate. For example, one respondent gave the example of how an effort to reduce carbon emissions might be a high priority for a climate practitioner but might matter much less to a low-income resident, who is first experiencing climate impacts in the form of increasing utility bills. A few sites also expressed that the theoretical construct of lens integration implied a strategy where the lenses would fall equally into place, whereas in reality, strategies may play out in a different sequence, and "we should be prepared that it will look different each time."

> *"If we want to make systemic changes, we need to consider racial equity as a separate primary lens through which we look at everything else… We realized we had to start with racial equity, then look at these other outcomes [health and climate] through that lens."*

It is important to explicitly name racial equity as a primary lens.

Sites described the importance of naming racial equity and explicitly connecting it to health and climate outcomes; they also discussed their own processes of elevating racial equity as the "primary lens" for their work. As one site lead said, "If we want to make systemic changes, we need to consider racial equity as a separate primary lens through

which we look at everything else… We realized we had to start with racial equity, then look at these other outcomes [health and climate] through that lens." This sentiment was shared across multiple sites, who described their own journeys of making racial equity the "first lens that cuts across the others." Although racial equity work was already happening in the regions and was a core tenet for many of the sites prior to their involvement with SPARCC, they each acknowledged the importance of SPARCC in helping them explicitly name and center racial equity in their work. "We are a racial justice organization at the core, but we came to realize through SPARCC that we hadn't used that frame explicitly, and we see the importance of naming racial equity, not just equity," said one leader. Another stated, "Racial equity has been an important component of our [the table's] growth. To name it and center it has helped recruit members who are eager to be clear about it… [Before SPARCC] people thought they couldn't say racial equity and get funded." In particular, sites mentioned the value of having a mechanism such as SPARCC for raising important conversations about race with elected officials, community members, and various government entities, such as transit agencies.

Displacement has emerged as a unifying priority across sites.

As each site developed its priorities for advancing racial equity through the built environment, the rising concerns around residential displacement became a unifying priority across the cohort, especially as development approaches often involve investments that create desirable, amenity-rich communities. "Of all the racial inequity issues, displacement was the one that brought us all together," said one leader. Despite the variation in regional housing markets, communities of color are consistently and disproportionately vulnerable to being displaced from central cities and pushed to the outer fringes of the metropolitan region, which has important ramifications for health and climate outcomes. As a result, SPARCC has intensified its focus on displacement and is working to partner with communities to advance data, policy, and capital solutions that result in the preservation of existing affordable units, protections for current tenants, and production of new affordable units. The emphasis on displacement also signals that SPARCC sites are unified in their belief that influencing the decision-making process to

actively consider the interests of low-income communities and communities of color is just as important as what ultimately gets built.

The challenges of leading with racial equity must be addressed.

Although leading with racial equity has been a critical aspect of the work, it has come with its own challenges. As one leader shared, "There's still a lot of angst about raising the discussion about race because it's fraught with potential conflict." SPARCC has partnered with Race Forward to provide support to sites (and the initiative as a whole) on advancing racial equity and fostering productive conversations on race, which begins with the process of internalizing and understanding the issue of racial equity at a personal level. Sites report that it has been a challenge to get people at higher levels of leadership in city and state government, as well as business leaders, to move beyond a nominal understanding of racial equity to one where it involves changes in decision-making and allocation of resources. At the more tactical level, sites also acknowledged barriers to advancing policies that are explicit about race, given government limitations on what can be targeted with respect to race, such as fair housing laws. In addition, sites mentioned the importance of emphasizing leadership from grassroots organizations of color and the need to financially support these organizations, which traditional sources of funding often overlook. This raises an important opportunity for SPARCC to explore ways to distribute resources in a more equitable manner.

Hypothesis 2: Achieving equitable outcomes requires engaging the community to build a shared vision and the power to implement change.

Observation 2: Sites are prioritizing partnership with community to build power that lasts. True partnership begins with relationship and trust building, which requires a significant investment of time and resources.

One of the core expectations of SPARCC sites was a commitment to community engagement, which includes involving community members in governance, design, and implementation. SPARCC sites engaged community members through various approaches, including creating resident councils, adapting table governance structures to create formal seats for residents, and leading resident academies that train community members on planning and development processes.

There is need to shift the frame from community engagement to community partnership.

Although the underlying spirit of this hypothesis rang true for all of the sites, many challenged the traditional notion and terminology of "engaging the community," pointing to the often prescriptive and top-down nature of such efforts. "True community engagement happens in an organic way, but we [the community development field and funders] try to accomplish it through an inorganic way. We try to get community to plug into our stuff, instead of plugging into what they're doing," said one respondent. Another regional leader shared, "We need to change 'engaging the community' to 'partnering with community.' It's much more than engagement; it's about meaningful relationship building to sustain the work beyond SPARCC itself." Such sentiment suggests an opportunity for funders to consider how they might support the longer-term, resource intensive nature of community partnership and relationship building. Many respondents vocalized similar feelings about the need for this conceptual evolution across the community development field from engagement to partnership, stressing the importance of working together to support the lasting power of the community. "To have truly sustainable change we need to ensure communities are actively engaged themselves. There won't always be funded nonprofits and well-meaning elected officials. Communities need to be well organized," said a respondent. Another leader gave the example of residents seeking information on equitable transit-oriented development to take to their city council meetings, explaining, "Residents seem hungry for information they can trust from a source they can trust, so they can bring it to where they're from. There's early indication that if you give people the knowledge, they'll take it into their own activism."

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It is important to understand the ecosystem of regional power.

This shift from "community engagement" to "community partnership" within the SPARCC narrative also reflects the intentional focus among the sites on community power. Many leaders spoke of the importance of advancing community control and power, but they also described the resistance deeply embedded within existing regional power structures. As one table lead shared, "The power structure can look like it's adapting, but it's really not. There's the question of co-opting 'just enough' community engagement. There's still resistance to having true community power… We cannot underestimate how deep the status quo goes and how much it takes to disrupt it." This was reinforced by other respondents who described facing the challenges of "power hoarding" among those already in power, including one person who shared, "If that group is not willing to share power, then this hypothesis is not possible… They must be committed to share such

a vision; otherwise, it's a falsely empowered community that will bump into a wall of folks that are not willing and ready to share their power and decision-making structure." Although this presents a significant challenge, one leader shared, "It has helped to go in with an acknowledgement of what went wrong in the past, and that all of us have a piece of the responsibility to fix this."

These experiences among SPARCC sites suggest the opportunity for the community development field to move beyond traditional ideas of engagement, which too often focus on a top-down, one-way dissemination of information. Instead, this view encourages an ecosystem approach that considers the existing power distribution as a whole and how it could be rebalanced to promote equitable outcomes. In particular, a few respondents challenged the notion that "capacity building" is assumed to apply only at the community level, pointing out that it must work at both ends of the power spectrum. "We've experienced the realization of how much more we need to do to build the capacity of decision-making organizations," said one leader, reflecting on the vision of shared decision-making with residents. One example of this work is the engagement in some of the SPARCC sites with the Government Alliance on Racial Equity (GARE), a national network of government working to achieve racial equity and advance opportunities for all, by focusing on the power and influence of their own institutions and working in partnership with others.

"It is not a short-term thing."

Another consistent theme was the absolute necessity of building trust at the grassroots level and being realistic about the time and resource intensity of the process. "Community engagement is not a short-term thing… It takes time, and it's near impossible to do real community engagement on a deadline," shared one leader. Similarly, another leader who has been actively working with residents in a particular neighborhood said, "To truly be tuned in and have that trust in their space, it takes at least a year of relationship building." In particular, a few sites mentioned the importance of building trust with grassroots community organizers. "Ideally, we would have an organizer in our core table, but it's too heavy a lift for them to attend all the meetings, so we needed to go to them and learn what they're doing… [At a recent meeting] we landed on a simple concept—we asked residents to tell their stories to identify a potential pipeline of properties for preservation. Organizers loved the idea, and it turned into a great event. Once we started thinking like an organizer, it became obvious what we needed to do," said a respondent. This process of gathering stories and other real-time data to inform the work is critically important, and, as one leader explained, "good resident-driven and informed data is as resource-intensive as authentic community engagement." An added challenge to the length of this trust-building process is the fact that residents may move out of the neighborhood over time. One leader explained, "For longer-term development projects, there's no guarantee that the community putting the time and effort into the work will have a direct benefit from it… The coalitions around us are doing a good job of building a suite of campaigns and wins, so there are efforts that have both immediate and long-term impacts."

Hypothesis 3: A formal cross-sector leadership table at the regional scale is a necessary component of effecting systems change.

Observation 3: The cross-sector table has been an important driver of change, but table development is an iterative process that takes time. Tables aspire to work at the regional scale, but there are multiple tensions that make it a challenge.

One of the foundational requirements for SPARCC was the presence of a formal cross-sector table at the regional scale, based on the assumption that leaders from different fields needed a structure for aligning their efforts and influencing the regional power structure. In the first year of SPARCC, all six sites engaged in important table development work, such as trust building, establishing a governance model, vision alignment, and developing a shared systems-change agenda.

Cross-sector tables foster multifaceted solutions and capture regional attention.

All of the sites have highly valued the process of aligning cross-sector partners within the region, with many respondents referencing the complexity of the challenges in their regions and the need to be able to hold multiple solutions at the same time. "The solution to a complex problem like racial inequity has to be complex, too… It has to be cross-sector and long-term; it's only when you bring them all together that you arrive at 'aha' moments. It's health, housing, transit, activists, artists… it has to be all of it," said one leader. Similarly, another person shared, "We have our systems-change priorities: better community engagement, developing a racial equity framework, changing the way capital is deployed to be more responsive and available to the community…none of these priorities can be done without engaging other sectors."

Respondents also surfaced numerous benefits of the collaborative table structure, such as having greater influence on regional actors. "Because of the void on equity and inclusion in our region, and the fact that we're using a new concept and vocabulary, some of the departments are starting to change the way they talk," shared one leader, who pointed to the examples of working directly with various departments to influence the language and principles behind various governmental requests for proposals. Another person mentioned, "People are so well versed in their areas, but you need a place where it's expected that you'll share, learn, and multi-solve to get something that's innovative and catches the attention of both the community and the power structure… The equity evaluator tool has been the product of multiple partners… more people are bought into the idea now." Another important benefit of the table is formalizing a structure to elevate resident voices. "Cross-sector perspectives need to have that broader view; we need to bring grassroots and resident voices into the conversation… To filter resident voices up into that policy discussion, we have to have a representative structure in place," said one respondent.

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Building the formal table is an iterative process, even for established collaboratives.

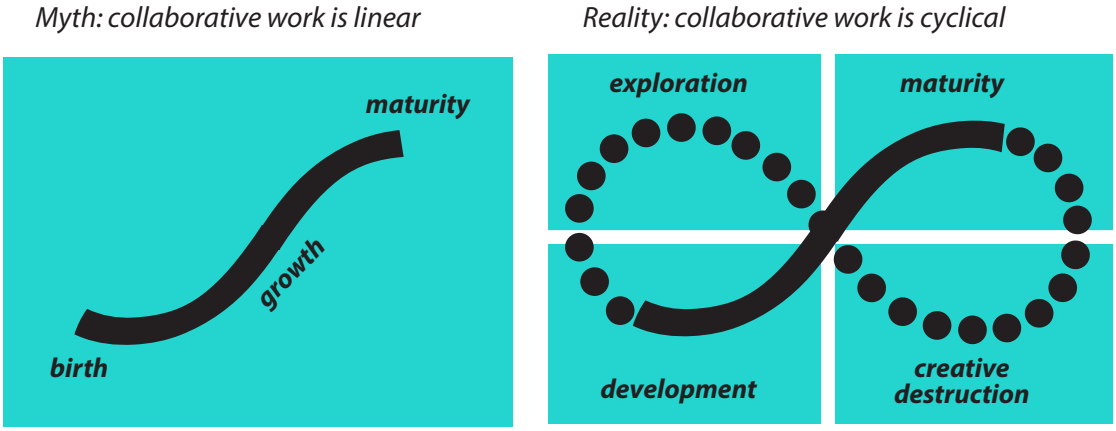
Although the formal table structure confers many benefits, it is worth noting that the process of table development can be time- and labor-intensive and should not be underestimated. Early on in SPARCC, there was an assumption that pre-existing tables (i.e., established before SPARCC) would allow for rapid implementation of a systems-change agenda. This was based on the belief that existing tables would have already built multiple layers of individual and organizational trust and established processes for effective cross-sector collaboration, positioning them to influence near-term investments and developments. However, collaborative table development

ended up being a critical-path accomplishment for all of the sites during the first year of SPARCC, as they were expanding their table membership and adapting to the new lenses of racial equity, health, and climate.

As depicted in Figure 2 below, the process of cross-sector collaboration is not linear, but rather an ongoing cycle through the stages of development, maturity, creative destruction (i.e., innovations that disrupt and replace old ways), and exploration. Each of the SPARCC sites started at different points in the cycle, which has had implications for their cross-sector collaborative development. For example, Chicago and Memphis established ***new*** tables as a result of SPARCC and, compared with the rest of the SPARCC cohort, had the heaviest lift in terms of establishing trust, developing a vision, and defining a governance structure. Atlanta and Denver had well-established ***existing*** tables, but the new SPARCC lenses required adding new table members and exploring new ways of integrating their work. The Bay Area and Los Angeles both had multiple collaborative tables in their regions, and SPARCC was a catalyst for intentionally connecting their respective efforts, effectively establishing ***aligned*** tables within each region. The individual tables in the Bay Area and Los Angeles sites maintained their independent identities while strategically aligning priorities and strengths to increase their collective influence in the respective regions.

All of the tables strengthened their collaborative structures and processes through SPARCC, and the initiative challenged and stretched table leadership in different ways. Sites acknowledged the value of having grant funding to support dedicated staff to keep the work moving forward, but also acknowledged that the introduction of SPARCC funding (both grant and capital) raised new challenges for the table. One leader shared, "The way we deploy these tools that show up as funding, it brings up questions of procedure and power… We're still thinking through our structure and processes and how everything shows up." Similarly, another respondent explained, "SPARCC raised [the table's] visibility. People were jockeying for a position because they were sniffing around the money. We had to make clear that you have to agree to the principles to be a member." Given the funding introduced by SPARCC, establishing trust early on was critical for all of the tables, regardless of their tenure or area of focus. Another lesson from one of the tables was the importance of balancing tight adherence to core values with being open to new ways of doing the work. "There was some trepidation and debate on how to hold people accountable for doing work in the table… The overall space and culture needs to be inclusive and make room for discussion, but we do not stray from the core values. We gave it some oxygen; people joined, and we almost doubled in size," shared one leader.

Figure 2: Collaboration is not linear



Source: Adapted from Collaboration for Impact

The regional scale is important but presents tensions for further exploration.

Site leaders recognize the significance of working at the regional scale, especially on issues such as housing and transportation, and have made some early progress in doing so, such as working closely with regional commissions and regional transit agencies to influence various processes. However, multiple respondents pointed to a number of important challenges in this work. One of the most common themes was the tension between deep engagement and partnership at the neighborhood level versus working at the broad regional scale. "You have to work at both scales to make true systems change... But it creates tension because you spread yourself thin," said one leader. Similarly, another person voiced, "It [the region] is the context in which decisions are made, but going broad means we don't get the height of power that we need to really influence change." Another challenge was the significant variation in capacity across a region, particularly as it relates to the spread of innovative models and approaches. One leader reflected on the sophisticated community development infrastructure that exists in pockets of the region but shared, "It can be a challenge to translate that to places with less capacity. How do you find solutions that work on more of a shoestring budget or in places that are more difficult to move politically...? The scalability is uneven across regions."

Despite the challenges, tables affirmed their aspirations to work at the regional scale. Multiple respondents pointed to the value of bringing regional actors to their collaborative tables and expressed their goals to expand regional membership. They also emphasized that the regional scale was a new and helpful component of their work and the

direct result of their engagement with SPARCC. "It's a new approach. Locally or regionally, we don't have a model for that," shared one leader. "We're trying to be explicit about the regional scale through SPARCC, and we haven't had the mechanics to do that before," said another.

One additional area of learning that surfaced in the discussion on the regional scale was recognizing the realities of what it takes to influence policy change. "We have to be real about how policy change happens and the limits of philanthropy in doing systems-change work. There are limits to being able to work on lobbying and advocacy," shared one leader, in reference to a specific ballot initiative campaign. "The lobbying restriction was a core barrier. If, at the core, you are about racial equity, then the way you address systemic racism is lobbying and organizing," the leader added.

Hypothesis 4: Flexible financing is necessary to encourage capital deployment and effect regional change.

Observation 4: Transformational change requires fundamentally challenging existing norms around capital and rethinking the meaning of "flexibility." Incremental changes within a rigid capital system will not produce the flexibility that communities seek.

A distinct feature of SPARCC is the availability of an estimated pool of $70 million in financing capital to support sites in the development of built environment projects that advance racial equity, health, and climate resilience. This capital pool is funded through the combination of a capital grant, program-related investments (PRIs—low-interest, long-term loans to SPARCC lenders), and guarantee authority (top-loss and shared-loss credit enhancement) from the SPARCC philanthropic funders. Each SPARCC table has access to and control over $500,000 in allocated grant dollars intended for use toward innovative and untested investment opportunities that typically would not receive traditional support and can be used in conjunction with debt financing to maximize flexibility, leverage, and impact. PRIs are primarily intended to further a foundation's philanthropic purposes and are designed to provide capital at lower cost and for a longer term than otherwise available to community development financial institutions (CDFIs). Guarantees allow for greater flexibility in underwriting by mitigating the risk of loss and thereby allowing lenders to be more aggressive in whom they lend to and for what types of projects. SPARCC has also created a SPARCC capital screen, a tool designed to promote equity through the projects funded, both in process and outcome.[4] The SPARCC partners, funders, and representatives from the six sites collaborated to develop this tool so that SPARCC capital can be intentionally aligned with a site's objectives and desired outcomes. The screen is a first step and will evolve through lessons learned in application to better tie investments to community impact.

"Flexible" is a relative term.

Although all of the sites agreed with this hypothesis, respondents quickly pointed out that "flexible" is a relative term and that incremental flexibility within an inherently rigid capital system is insufficient for effecting transformational change. As one leader explained, "'Flexible' is the key word. Capital… isn't as flexible as we need it to be to be able to have systemic impact… It's like trying to rejigger [old] tools to crack innovation." Sites also reflected on the relationship between existing financial products and the SPARCC Capital Screen, with one leader pointing out, "The capital screen is innovative and aspirational, but if the products [that are available in the existing capital system] are only slightly different, it limits what's possible with the screen." In particular, respondents pointed to the importance of speed and responsiveness, especially in rapidly appreciating real estate markets. "Site control and land are key issues. Being able to get out and buy land would be disruptive to the current system in a good way. We have the tools to hold it and redevelop it, but the tricky part is getting the property," said one person. "We're in a time crunch as land and construction costs keep increasing. We need to do this at a rapid pace, but the current process will not allow it," said another.

In addition to more flexible financing ***terms***, respondents also wanted to see a more flexible financing ***process*** that allows for greater learning and innovation**.** As one leader shared, "We need a process that is flexible in the pursuit of financing. That's essential in achieving projects for equitable outcomes. The process is hard, and it's a

4. For more information on the SPARCC capital screen, see https://www.sparcchub.org/2018/03/20/a-new-tool-for-rethinking-community-investment-the-sparcc-capital-screen/.

barrier in itself… We need a flexible process for creating a financial model for a great idea… learning how to get in the door, knowing what the deal killers are… We need more flexibility in understanding and time, but that's not the standard way." Another person explained, "Capital is another system that is very structured and rigid… It gets to be really hard; we need to work with the community and be patient; we can't just say, 'If you can't do it in six months, it can't happen.'"

Community-driven capital requires challenging traditional norms around capital.

The emphasis on capital deployment within the first half of SPARCC has surfaced important tensions that exist between the aspiration for a deeply community-driven process and the rigidity of the traditional capital system. As one person stated, "The disparity between what's community-driven, community need, and power are strongest with capital deployment." Similarly, another leader shared, "There's an inherent tension. It would take so long to train communities up to the risk aversion of current capital systems. We need to meet people a little more where they are with risk. We [the field] think we're seeking innovation when all we're doing is training people to fit into current models. We want to rethink that and see if there are other approaches."

In particular, respondents pointed out that community-driven processes require significant investments of time and resources (see Hypothesis 2) and that these costs should be built into project financing. Reflecting on a recent community-driven project, one person said, "It was transformational because of the organizing, which was not covered in the cost of that deal. A real transformational strategy would have tied the organizing cost into that project, where it wouldn't be a program cost versus a real estate cost. We need to be able to say, 'We want community-driven development and it costs X, and we want it to be funded.'" Another leader said, "Capital needs to fund different parts of the work: organizing, strategy, and real estate. CDFIs are only thinking about products that can be more patient or slightly flexible. They're not thinking bigger about the work that goes into equitable development. They could be asking those questions."

A number of sites also shared that communities need other types of capital. "It's difficult to deploy capital in these communities that don't have the ability to take on debt. They need equity or grants to make these projects happen… That's the top thing I've learned; different sorts of capital are needed to help these communities," said one respondent. Another person shared, "We [the table] hear that capital in the form of debt is problematic. A lot of these communities have been through waves of predatory lending, so capital products based on debt don't work for them. They're asking for equity investments or recoverable grants." Additionally, one leader said, "Communities are also demanding that community-based organizations that are locally grown are made part of the ownership models of capital being deployed in communities. If you build a business incubator or housing complex, the community doesn't want to just be on an advisory board; they want to be part of the ownership structure."

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Opportunity remains for aligning SPARCC capital with other sources.

A few sites that are further along in their capital deployment efforts reflected on the future direction of their capital work. "Our capital coordination work is making us ask, 'How do we align SPARCC with other sources of capital?' That's where we might see a clearer link between the policy and capital work," said one person. Others have been exploring existing structured funds in their regions and asking how SPARCC funding might play a role in existing capital stacks. One of the challenges has been the vast scale of capital financing need at the regional level. "We've struggled to figure out how capital resources could be helpful on certain projects that are so large-scale that the SPARCC financing was such a small piece of that. If you zoom out to the regional level, the SPARCC financing is just a drop in the bucket. We're at the beginning of trying to figure that out," stated one respondent.

Conclusion: Adaptations and Future Directions for SPARCC

The learning from the first half of SPARCC has led to important conceptual adaptations that are informing the future direction of the initiative. A few of the most relevant shifts are summarized below and are also reflected in the changes that have been made between the original SPARCC logic model (Appendix 1a) and the updated version (Appendix 1b).

Adaptation 1: Racial equity is the primary lens that drives health and climate outcomes.

The original SPARCC logic model began with the concept of looking at the work through the three integrated lenses of racial equity, health, and climate, assuming that they were equally and concurrently applied to the work. As the first half of SPARCC unfolded, the six sites and National Team spent significant time engaged in racial equity training with the Center for Social Inclusion (now Race Forward), one of the initiative's technical advisers. All of the sites have reported the value of SPARCC in helping them explicitly name and advance racial equity in their work. The National Team has also developed its own processes for operationalizing racial equity within its own efforts, which has had broader influence on its own institutions' capacity to prioritize racial equity issues. This process has led to a collective shift, where racial equity is now depicted in the updated logic model as the primary lens that cuts across all other outcomes. Improvements in health and climate resilience are still key priorities within SPARCC and heavily influence the implementation of the initiative, but they are depicted as outcomes of an improved system that begins with racial equity.

Adaptation 2: The capital strategy has a more defined focus on approaches that are community-informed and community-driven.

The availability of a flexible pool of capital was one of the early defining features of SPARCC, and the original logic model assumed an emphasis on rapid capital deployment into built environment projects. However, through the process of operationalizing racial equity and ensuring community representation within decision-making structures, it became clear that deploying capital in a process consistent with SPARCC values would take more time. The highly technical nature of capital finance meant there was a steep learning curve for many table members and community representatives. In addition, communities expressed their desire for new models of community ownership and community-informed processes, not just traditionally debt-financed approaches. In response, the National Team has worked in partnership with sites to provide "capital 101" training for communities and has approved "capital grants" to sites that encourage innovation in community-led approaches to capital. The revised logic model retains the goal of capital deployment into built environment projects, but it also prioritizes the development of new approaches to capital that are community-informed and community-driven.

Adaptation 3: The SPARCC National Team is working to shift its mindset from being an intermediary/funder to an equal partner with the sites. Together, the sites and National Team are focusing on policy, capital, and collaborative effectiveness as key strategies for effecting systems change.

The original SPARCC logic model depicted the National Team as implementing a wide range of strategies (policy, capital, data, learning community, communications, and site coordination) and disbursing funding support and technical assistance to advance site-level implementation. This approach was designed in the spirit of capacity building and enhancing the work of the sites. However, it had the unintended consequence of creating a top-down dynamic between the National Team and the sites, and unwittingly created extra processes and challenges for the sites. The SPARCC National Team has acknowledged its own need to adapt to be a better collaborative partner to the sites. To address this, representatives from the National Team and sites have been engaged in ongoing dialogue and adaptive leadership training to rebalance the power dynamics. Part of this adaptive leadership training includes recognition of the need for human-centered program design, realizing that reshaping the built environment and changing systems requires developing new networks and relationships among people, not just capital and policy. In addition, it became clear over the first year and a half that SPARCC needed to focus on a smaller set of priority strategies. As shown in the revised logic model, the National Team and sites are working in partnership

on the core systems-change strategies of policy, capital, and collaborative effectiveness. Such approaches as the learning community, data, communications, and creative placemaking are represented as critical tools in service of advancing these systems-change strategies.

Adaptation 4: There is greater clarity on short-term outcomes.

Systems change is a long-term process, and SPARCC understands the importance of setting appropriate expectations for what can be accomplished during the three-year intervention period. As such, the original SPARCC logic model identified short-term outcomes (one to three years) in the areas of increased capacity and progress toward systems change. Based on the experiences from the first half of SPARCC, the revised logic model includes greater clarity on short-term outcomes. For example, "support better community engagement and empowerment" was originally portrayed in the logic model as a capacity outcome, suggesting it to be an activity of the cross-sector table. However, the revised version presents community engagement and empowerment more accurately as progress toward systems change and emphasizes "increased resident input, influence, and leadership." This reframes the agency and power of the community as its own driving force toward change, as opposed to being a capacity or activity of the table. Similarly, greater definition in the areas of policy (such as near-term influence on public-sector decisions) and capital (new approaches, partnerships, and products) provide improved clarity on the ways that cross-sector collaboratives can influence progress toward systems change in the near term.

As a complex, adaptive initiative, SPARCC has evolved from its original theoretical foundations and is committed to sharing its learning with the field. Looking ahead, the SPARCC National Team and sites will continue working together to advance emergent ideas and innovative approaches for creating healthier, more climate-smart, and opportunity-rich places for ***all*** people.

SPARCC Initiative-level Logic Model

GOAL: Change the way metropolitan regions grow, invest, and build by applying an integrated (racial equity + health + climate) cross-sector approach that benefits low income communities and communities of color

Implement SPARCC strategies + Support site-level SPARCC implementation → Shared outcomes for SPARCC partners and sites

Integrated "lenses": EQUITY, HEALTH, CLIMATE

4 PARTNER ORGANIZATIONS with a holistic vision, broad constituency, experience, and credibility: ECP, FRBSF, LIIF, NRDC + FUNDERS (Ford, JPB, Kresge, RWJF, TCE)

- POLICY: Influence local and state policy, influence national systems change, and change organizational practices
- CAPITAL: Build capacity within sites to deploy capital into the built environment with an integrated lens and create new/replicable financial tools for building projects
- DATA: Use data to plan, prioritize, engage stakeholders, advocate for new practices/policies, and inform investments
- LEARNING COMMUNITY: Provide in-person sessions for skill building, online tools to synthesize best practices and provide models, and field trips to stimulate peer learning
- COMMUNICATIONS: Implement a messaging and knowledge-sharing strategy to influence target audiences in the national field

SITE COORDINATION

- COMMUNITY ENGAGEMENT: Involve community members in governance, design, and implementation
- PEER LEARNING: Participate in convenings and digital learning exchange and share unique perspectives
- POLICY AGENDA: Build policymaker and public support for addressing equity, health, and climate through policies that affect the built environment
- CREATIVE PLACEMAKING: Engage community residents and build bridges of understanding across cultures through music, art, and food

Cross-sector collaborative tables in 6 sites

BUILT ENVIRONMENT PROJECTS: Implement environmentally sustainable infrastructure projects that benefit/increase opportunities for low income communities and communities of color and have well-documented connections to health and well being outcomes

Short term outcomes 1-3 years	Intermediate outcomes 4-9 years	Aspirational long-term outcomes 10+ years
CAPACITY OUTCOMES • Improve table effectiveness • Support better community engagement and empowerment* • Foster cross-site collaboration and adaptive learning* • Integrate SPARCC Partner functions*	**SYSTEMS OUTCOMES** • Change field practice (e.g., institutionalize practices)* • Strengthen policy environment* • Disseminate and spread new models nationally*	**PLACE OUTCOMES:** Observable changes in built environment that reflect equitable access to opportunity
PROGRESS TOWARDS SYSTEM CHANGE • Improve processes or procedures toward policy goals and outcomes • Make progress along the policy spectrum (e.g., build political will) • Use data to keep the focus explicitly on equity issues, drive decision-making, track results, and close the disparity gap • Improve capital flow to SPARCC-type development that reflects an integrated lens • Develop new capital investment products and partnerships that focus on healthy and equitable development and multi-sector solutions		**PEOPLE OUTCOMES:** Improved health and access to opportunities for people of color and low income populations

*from Results Framework

Healthier, more climate-smart, and opportunity-rich places for all people

Evaluation and learning

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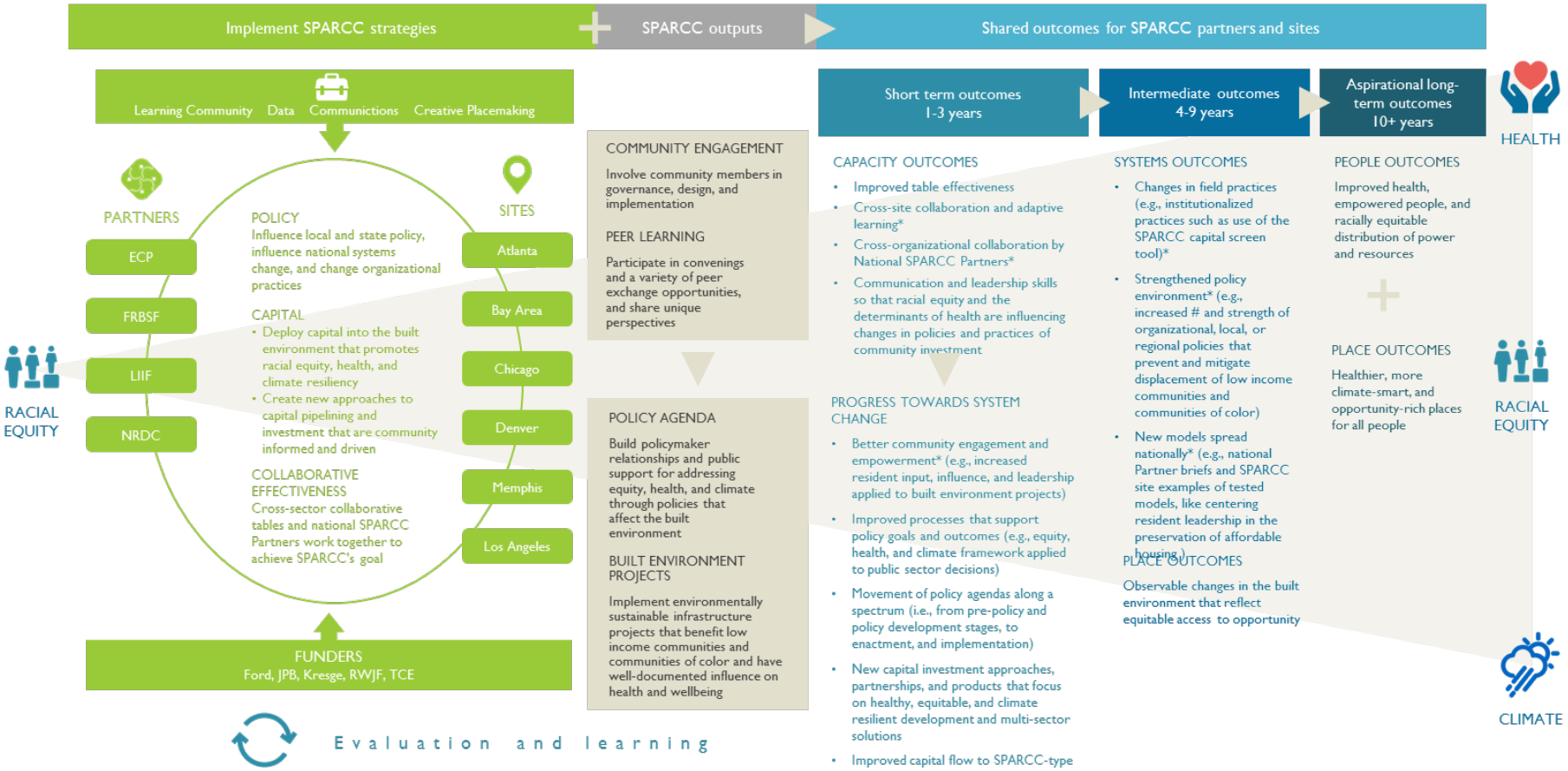
Appendix 1a: Original SPARCC Logic Model

SPARCC Initiative-level Logic Model

GOAL: Change the way metropolitan regions grow, invest, and build by applying an integrated (racial equity + health + climate) cross-sector approach that benefits low income communities and communities of color



*from Results Framework

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Appendix 1b: Updated SPARCC Logic Model

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SPARCC

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