The SPARCC Initiative: Fostering Racial Equity, Health, and Climate Resilience in the Built Environment

Chris Kabel, Kresge Foundation
Amy Kenyon, Ford Foundation
Sharon Z. Roerty, Robert Wood Johnson Foundation

The Strong, Prosperous, And Resilient Communities Challenge (SPARCC) aims to create opportunities for low-income people and communities of color by fostering integrated strategies that promote equity, better health outcomes, and climate resilience. SPARCC is fueled by a theory of change that says all three goals can be realized by empowering communities and recasting systems to amplify regional public investments in housing, transit, and other impactful infrastructure so that their benefits can be shared equitably. By demonstrating how the built environment can be transformed to allow all of its residents to thrive, we aim to rewrite the national playbook on community development and public infrastructure investment.

SPARCC is co-funded by the Robert Wood Johnson Foundation (RWJF), the Ford Foundation, The Kresge Foundation, The JPB Foundation, and The California Endowment. (The authors of this article represent the first three foundations, which were the original funding partners.) The initiative builds from our shared history of grantmaking, designed to tackle the root causes of economic, health, and social disparities; stretches each of our institutions in new ways; and gives us fresh opportunities to collaborate.

The work is underway in six regions: Atlanta, Chicago, Denver, Memphis, Los Angeles, and the San Francisco Bay Area. As we support and evaluate a pipeline of new projects in those locations–and the local policies and capacities that make them possible–our intention is to build a compelling approach that other regions and new partners will want to replicate.

Beyond a regional impact, we think that SPARCC can have an enduring influence on how the health, environmental, and community development sectors approach their work. The synergies in these intersecting fields can make all of their efforts more formidable. To drive that forward, we are supporting four creative and dedicated implementing partners–Enterprise Community Partners (Enterprise), the Low Income Investment Fund (LIIF), the Natural Resources Defense Council (NRDC), and the Federal Reserve Bank of San Francisco–who have impact across all of these sectors. Each one operates at a national scale.

This article explains why we, as funders, came to the table to develop and support SPARCC, why we remain there, and what we expect our collective power to achieve. Together, we aim to reverse a series of policy and programmatic decisions that have resulted in decades of disinvestment in low-income communities across the nation, fueling enormous disparities in health and economic opportunities across zip codes that are often just a few miles apart. We expect that by building partnerships, emphasizing local engagement, and fostering leadership that brings disadvantaged populations into development decisions, SPARCC will help give all residents the opportunity to thrive.

The Evolution of SPARCC

SPARCC owes its birth to the braiding of several strands of activity. Over the past several years, LIIF, Enterprise, and NRDC had been talking to one another, and to Ford and Kresge, about how to address climate change challenges and regional inequities via the urban development process. Meanwhile, responding to recommendations from its Commission to Build a Healthier America,[1] RWJF began working with the Federal Reserve Bank of San Francisco to articulate the connections between health and community development.

RWJF saw the potential for synergy between these related efforts and pursued conversations with all of the players about how best to integrate them. By July 2016, following an in-depth planning and development process, the three national foundations had agreed on the design for SPARCC. Later that year, two others–the JPB Foundation and the California Endowment–joined as funding partners.

The problems we set out to tackle are deeply interwoven: Racial injustice, poor health, and the impacts of climate change are burdens that fall disproportionately on the same disenfranchised populations, and the economic opportunities and costs associated with public infrastructure investments are not shared equitably.

The cumulative burden of spatial injustice reflects, in good measure, past discriminatory policies and practices. Communities of color may be segregated to low-lying flood plains that are more susceptible to storm surges. Asthma rates are higher in poor neighborhoods that have greater exposure to environmental toxins. Extreme heat disproportionately injures those who cannot afford air conditioning or live in urban areas devoid of shade-producing tree canopy. Failing water systems threaten the nation's most vulnerable children. Substandard housing is more susceptible to mold and infestation, which can worsen chronic respiratory conditions. All of this is most likely to be found in communities isolated from transportation and jobs, where it is difficult to earn the livelihood so crucial to health.

Without deliberate effort, new infrastructure will not necessarily alter these patterns. Indeed, a huge influx of resources can do just the opposite, as major development projects in nearly every region in the United States attest. As funders, we feel a sense of urgency to support, accelerate, and highlight new approaches.

We designed SPARCC to capitalize on a catalytic moment–that rare time in the life of a community when it is ripe for action. Although a significant infrastructure initiative is often that catalyst, new leadership, population shifts, strong public will, policy overhauls, or

1 Robert Wood Johnson Foundation Commission to Build a Healthier America, "Time to Act: Investing in the Health of Our Children and Communities" (Princeton, NJ: RWJF, January 1, 2014).

even efforts to recover from a natural disaster can also attract a significant pool of private and public capital and accelerate opportunity. When a community reaches that catalytic moment, early commitments to collective problem-solving and optimal outcomes for low-income residents are essential to safeguard against decisions that can otherwise drive some combination of gentrification, displacement, disinvestment, sprawl, and racial and economic inequity.

SPARCC pursues a multiplier effect, recognizing that intersectional problems cannot be tackled in isolation. Nor can they be addressed by the tools of a single field or an individual champion, no matter how creative or dedicated. Persistent and ingenious collaborators who can drive multi-directional learning are key to SPARCC's design. We want to be thinking together, and from the outset, about how best to alter established practices, mitigate unintended consequences, and allow a catalytic moment to expand into an unprecedented and enduring opportunity as the built environment is changed.

SPARCC at once draws on the many assets of our implementing partners and stretches them in new ways. Enterprise and LIIF are community development financial institutions (CDFIs), which direct hundreds of millions of dollars in capital to affordable housing, transit-oriented development, community facilities, and other infrastructure through financing mechanisms, such as loans, investments, and guarantees. As these organizations ground themselves more deeply in the SPARCC theory of change, they can expand beyond a transactional approach and do more to enable low-income neighborhoods and communities of color to flourish. Likewise, SPARCC is pushing NRDC, which has historically focused on protecting natural resources, further into environmental justice advocacy in urban areas, where the human consequences of the built environment are of central concern. And the Federal Reserve Bank of San Francisco, which is deeply engaged in community development research and outreach, has moved into new territory by participating as an implementing partner of a multisite initiative and testing new approaches to cross-sector collaboration.

Ultimately, SPARCC is about changing the systems that shape our built environment and impact people's lives. By focusing on the underlying causes of disparate outcomes, the initiative seeks to transform the ways in which individuals and institutions approach complex social and economic problems, alter the flow of public and private funding, and redesign policies and practices that can sustain improvements over time.

On the Ground: The Six Regions

During the intensive, year-long planning for SPARCC, we identified and considered several dozen regions as potential partners, invited 10 to apply for the initiative, and selected six through a competitive, two-stage application and review process.

We looked carefully at the catalytic moment that was driving their planning, the pipeline of projects they proposed to take advantage of it, their capacity to influence broader policy discussions, and the SPARCC "but for"—the added value SPARCC's engagement in a region could deliver to low-income residents. A number of applicants had already evolved fertile, cross-sector partnerships and were working aggressively to advance equity in their regions, so we wanted to understand where additional resources, technical assistance, and peer exchanges could further their work. We were also interested in places that were beginning to emerge from decades of disinvestment but had not yet fully focused on racial equity, health, or climate resilience in ways that would allow for truly comprehensive revitalization.

After thorough deliberation, we selected a geographically and politically diverse mix of collaborators in December 2016[2]:

- In **Atlanta**, which has among the nation's highest levels of income inequality, according to a 2014 Brookings Institution study,[3] Interstate 20 separates vast pockets of prosperity and poverty, echoed by patterns of investment and disinvestment. In what has been called the most comprehensive transportation and economic development effort the city has ever undertaken, billions of dollars in capital investment are flowing into Atlanta as a result of recently passed ballot measures. The **TransFormation Alliance** has developed a model for equitable transit-oriented development, using an arts-centered community engagement process to nurture an inclusionary approach.
- **Chicago** has a long history of community disinvestment and segregation, and rising real estate markets have only amplified its disparities. Pushed to act by the acute challenges of substandard housing, poor health outcomes, joblessness, and violence, the city is targeting structural inequities through a number of public policy and planning activities. **L-Eevated Chicago** will leverage a growing sense of urgency by connecting neighborhood-generated visions to implementation resources and decision-making structures. Four communities near transit will provide a scalable model to lift up low-income residents and people of color as influential leaders.
- Since 2004, a $7.8 billion public investment in **Denver's** regional transportation system has created 122 miles of new rail and 18 miles of bus rapid transit, which has been accompanied by aggressive development around the new stations. At the same time, measures to reach ambitious climate goals are being put in place, influencing planning decisions that will reshape land use, transportation, and growth patterns in Denver for decades to come. **Mile High Connects** brings together leaders from low-income communities and communities of color to identify the systems, policies, and place-based strategies that can revitalize newly transit-rich neighborhoods without displacing current residents and longstanding businesses.
- **Los Angeles** is beset by a crisis of housing insecurity at the same time that the region is being transformed by landmark state climate legislation and a transit system expansion that will add light rail, subway extensions, and bus rapid transit across the region. Growth and investment are likely to concentrate in areas where the most marginalized Angelenos currently reside. SPARCC brings together three partners, the California Community Foundation, **LA THRIVES** and **ACT-LA**, to promote local land use and equitable development strategies; policies to prevent displacement and build capacity; capital investments; and climate resilience.

2 The Federal Reserve Bank of San Francisco did not participate in the selection of the sites at any stage of the process.
3 Alan Berube, "All Cities Are Not Created Unequal" (Washington, DC: Brookings Institution, February 20, 2014).

- Disparities in **Memphis** have fostered poverty rates that approach 60 percent in some parts of the largely African American northern section of the city. Long burdened by governance challenges, Memphis's recent participation in the Greenprint planning process, a tri-state effort to restore floodplains and guide open-space infrastructure, signals that effective new leadership is emerging. At the same time, multiple, large-scale redevelopment projects promise dramatic change. **Neighborhood Collaborative for Resilience** is promoting equitable strategies for using these investments to produce shared economic benefit, prevent displacement, and enhance community connectivity.
- According to one estimate, the unprecedented growth in the **San Francisco Bay Area** has created some 450,000 new jobs–but only 54,000 units of housing–between 2010 and 2014.[4] As housing costs skyrocket, low-income residents of color are being pushed out of the region's urban core in dramatic numbers. Recognizing a looming crisis, voters approved some $12.5 billion in bonds for transportation, housing, and infrastructure. As this is occurring, new public policies to reduce greenhouse gas emissions and advance racial equity are also being implemented. The **BAY AREA FOR ALL (BA4A)** coalition is seizing on these opportunities to develop community-driven development models in urban and suburban settings that focus on preserving existing affordable housing and using public land for community benefits.

To propel provocative and game-changing innovations, each region sets a "collaborative table" to advance shared goals. These tables bring together leaders with track records in advancing racial equity, health, economic opportunity, and climate resilience; institutions with the capacity to gather and analyze data; and organizations that engage the lived experience of the community. Their work builds on, and adds to, a rich body of research documenting the importance of that kind of cooperation to achieve regional change and inclusive economic growth.[5]

Through SPARCC, each region's collaborative table will be awarded $1 million in direct grant and technical assistance funds over three years. Collectively, the regions will benefit from an additional $14 million for programmatic support in data systems, policy, communications, and other areas. A $70 million pool of investment capital–some from the participating foundations, some leveraged through institutions that finance community development–will also be available for community-based projects.

We recognize that SPARCC's ambitious, systems-change goals will require more than three years to accomplish. Our intent is to support cross-sector leaders and accelerate change so that the six regions are equipped to carry out the vision over the long term and share their learning with communities across the country.

4 Sarah Karlinsky, "Oakland's Plan for Facing the Housing Crisis Head On" (San Francisco, CA: SPUR, March 7, 2016).

5 C. Benner and M. Pastor, *Just Growth: Inclusion and Prosperity in American's Metropolitan Regions* (New York: Routledge Press, 2012).

SPARCC Tools to Build Local Capacity and Influence Change

LIIF and Enterprise are leading the capital strategy for SPARCC. Capital is generally said to flow downhill in the private sector, where it is likely to be invested in projects that offer more return for less risk. Too often, that approach fails to meet the needs of low-income neighborhoods with significant populations of color. SPARCC uses a different calculus because it is pursuing a social return on investments, as well as a financial one. Through credit enhancements, loan guarantees, new market tax credits, program-related investments (PRIs), and other innovative vehicles, SPARCC can fill financing gaps and test innovative ideas that infuse an equity framework into infrastructure decisions.

Our hope is that over time this will allow us to highlight sustainable projects that have the potential for scale and, in some cases, to create markets of interest to private capital, such as Community Reinvestment Act (CRA) bank investments. Along the way, it will be crucial to change the policies that guide public and private investments because these play such a fundamental role in determining who will benefit from them.

Nuts-and-bolts technical assistance–such as guidance on deploying capital most effectively and tools to strengthen communications and data use–will help the regional sites move from vision to implementation. Learning Communities, intended to foster a community of practice that brings together peers across regions, are another key accelerant of change. In-person meetings, site visits, and online forums will encourage risk-taking, create enduring ties, and attract attention from additional stakeholders.

Creative Placemaking is one of the unique strategies through which we are operationalizing SPARCC, and it is of particular interest to The Kresge Foundation. An approach that integrates art, culture, and community-engaged design into local development and urban planning, Creative Placemaking is used to influence the built environment, foster meaningful engagement, give residents a sense of agency, and contribute to the narrative of a place.[6] All six regional sites plan to incorporate diverse and innovative Creative Placemaking strategies into their work.

The Seattle-based Center for Community Health and Evaluation will partner with Raimi + Associates to conduct a developmental evaluation of SPARCC. Deliberately designed to be flexible, the early phases of the evaluation will provide feedback about what is working and what can be improved in "real time" so that lessons learned can inform ongoing activities. Later evaluation components will highlight SPARCC's contributions to key outcomes. The Federal Reserve Bank of San Francisco will enhance the evaluation by drawing on its extensive data-analysis capacities. A measurement framework is being designed for a qualitative component that tracks critical elements of systems change, such as increased community engagement and civic infrastructure. Another set of data will measure quantitative outcomes on people and place, such as health disparities and renter affordability, creating a baseline for assessing outcomes over time.

6 National Endowment for the Arts, "How to Do Creative Placemaking: An Action-Oriented Guide to Arts in Community Development" (Washington, DC: National Endowment for the Arts, November 2016).

As a body of best practices and policies emerges from local experiences in the six regions, SPARCC will share these exemplars across regions and with practitioners in other locales, drawing on the power and credibility of our implementation partners and their substantial nationwide networks. Our intention is to alter "business as usual" for public, private, and nonprofit actors and rewrite the rules for planning and executing catalytic infrastructure investments so that they generate long-term scalable and equitable impacts on a population level.

The Power of Collaboration

Let's be clear: Collaborations are never easy, and SPARCC is built on scores of them—within each regional site, across all six regions, among the implementation partners, among the funders, and across regions, partners, and funders. The arrows signaling the many ways in which people and organizations interact point in multiple directions. Fully engaging all of the players is an intricate process that demands compromise and negotiation. Power dynamics are impossible to ignore, no matter how often consensus is the stated goal. Yet we are absolutely convinced that SPARCC is a far richer initiative because it integrates multiple relationships, viewpoints, and framing approaches.

From the funder perspective, the capacity to bring more resources to the work is perhaps the most obvious benefit of our collaboration, and it is a very consequential one. Reaching our goals requires dollars, personnel, and complementary expertise beyond what is available to any one institution. One of the intents behind investing for social impact is to start a ripple that attracts additional funding, and SPARCC is already seeing that happen with new commitments from other funders.

SPARCC also allows each funder to showcase its unique strengths while learning from one another. RWJF, for example, has a particularly well-established reputation for building evidence in a field, as it has done in tobacco control and childhood obesity, but it has less muscle in the social investment arena. Kresge is the smallest of the three founding philanthropies, but it has substantial experience with climate resilience, Creative Placemaking, and social investments, deploying a dedicated pool of capital through equity stakes, loans, and guarantees (with a $350 million commitment from 2015 to 2020).[7] Challenging inequality and promoting racial equity, while high on all of our agendas, is at the center of Ford's programs. Ford's recent commitment of $1 billion from its endowment to mission-related investments, including for affordable housing,[8] is another example of how all of the funders are expanding their toolkits and recognizing the importance of private capital, in alignment with the SPARCC agenda.

From the outset, we have reminded ourselves of the need to be very intentional in considering how our program design will affect low-income communities of color, and to include

7 The Kresge Foundation, "Social Investment Practice" (Troy, MI: The Kresge Foundation, 2017).

8 Ford Foundation, "Ford Foundation Commits $1 Billion from Endowment to Mission-Related Investments." Press release (New York: Ford Foundation, April 5, 2017).

their voices and priorities in everything we do. Our three foundations spent considerable time constructing a shared vision for SPARCC on the front end of this partnership. In the planning phase, that meant seeking more clarity about points of intersection, working through our differing goals and priorities, and aligning our thinking about change. We each had to be explicit as to where we could compromise and what we were unable to negotiate, given the priorities of our institutions. Reaching common ground was time-consuming, and sometimes difficult, but the payoff was the connective tissue of rapport and trust and the ability to learn from one another.

Our implementing partners had to make a parallel journey so that all of us could eventually arrive on common ground and provide the best possible support to the regional collaboratives. Articulating core principles, signing Memoranda of Understanding, developing criteria for site selection, and putting a governance structure in place all proved essential, as did the development of a logic model and results framework, which remain central to the work.

As funders, co-creators, and advisors, we are committed to ensuring that our partners are empowered, respected, and influential. They bring substantial resources of their own to this initiative, which enhances the collaborative spirit that undergirds our work together. But it would be naïve not to recognize the potential imbalance between entities that provide most of the funding and the intermediaries. There is no question that SPARCC became more complicated than the early conversations that inspired it. We raised the bar on racial equity and incorporated issues that had not been core to the mission of some of our partners.

We think it takes that type of engagement to make big changes happen. Along the way, funders need to be vigilant against being unduly proscriptive, and every partner has to speak up and push back where necessary. Certainly ours have done so. It was their idea to create a matrix that defines SPARCC management responsibilities across the four implementing partner organizations so that we could draw more fully on the breadth of staff talent, rather than taking the more conventional approach of establishing a separate program office or new organization. Partner input also influenced the timeline for regional site proposal submissions and the criteria we used for selecting the funded regions. All of us recognized the value of staying nimble as we co-created SPARCC and learned to accept a design process that was far from linear. Going forward, input from the six regions will also be critical as they work on the ground and combine their local expertise into a national repository of best practices.

Conclusion

To our knowledge, SPARCC is the first multi-region, multi-funder initiative that puts racial equity, health, and climate resilience at the center of major investment and development opportunities. As regional work gains traction, the collaborative tables will be cementing partnerships with the low-income residents most affected by catalytic investments. This is the SPARCC pathway to integrated and enduring solutions. Ultimately, we hope to influence community development and social impact investing far beyond the provenance of the six regions.

We are already seeing our implementation partners apply SPARCC-inspired principles to other work. For example, our Enterprise colleagues tell us that they are using their recently acquired knowledge to root new initiatives in a theory of change. Similarly, after our partners began to work with the Center for Social Inclusion to better understand how to integrate racial equity into SPARCC, LIIF used its own funds to repeat the training for its entire staff and board. At the Federal Reserve Bank of San Francisco, specifically identifying race and equity in core program objectives was new; most of its previous work fell under the rubric of low-income or disinvested communities. Given the national scale of these organizations, these early signs of SPARCC influence could achieve far-reaching effects.

As funders, we will continue to seek opportunities to pool resources and perspectives to drive systems and policy changes at the regional, state, and national levels. Although we expect SPARCC to plant the seeds of transformation in the near term, it will take much longer to bear the fruit of equitable access to opportunity and improved quality of life. As we journey toward that goal, we will have to maintain our big ambitions and shared sense of purpose, accept the challenges and failures that sometimes accompany risk-taking, and continue to pursue the boldest possible vision of a more just society. We have much to do together.

Chris Kabel, MPH, serves as Deputy Director of Kresge's Health program, while also directing the foundation's efforts to invest more effectively at the intersection of its six programs and two practices. Chris is responsible for managing a $30 million grant portfolio; leading the development and implementation of key initiatives; and developing and implementing grantmaking and investment strategies that promote health equity by addressing conditions that lead to poor health outcomes. Prior to joining Kresge, Chris was a senior program officer at the Northwest Health Foundation (NWHF), where he led a $28 million partnership with Kaiser Permanente and led NWHF's work to promote healthy eating and active living. Chris earned his Master's in Public Health from Portland State University and his bachelor's degree in journalism from the University of Southern California.

Amy Kenyon, MS, is Program Officer, Equitable Development at the Ford Foundation. She has focused on reforming the rules that shape regional development in U.S. metropolitan areas in order to expand economic opportunities for low-income people. She has more than 15 years of experience in the nonprofit and public sectors, with an emphasis on developing and implementing finance and community development solutions for low-income communities. Amy earned her master's degree from the New School for Public Engagement's program in urban policy and management, where she concentrated in organizational effectiveness and community development finance. She holds a bachelor's degree in international business from Messiah College.

Sharon Z. Roerty, AICP/PP/MCRP, is Senior Program Officer at the Robert Wood Johnson Foundation. Sharon is an urban alchemist who has spent a lot of time at the intersection of health and transportation. She has an affinity for environmental justice issues and community planning. At RWJF, she has worked on portfolios to reverse childhood obesity and create healthy communities, seeking solutions at home and abroad. The community development and community development finance sectors have become a special area of focus–one where she sees the potential for transformative change. Sharon has a Master's degree in City and Regional Planning from Rutgers University and a Bachelor of Science in Environmental Science from Stockton State College.