Link

July 2, 2001

Acting Director
Community Development Financial Institutions Fund
U.S. Department of the Treasury
601 13th Street, NW., Suite 200 South
Washington, DC 20005

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed guidance for the New Markets Tax Credit Program. On behalf of Angela Glover Blackwell, the President of PolicyLink, and leaders of the other organizations who share in the submission of this document, we offer the enclosed comments on a number of the critically important issues you have raised. We also submitted these comments via email on July 2, 2001 to the CDFI Fund email address indicated in the Guidance document. Although the comments pertain most directly to the questions posed by the CDFI fund, we will also send a copy to the Internal Revenue Service.

Please contact me if you have any questions, via email (victor@policylink.org) or by telephone at 510-663-4326.

Thank you again. We hope this input is helpful for you.

Sincerely,

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Acting Director
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**COMMENTS TO THE
DEPARTMENT OF THE TREASURY
COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND
CONCERNING GUIDANCE ISSUED ON
THE NEW MARKETS TAX CREDIT PROGRAM**

Background
PolicyLink is a national research, communications, capacity building and advocacy organization dedicated to advancing social and economic equity. We appreciate the opportunity to comment on the Guidance Issued on the New Markets Tax Credit program. PolicyLink is joined in these comments by a number of organizations that are leaders in community development, community investment, and related fields. (See Appendix A for brief descriptions of signatories to this document.)

The New Markets Tax Credit (NMTC) passed, with bipartisan support, based on the belief that investments of new capital in distressed communities would help to spur revitalization and benefit community residents and community institutions. The Guidance and subsequent regulations can ensure that both revitalization and community benefits occur as a result of NMTC.

Our comments focus on ways that the New Markets Tax Credit program can ensure that low-income communities genuinely benefit from these government-supported investments. We address three general issues:

- The accountability of Community Development Entities
- The ways in which community benefits will be defined, and the process by which the federal government will evaluate applications for tax credits
- How the outcomes of tax credit investments will be monitored

These comments are responsive to particular Pending Issues raised in the Guidance Notice and other aspects of the Treasury Department's proposed procedures for administering the program.

Before addressing these specific points, we offer a brief overview of the current context of investment in low-income communities, and how PolicyLink and our partners have been working on these issues.

Low-income community residents too often do not benefit when public and private investments spark neighborhood revitalization. Rather, low-income residents are the first to be displaced when revitalization results in rising rents and real estate values.

Historical as well as recent waves of displacement of low-income residents, in cities experiencing rapid reinvestment, demonstrate this predicament. A recent report from PolicyLink and the Brookings Institution reviews the literature on gentrification and provides several recent case studies of cities where rapid investment threatens the stability of lower income residents and businesses that have served them.[1]

Explicit mechanisms are needed to ensure that low-income residents gain economic benefits from investments in their community. PolicyLink is participating in an innovative regional initiative designed to facilitate investments that are tied to a double bottom line—financial returns for investors and tangible benefits for low-income community residents. The initiative, the Community Capital Investment Initiative (CCII), aims to mobilize business, community, environmental and government leadership to initiate strategic investments in low-income communities in the San Francisco Bay Area. A family of three investment funds has been created, with more than $100 million already committed, for equity investments in real estate, small business, and brownfields development. To ensure community benefits, CCII investments are tied to social equity criteria. These criteria were developed from field research identifying specific examples of developments from around the country in which criteria were effectively used.[2]

Other programs have explored this double bottom line approach, including the proposed 21st Century Initiative of California's Treasurer. This Initiative would lend start-up capital from state general funds, matched and leveraged by foundation and private market funding. Investments would support real estate ventures in California's under-served, emerging markets.[3]

Resident of low-income communities need opportunities to become active and vested partners—with the private, public and nonprofit sectors—in economic development activities in their communities.[4] With low-income residents as part owners, a development's success translates into an increase in residents' wealth, thus providing a potentially important counterbalance to displacement dynamics. PolicyLink believes that the New Markets Tax Credit program could be an important spark to increase and deepen these innovative opportunities.

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[1] Maureen Kennedy and Paul Leonard, *Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices,* Discussion Paper from PolicyLink and the Brookings Institution Center on Urban and Metropolitan Policy. (Washington, D.C.: The Brookings Institution and PolicyLink; April 2001.)

[2] See "Communities Gaining Access to Capital: Social Equity Criteria and Implementation Recommendations for the Community Capital Investment Initiative (CCII)," by the Urban Habitat Program and PolicyLink, December 2000.

[3] See "21st Century Initiative: A Framework for Achieving "Double Bottom Line" Outcomes," A PolicyLink paper, February 2001. In addition to writing this report, PolicyLink organized meetings around the state to generate input to the plan from community development practitioners.

[4] "Sharing the Wealth: Resident Ownership Mechanisms." A PolicyLink report available in August 2001.

Issue # 1: How Should the CDFI Fund Evaluate the Accountability to the Community of Organizations Applying for Designation as a "Community Development Entity?"

The Community Renewal Tax Relief Act of 2000 requires an organization to maintain accountability to low-income community residents in order to qualify as a "Qualified Community Development Entity." The statute states:

> "The term 'qualified community development entity' means any domestic corporation or partnership if . . . the entity maintains accountability to residents of Low-Income Communities through their representation on any governing board of the entity or on any advisory board to the entity . . ."

Effective community accountability begins with the inclusion of low-income community residents either on governing or advisory boards. However, simply requiring the inclusion of low-income or community residents does not grant significant influence to communities. This is particularly true if community representatives sit on advisory rather than governing boards. Maintaining an advisory board with community representation does not assure that advice will be sought on key issues, nor that it will be followed when given. While governing board representation is better, since it is tied to fiduciary duties, it does not assure that community representation and advice are valued or are part of the institution's values. The CDFI Fund should establish higher standards for community accountability than what is given in the legislation.

The ways in which the Fund chooses to administer the New Markets Tax Credit program will significantly influence accountability to low-income communities. The Guidance document states that an applicant for CDE certification must provide "specific information relating to . . . its accountability to residents of Low-Income Communities." The following recommendations indicate information that the Fund should require, and highlight key accountability issues that the Fund should consider.

Recommendation:
The Fund should evaluate applications for CDE designation to determine that community representatives have meaningful oversight that can influence organizational policy, represent a broad cross-section of community residents, and are chosen by an inclusive selection process.

The CDFI Fund should adopt more stringent community accountability requirements for CDE certification than what appears in the Community Renewal Tax Relief Act of 2000. More stringent requirements will help to provide meaningful community accountability in the implementation of the New Markets Tax Credit Program.

The CDFI Fund should require each organization applying for CDE designation to provide the following information:

- The process that the CDE will use to choose its community representatives
- The actions the CDE will take to ensure that community representatives reflect the interests of low-income community residents
- The degree of influence the community representatives on governing boards have over CDE investment decisions
- The degree and process of how community representatives on advisory boards influence CDE investment decisions
- The number of community representatives who sit on either advisory or governing boards, relative to the size of those boards.

CDE certification should be awarded only if this accountability description indicates broad community representation, meaningful community influence, and an inclusive selection process.

Issue # 2: How should the Fund evaluate the projected impact of a CDE's future NMTC investments in order to allocate tax credits appropriately? (This issue addresses Question 3(a) of the Pending Issues in the Guidance notice: What indicators should the Fund assess when evaluating . . . the social underwriting criteria of (the CDE's) loan policies?)

The decision regarding which CDEs should receive New Markets Tax Credits will require the CDFI Fund to evaluate each CDE's potential to invest these tax credits effectively. The Guidance on the New Markets Tax Credits offers a broad outline of the process for allocation decisions. It states that the Fund will require each CDE applying for New Markets Tax Credits to submit a "Comprehensive Investment Plan," although no further details are provided on what this document will include.

During the first phase of the application evaluation process, the Fund will award points to be distributed among several categories of information provided on the application. These categories include the financial and operational capacity of the CDE, as well as the capacity, skills and experience of the CDE's management team. The final category that the Fund will consider and allocate points to is "projected community development activities and projected impact."

The Fund states under Question 3 of Pending Issues: "Applicants (for tax credit allocations) may be required to describe the social underwriting criteria that they will use when deciding which companies to invest in."

The Fund should set high standards for the "projected impact" on low-income communities of New Markets Tax Credit investments. **The creation of significant, meaningful community benefits should be the primary objective of a CDE's investment in low-income communities.** The CDFI Fund should give considerable weight to the "projected impact" of a CDE's New Markets Tax Credit investments when making its decision regarding which CDEs should receive tax credit allocations.

Following are several recommendations for information that the Fund should require in the Comprehensive Investment Plan to be able to evaluate how a CDE's investment decisions would likely impact and improve the targeted community. The information that the Comprehensive Investment Plan should include is outlined below, as well as several key issues that the Fund should consider in its evaluation of this information.

Recommendation:
The Fund should require the CDE to submit a description of its social investment criteria and community impact goals, as well as a community accountability plan, as part of its Comprehensive Investment Plan. The Fund should then evaluate this information in order to inform its decisions on New Markets Tax Credit allocations.

The Comprehensive Investment Plan, submitted as part of the application for New Markets Tax Credits, should include the following two components:

a) A description of the CDE's "social underwriting criteria" for investments, including community impact goals that the CDE will seek to achieve with NMTC investments
b) A description of the CDE's plan for project-level community involvement and notification.

Both of these components are addressed below.

a. A CDE's social underwriting criteria should be required in its Comprehensive Investment Plan

The Guidance issued for the New Markets Tax Credit Program states that the Fund may require each CDE to submit the "social underwriting criteria" that the CDE will use to decide which businesses to invest in. The social underwriting criteria should be a mandatory part of all applications for tax credit allocations.

The overall social underwriting criteria are critically important, but they must also be followed by goals that more fully specify the intended impact and community benefits of the tax credit projects. Therefore, we recommend that each CDE submit a description of the community impact goals that it commits to achieve through its investment choices. The goals should be specific, measurable, and tangible, and should address, at a minimum, the following three areas:

1) Benefits to the local labor market
2) Improvement of neighborhood services and prevention of displacement
3) Enhancement of ownership by local entrepreneurs, development organizations, and individual residents.

The Fund should develop standards to evaluate whether these community impact goals will lead to significant, meaningful community benefits.

1. Benefits to the Local Labor Market

Community Impact Goals for CDE Investments

Strategic investment decisions can lead to significant gains for local labor markets, including the creation of new jobs and the development of job training programs. Each CDE should address benefits to the local labor market in its community impact goals.

The Fund should require each CDE to submit, at minimum, the following information regarding expected labor market benefits:

- Number of jobs created and retained
- Hourly wages associated with new and retained jobs
- Hourly value of health insurance benefits provided for new and retained jobs
- Hourly value of pension benefits provided for new and retained jobs
- Percentage of new and retained jobs filled by local residents

The CDEs may also outline additional goals for local labor market benefits, such as the provision of job training and educational opportunities for its employees or neighborhood residents.

Several programs around the country currently exist that require businesses that receive public subsidies to set goals for benefits to the local labor market. The State of Minnesota, for example, passed legislation in 1995 (revised in 2000) that requires all recipients of public subsidies to enter into a "subsidy agreement" that states "measurable, specific, and tangible" goals for subsidized investments. These agreements must include goals for the number of jobs created and the wages for jobs created or retained. For more information on business subsidy reporting requirements, please refer to the "Business Subsidy Reporting" section of the website for the Department of Trade and Economic Development, State of Minnesota.[5]

Evaluation of Labor Market Goals

The Fund should develop standards to evaluate the local labor market goals that each CDE establishes. These standards should consider whether the CDE's goals will lead to significant labor market benefits, including job creation and retention, local hiring, and jobs offering living wages and benefits.[6]

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[5] http://www.dted.state.mn.us/00x07f.asp

[6] We define a "living wage" as 150% of the poverty threshold for a family of four, although the Fund should also consider regional differences in the cost of living.

The Fund's evaluation of local labor market goals should consider the following questions:

- Has the CDE committed to a significant number of new jobs?
- Will new and retained jobs pay living wages with appropriate benefits?
- Has the CDE committed to the development of a local hiring program?

Several models exist that demonstrate how communities can encourage businesses to hire locally, such as the First Source Programs enacted around the country. The First Source Program requires businesses to give designated communities priority access to job opportunities. The program is an example of how financial investment can be directly linked to jobs for local community residents. A CDE may include the development of a first-source hiring requirement as a goal that would benefit the local labor market.

2. Improvement of Neighborhood Services and Prevention of Displacement

New Markets Tax Credit investments have the potential to bring needed services and infrastructure to low-income communities. A neighborhood benefits from investments that lead to additional child care or health care services, better access to transportation, and the provision of affordable housing. However, improvements in neighborhood services and infrastructure may also lead to the displacement of residents when increases in property values drive out low-income renters.[7] Each Comprehensive Investment Plan should include goals for improvements in neighborhood services and infrastructure while also addressing the issue of resident displacement.

The Fund's evaluation of goals to improve neighborhood services and infrastructure should consider the following questions:

- Will the CDE's investments positively impact the quality and accessibility of local services?
- Will investments improve access to transit or the availability of housing?
- Will housing investments include affordability requirements?
- Are there mechanisms in place to prevent the displacement of neighborhood residents?

3. Enhancement of Local Business Ownership

Investments in low-income communities also have the potential to foster local business ownership and build assets within the community. Low-income community residents often face not only limited incomes, but also the related but distinct problem of low wealth. Recent data have indicated a widening wealth gap between rich and poor. In

[7] The impact of gentrification on Harlem and strategies to allow prosperity to coexist with affordability are discussed in "Holding onto Harlem" an April 12, 2001 New York Times op-ed article by Angela Glover Blackwell, President of PolicyLink.

1998, the richest one percent of families (as ranked by financial wealth) owned 47 percent of total household financial wealth, and the richest 20 percent owned 91 percent.[8]

The CDFI Fund should require that each Comprehensive Investment Plan include goals that enhance local business ownership in low-income communities. These goals may include targets for the number of investments made to locally owned businesses, or the attachment of Resident Ownership Mechanisms (ROMs) to community investments. ROMs include a range of strategies and instruments that enable low-income/low-wealth residents to gain an ownership stake in the revitalization of their communities.[9] ROMs increase residents' financial assets and ensure that they have a voice and influence in decisions affecting their communities.[10]

Evaluation of a CDE's goals for local business ownership and community asset-building should consider the following questions:

- Will the CDE give preference to businesses owned by local residents?
- Will the CDE structure investments to promote resident ownership?
- Will the CDE encourage for-profit developers to work with community partners?

b. The Comprehensive Investment Plan should include procedures for project-level accountability

The Community Renewal Tax Relief Act of 2000 does not limit the size of the organizations that may receive CDE certification. The Guidance issued on the New Markets Tax Credits states that "a CDE is not limited in the number of Low-Income Communities that it may serve or propose to serve." Without any size restrictions imposed, some organizations that receive CDE certification may operate on a regional rather than a neighborhood scale.

The allocation of NMTCs to these larger CDEs raises important community accountability issues. The Act requires CDEs to maintain community representation on its advisory or governing boards. Community representatives selected as board members on a large CDE, however, are unlikely to represent or be familiar with all of the neighborhoods in which that CDE may invest. Since neighborhood-level accountability remains an important objective, the CDFI Fund should require all CDEs that invest in more than one low-income community to develop a plan for neighborhood-level oversight. These plans should include the following components:

- Community notification of proposed investment projects, with mailings, flyers and/or public meetings

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[8] Edward N. Wolff, "Recent Trends in Wealth Ownership, 1983-1998" (New York: Jerome Levy Economics Institute Working Paper 300, 2000), p.4 at http://www.levy.org/docs/wrkpap/papers/300.html. Wolff defines financial wealth as "... net worth minus net equity in owner-occupied housing (the difference between the value of the property and its outstanding mortgage debt)."
[9] PolicyLink, "Sharing the Wealth: Resident Ownership Mechanisms," available August 2001.
[10] See Appendix B for a description of two currently existing ROM models.

- A description of the community benefits associated with each investment project, made available and accessible to the public in a timely manner
- A community oversight strategy for each low-income community in which the CDE plans to invest.

There should be flexibility as to the methods used to obtain neighborhood level accountability, but it should always be an essential element of a New Markets Tax Credit project.

Issue # 3: What information should the Fund request from allocation recipients as indicators for evaluating the effectiveness of the New Markets Tax Credit Program? (This is Question 3(c) of the Pending Issues in the Guidance Notice.)

The Guidance states that the Fund "will collect information, on at least an annual basis, from each CDE that is a recipient of a NMTC allocation." The Fund will use this information to determine a CDE's compliance with the Fund's requirements for CDE certification and NMTC allocation.

Information obtained from each CDE must also address the impacts of the CDE's investments. The Guidance states under Question 3 of the Pending Issues section, "If an applicant receives a NMTC allocation, it will be required to report to the Fund on the ways in which the Qualified Equity Investments are used to benefit Low-Income Communities." In addition, the third part of Question 3 asks the following question:

> (c) What information should the Fund request from allocation recipients as indicators for evaluating the effectiveness of the NMTC Program (e.g., number of jobs created or retained, increases in revenues of businesses receiving Qualified Low-Income Community Investments, rates of return to investors of Qualified Equity Investments, or number of clients served at facilities that are developed?)

Recommendation:
The Fund should require each CDE to submit a "Community Impact Report" that outlines which community impact goals the CDE has achieved through its investments.

The CDE should also describe any other benefits associated with its investments in low-income communities. The Fund should require the community representatives from each CDE to submit a letter of endorsement along with this report, which should be submitted along with other required program compliance information.

The requirement to report on progress toward community impact goals provides a needed strategy to hold CDEs accountable to their communities. The Fund should evaluate the progress that the CDE has made toward its goals outlined in the Comprehensive

Investment Plan. The Fund should consider significant failures to meet these goals as noncompliance with New Markets Tax Credit regulations.

Community residents and the broader public have the right to know what investments will be made with New Markets Tax Credits, and how these investments will impact their communities. Residents should have the opportunity to review a CDE's community impact goals, and to monitor the CDE's progress toward these goals. Public disclosure of a CDE's investment decisions is therefore a critical requirement needed to ensure community accountability. The CDFI Fund should require that all Comprehensive Investment Plans and Community Impact Reports be made available and accessible to the public at the time of submission to the Fund.

Issue #4: The For-Profit Requirement for New Markets Tax Credit Allocations

There is one last issue on which we would like to offer comments. The CDFI Fund Guidance states that either a nonprofit or a for-profit organization may receive CDE certification. However, the Guidance also states that a CDE must be for-profit to qualify for a New Markets Tax Credit Allocation. This for-profit requirement also exists for tax credit qualification under the Low-Income Housing Tax Credit Program.

The for-profit requirement has at times created several problems within the Low-Income Housing Tax Credit Program by adding additional costs and complexity. The Fund should consider that these problems could develop with the New Markets Tax Credit Program as well. These drawbacks have included the following:

- The for-profit requirement has resulted in additional costs when nonprofit organizations must create new corporations.
- Financial reporting is more difficult and complex when separate corporations are involved and separate and consolidated financial statements must be prepared. The financials are also much more difficult to decipher by outside investors, lenders, foundations and other supporters.
- Much of the actual funds generated by past tax credit programs are siphoned off by feasibility consultants, attorneys, accountants, etc. This was a serious problem with the low-income housing tax credit until relatively recently; prior to the past few years, a relatively low percent of the available funding actually went into the housing.
- Many nonprofit developers that created new corporations in order to use the tax credit became heavily dependent on the housing developer fees. They built certain kinds of housing in order to generate fees to maintain their organizations, rather than producing the type and size of housing most needed in local neighborhoods.

These problems of additional costs and complexity may also surface with the New Markets Tax Credit program, making it more difficult for many nonprofit CDC's to participate in the program, especially in the early stages.

While the for-profit requirement for the NMTC Program may not fall under the purview of these regulations, the CDFI Fund should consider these factors in its administration of the New Markets Tax Credit Program.

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Thank you for the opportunity to comment on the proposed guidance of the program. The staff of PolicyLink is available to discuss these issues further, in the interests of creating a Tax Credit program that is as responsive as possible to community needs.

Appendix A: List of Signatories

The Atlanta Neighborhood Development Partnership (ANDP) is a metro intermediary that works to rebuild distressed neighborhoods and foster mixed income housing and mixed use initiatives in underserved markets in collaboration with a mix of partners that include neighborhood based community development corporations, non-profit and for-profit developers, financial institutions, local and state government and other civic associations. Hattie B. Dorsey, President & CEO.

The California Reinvestment Committee was organized in 1986 as a statewide coalition of nonprofit community organizations using the federal Community Reinvestment Act to leverage the flow of credit and investments into California's low-income communities and communities of color. The first community commitment was made in 1986 by Wells Fargo Bank and the major California banks have all made CRA commitments since. They include broad community reinvestment goals as well as specific affordable housing, economic development, and consumer products targeted to under-served communities. CRC has expanded its programs to include research on the financial services industry, the provision of technical assistance to local communities, and creation of new financial products. Alan Fisher, Executive Director.

The East Bay Alliance for a Sustainable Economy (EBASE) is a research and policy advocacy organization, based in Oakland, CA, with a mission to end low-wage poverty in the San Francisco East Bay. EBASE provides research on low-wage labor markets and advocates for policies that ensure job standards and accountability measures are attached to the use of local government resources. Howard C. Greenwich, Director of Policy and Research.

The Greenlining Institute is a multi-ethnic public policy and advocacy institute that works to empower low-income and minority communities through issues of community and economic development. John C. Gamboa, Executive Director.

The National Community Building Network is a national alliance of individuals and organizations that work to reduce poverty and create social and economic opportunity through comprehensive community building strategies. The Network serves as a hub for brokering information and connections among community builders to strengthen their effectiveness as planners, organizers and advocates for neglected low-income communities. Sheri Dunn Berry, Executive Director.

The National Economic Development & Law Center (NEDLC), established in 1969, works in partnership with others--community organizations, private foundations, corporations and government agencies--to build the human, social, and economic capacities of low-income communities and their residents. NEDLC offers training and planning services, legal and technical assistance to community-based nonprofits throughout the United States in the areas of employment, enterprise development, childcare, family support services, asset accumulation, and community infrastructure development. Thomas J. Mills, Director, Community Infrastructure Division.

The Richmond Improvement Association is a Faith Based Organization, that advocates for equity and fairness in the Social and Environmental Justice arenas. Our Mission is to be a positive catalyst for the development of the area's disadvantage and underprivileged. Our vision is to make a positive impact in the lives of the people and communities we serve in an integrated and cooperative manner with entities that exhibit love for all mankind. The Richmond Improvement Association is also a member of the Community Capital Investment Initiative (CCII) Community Council. Rev. Andre L. Shumake, Sr., President.

The Sacramento Valley Organizing Community (SVOC) is the largest broad based multicultural faith based organization in the Sacramento Valley. SVOC's member organizations include over 40 congregations (primarily Latino Catholic and African American protestant churches) labor organizations and community based organizations. SVOC pursues a strong agenda of neighborhood renewal including new single family and multi family housing construction, welfare to work jobs programs offering living wage jobs with benefits and neighborhood micro-enterprise development. Bill Kennedy, Executive Director.

The South Florida Regional Planning Council is a regional public policy agency whose board is comprised of public and private sector leaders from Monroe, Miami-Dade, and Broward counties in Southeast Florida. The Council works in a variety of issue areas including regional transportation, housing affordability, community revitalization, urban infill, brownfields, economic development, and environmental protection. Isabel Cosio Carballo, Coordinator of the "Eastward Ho!" regional planning initiative.

Appendix B: Resident Ownership Mechanisms

The following are "best practices" from around the country of existing Resident Ownership Mechanism initiatives. These as well as other existing and conceptual ROM models can be found in the PolicyLink publication, "Sharing the Wealth: Resident Ownership Mechanisms" (available August 2001).

B.I.G. Wash in Columbia Heights, Washington, DC provides an example of successful investment in a resident-initiated business. The B.I.G. Wash idea began when several community residents in Columbia Heights, Washington, DC identified the need for a laundromat in their neighborhood. With technical assistance facilitated by the local Hope Housing Development Corporation, the group of residents researched the market, secured financing, and ultimately raised $30,000 to start a laundry in 1995. The residents were able to raise these funds by selling shares of stock in the company for $100 per share, payable in increments, to others in the neighborhood. The original investors received dividends equal to 185 percent of their holdings over three years, and the increased equity and annual dividends increased the financial stability of shareholders in the neighborhood.

A partnership between the Anacostia Economic Development Corporation (EDC) and the Safeway supermarket chain presents another good example of a successful effort to promote resident ownership, in this case aided by a for-profit/community partnership. Safeway intended in 1994 to purchase and develop a vacant eight-acre site in Washington, DC, but was not interested in remaining the owner of the site over the long term. The Anacostia Economic Development Corporation struck an agreement with Safeway whereby the supermarket chain bought and developed the site, and the CDC eventually purchased it with funds from the federal Department of Housing and Urban Development (HUD), the local Office of Community Services (OCS), the Community Development Block Grant, and a loan from the Local Initiatives Support Corporation (LISC). Two Anacostia for-profit subsidiaries now own 100 percent of the development. In addition, 10 percent of the equity in the project will soon be made available to residents through the sale of shares. The Anacostia example demonstrates how partnerships between for-profit developers and community groups can lead to significant gains in community ownership.