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As I listened to Mark's presentation about changing times putting a premium on new ways of working together, I was struck by how well the MacArthur Foundation is positioned to respond.

More than most large international foundations, we are deeply rooted in one place. About 30% of our national domestic program is spent right here in Chicago – on community development, affordable housing preservation, education reform, asset-building for low-income people and communities, support for 126 arts and cultural organizations. Included in that number are world-renowned Chicago institutions like the Field Museum, with which we partner in 14 countries for conservation and biodiversity protection.

MacArthur is part of the fabric of Chicago. Our deep network of relationships with government, business, academic, religious, and neighborhood leaders means we can do more than give money.

Let me give you an example that illustrates Mark's theme – not just for MacArthur but also for other members of CEOs for Cities.

The backdrop for this story is that we are living in an era when the federal government will be doing less in domestic programs.

More responsibility and flexibility is coming to the state and local levels – but not, alas, more money. This new reality means our work together is more important than ever and I for one see it as an opportunity.

So here is a story of how the government, corporate, nonprofit, and philanthropic CEOs of one city are working together on a big challenge.

One of the boldest initiatives anywhere is Mayor Daley's plan to transform Chicago's high-rise public housing ghettos into vibrant mixed-income communities.

So far, more than 75 percent of the 55 high-rise buildings are down, and attractive new neighborhoods called Oakwood Shores, West Haven Park, and Jazz on the Boulevard are taking shape – places where the market-rate houses are selling quickly. This is the largest transformation of Chicago's urban landscape since the great fire, and it is emblematic of how CEO's for Cities can work together to make a difference.

A number of us got together to form what we call The Partnership for New Communities by establishing a donor-advised fund at our local community foundation – the Chicago Community Trust. It has four tasks.

- 1) First, we expect the Fund to disburse \$15 million over a few years to support the new communities and their residents. The priorities are economic development, community building, and job creation at nine mixed-income neighborhoods.
- 2) But financial support is only a part of the design. Outside of the Fund, our institutions are helping:
 - with jobs for public housing residents;
 - employer-assisted housing that provides incentives for our own employees to live in the new neighborhoods;
 - charter schools;
 - small business expansion; and
 - commercial development.
- 3) Criticism is inevitable, and so we will be there to bear witness to the complexity of the undertaking and give a fair assessment of its progress.
- 4) As a group, we also meet on a quarterly basis with the talented Chief Executive of the CHA, Terry Peterson– we are a sounding board and a resource for him as he tackles one of the most challenging jobs in the country.

Who are we? The list provides a good example of CEO's for Cities; many of them are here today. I want to acknowledge the past President of the Chicago Community Trust, Donald Stewart, who was our most energetic recruiter – starting with his successor, Terry Mazany.

Others include:

- Don Randel, President of the University of Chicago;
- Lew Collens, President of the Illinois Institute of Technology;
- Jack Greenberg, Retired Chairman and CEO of MacDonald's;
- Quintin Primo, Co-Chairman of Capri Capital;
- Gary Comer, Founder and Retired Chairman of Land's End;
- Tony Perruca, President of Bank of America, Illinois;
- Desiree Rogers, President of Peoples Gas and North Shore Gas;
- David Vitale, Chief Administrative Officer of the Chicago Public Schools;
- Frank Clark, President of ComEd;
- Linda Wolf, Chairman and CEO of Leo Burnett;
- Eden Martin, President of the Civic Committee of the Commercial Club of Chicago;
- Francis Cardinal George of the Chicago Archdiocese; and

- Nicholas Goodban, Senior Vice-President of the McCormick Tribune Foundation.

What have we accomplished, together and individually, through our initiatives?

I have time for only a few highlights.

Two of the goals of this transformation plan are (1) better housing choices for current public housing residents in neighborhoods that connect them to economic and social opportunity; and (2) new mixed-income communities able to attract middle-income families.

Let me mention eight examples of what we have done together.

- 1) The University of Chicago and IIT – both neighboring new communities – have made forgivable loans available to their employees, helping them to purchase their first homes in the newly built mixed-income developments.

Through IIT alone, more than 50 people have begun homeowner counseling and 5 have already signed on the line for mortgages on homes in one of the new neighborhoods. Even more important, based on the leadership of these two institutions, 20 other city employers have adopted similar programs.

- 2) Members of the partnership have pledged jobs for residents of the new communities. Peoples Gas and Bank of America, for example, have each committed to hiring public housing residents as employees in entry-level jobs that pay good wages and come with health benefits. So has the University of Chicago, at its large hospital complex on the city's south side. The Partnership has funded training to make sure the residents are ready for their new jobs.
- 3) First-rate schools will be the engine for improvement in these areas, and so the University of Chicago is sponsoring five charter schools. With help from MacArthur and the Joyce Foundation, its Center for Urban School Improvement will help create fifteen more. And the Civic Committee of the Commercial Club is raising \$50 million for new schools throughout the city.
- 4) New neighborhoods need amenities. In addition to schools, they need daycare programs, after-school alternatives, drycleaners, restaurants, pharmacies, and grocery stores – all of which also provide jobs.

With support from The Partnership, the Civic Committee developed market research about the prospects for retail investment on the Mid-South and Near West sides. It helped bring Home Depot to Chatham – the hottest store opening in the chain's history.

Capri Capital and Bank of America then stepped up by loaning executives – business developers who used the data to make the business case for other kinds of retail and commercial investment. And the Partnership has also funded Chicago Community Ventures, which is working with 11 small businesses in these areas to help them expand.

- 5) There is no doubt that private developers are taking some risks by constructing market-rate housing side-by-side with affordable and public housing units in once-blighted neighborhoods. Because this construction is speculative, conventional financing sources were unwilling to lend solely on the basis of future property taxes pledged by the City.

So MacArthur was asked to consider whether we might be able to solve the problem. In response, the Foundation used a program-related investment to provide a \$15 million guaranty that helped the city get the loans it needed.

- 6) Explaining a transformation of this complexity to the residents, to potential new neighbors, to the civic leadership, and to the public at large is critical for maintaining momentum. Leo Burnett has helped CHA remake the housing authority's image and identity by improving its communication with groups across the city.
- 7) Solid evidence of what is actually happening also matters – to be sure that people are treated fairly, and to ensure that one unhappy case doesn't become a symbol suggesting that the plan is failing.

MacArthur helped the CHA build a tracking system so that it can follow every family it relocates, and we commissioned the National Opinion Research Center to survey the families to see how they felt about relocation and their new homes.

I am happy to report good results: two-thirds say they are in better housing.

- 8) Finally, the Archdiocese of Chicago is working with its parishes throughout the city and suburbs to support families who have relocated, making them feel welcome and helping them find their way around their new neighborhoods.

Here, I submit, is a good example of how changing times blend with an innovative partnership, enabling government, business, universities, community groups, faith communities, and philanthropy to work together in a new way to take advantage of the responsibility and flexibility that has devolved to Chicago.

We will know in two to three years whether Mayor Daley's bold vision will be fulfilled. I am confident it will.