

Neighborhood Revitalization

We seek to increase the number of small businesses, affordable housing units or community facilities that contribute to the economic and/or environmental sustainability of low-to moderate-income communities



Affordable housing and vibrant local economies are critical to ensuring that low- to moderate-income people have the opportunity to earn, save and build assets. Distressed communities are in need of new investment paradigms. The recent housing and economic crises have devastated households and neighborhoods across the country, with low- to moderate-income people particularly hard hit. Despite significant investment from both the public and private sectors, the foreclosure crisis in the U.S. persists. Vacant, abandoned and poorly maintained properties left in the wake of foreclosure drag down surrounding property values, reduce local government revenues for basic services, suppress job creation and drive people from their communities. Even with lower rents and housing prices, close to 20 million owners and renters are severely burdened by housing costs.¹ Although Federal housing programs provide critical support to millions of America's poorest households, subsidies reach only a fraction of those in need,² and federal, state and local budget cuts are likely to further diminish this support.

Economic challenges also persist. Access to basic banking services, responsible credit, and opportunities to build financial assets are critical to rebuilding an inclusive economy and shared prosperity, but according to a 2009 FDIC report, close to 30 million U.S. households are either unbanked or underbanked.³ Many turn to high-cost, predatory providers as an alternative. According to the Credit Builders Alliance, 40% of adults living in the U.S. do not have a credit score that affords them an opportunity to access prime credit, leading them to high-cost, predatory lenders.

While the picture may look grim, we see great signs of hope. Emerging models of redevelopment are successfully stabilizing isolated neighborhoods and preserving affordable housing. Leading Community Development Financial Institutions (CDFIs) show that it is possible to provide responsible financial services to the unbanked and a growing group of social entrepreneurs are testing and validating new credit scoring models, new operational platforms, and new ways of migrating individuals from predatory providers to responsible ones.

Our Strategy

At the Citi Foundation, our goal is to find these successes, invest in them, and collaborate with our grantees to build an inclusive financial system. In 2010, the Citi Foundation invested close to \$9 million in Neighborhood Revitalization programs. We are committed to maintaining economically vibrant communities in the U.S. by: increasing the flow of capital to low- to moderate-income communities to develop or preserve affordable housing, small businesses and community facilities that advance economic and/or environmental sustainability; designing scalable ways to provide financial services that responsibly meet the needs of low- to moderate-income people; providing opportunities to build financial assets and opportunities; and supporting effective changes to policies and industry practices that multiply the impact of private, public and civic resources.

CDFIs serve as an anchor for our broader neighborhood revitalization strategy and our support complements Citi's broader efforts in this sector.

¹The State of the Nation's Housing 2011, Harvard Joint Center for Housing Studies. Retrieved from (<http://www.jchs.harvard.edu/publications/markets/son2011/son2011.pdf>).

²Ibid.

³Federal Deposit Insurance Corporation. "National Survey of Unbanked and Underbanked Households." FDIC Unbanked/Underbanked Survey Study Group, December 2009.

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Examples of Our Leadership



Innovations in Neighborhood Stabilization and Foreclosure Prevention Initiative

In 2011 and 2012, the Citi Foundation will support the Housing Partnership Network (HPN) in cultivating replicable and scalable neighborhood stabilization strategies with the potential to shape more effective and efficient public policies and private sector financing. To advance these models, HPN and the Citi Foundation will offer a \$2 million competitive grant program to HPN's national network of leading housing nonprofits to design and test scalable models for foreclosure prevention and, when prevention is not possible, for acquiring, rehabilitating and returning vacant foreclosed properties, or properties on the verge of foreclosure, back to productive use.



Leveraging New Resources in Neighborhood Stabilization

In an effort to rapidly address the catastrophic distress brought on by the continuing downward spiral in housing values and the volume of vacant and abandoned properties in low- to moderate-income communities, many nonprofit housing developers focused on getting funds into projects quickly, with little time to strategically pair funding with private-sector capital and property transfer systems. The National Community Stabilization Trust (NCST) was created by six leading nonprofit community development organizations to facilitate the transfer of foreclosed and abandoned properties throughout the U.S. to state and local governments and nonprofit community development organizations. It serves as a unique bridge between financial institutions, government agencies and nonprofit housing developers. Four years after inception, NCST works with housing providers representing 250 communities in 44 states and over 25 of the nation's largest financial institutions. The Citi Foundation is working with NCST to forge innovative public-private partnerships at the national level that can significantly increase investment in activities that stabilize severely distressed neighborhoods in local communities across the U.S. to reverse neighborhood decline.



CDFI Growth and Innovation Initiative

One of the largest and most successful CDFIs in the U.S., the Low Income Investment Fund (LIIF) is on the cutting edge of community development finance, developing creative capital solutions to critical community development challenges. In 2010, the Citi Foundation supported LIIF in its development of new financing mechanisms for transit oriented development (TOD) projects. These projects will lead to environmentally and financially sustainable communities by building housing and retail centers around public transportation infrastructure. Interest and investment in TOD has soared over the last five years as communities seek environmentally sensitive community development and urban planning models that provide residents with greater access to affordable housing, public transportation, local services and employment opportunities while reducing traffic congestion. The Center for Housing Policy finds that for every dollar a family saves on housing, that family spends an additional 77 cents on transportation costs. LIIF recognized early the urgency of integrating housing for low- to moderate-income families into TOD projects and engaging CDFIs in these financing structures. LIIF is now leading a collaborative of CDFIs in the Bay Area that has launched a \$50 million Transit Oriented Development Fund to finance and develop critical housing near transit hubs in the Bay Area.