SOUTHERN FLORIDA COMMUNITY DEVELOPMENT COALITION
BUILDING COMMUNITY: DEVELOPERS AND COMMUNITY BENEFIT
DEVELOPMENT AND CBA’s: WHY AND HOW AND WHY NOW

Good afternoon and I hope you all are all well. It is my pleasure
to be with you this afternoon in lovely South Florida. I had a great
flight in this morning and have had an excellent conversation
with my colleague Arden Shank. Let’s give Arden a hand. You
know it’s very rare that you have someone who is willing to give
so much to put together such a great diversity of people. I would
also like to thank Gretchen and Doug who were so helpful to me
as I got ready this morning and I want to thank Patrick from
Chase for sponsoring this event. We are so grateful for his
support. Now, I know we have some developers here today! Can
I see hands? I know we also have some bankers here today! Can
I see hands? I know we also have some nonprofit builders! Can I
see your hands and I believe we might even have some folks here
who are investors? Can I see your hands? Housing Counselors,
can I see your hands? Finally are there any regulators here,
people from the city, from the state, even the federal
government? Any of you here? Okay, great! Great! So, as I said,
it’s rare that you have someone who can put together such a
diverse group to talk about such an important topic. Ladies and
gentlemen, we are the ones! We are the ones who are the true
community builders! We create the ambience in neighborhoods
and communities that makes people whole, or sometimes can
injure them. So, it is very important that we come together today
to talk just a moment about developers and community benefit.
Is there an obligation to the community, if you are going to come
and put your development upon the community? I say it that way simply because the most onerous thing that any developer can do is to develop on the people instead of developing with the people, around the people. Should developers agree to Community Benefit Agreements? Some say they should be voluntary, and we have not seen that work very well. So, the question is asked, how can the agreements be enforced? But the basic question is should we be allowed to develop space if we do not improve the situation? How do we make it win win? The development community has got to understand that equitable development is the best thing for a developer because the community will take advantage of your agreement and ask you back to do more! We believe in something called Restorative Human Settlement, my partner Carlton Brown of DI Development out of New York and I, Carlton was one of the founders of the Green Building Council, so you know his orientation... Whether it’s commercial or residential we must believe in “Restorative Human Settlement”.

There are just a very few tenets for these elements, for this operational framework, for this scheme for equitable development. Yes, we must define the term “equitable development” and I’m going to try to do that with just a few tenets of this concept. The first is obvious you must do no harm, you must do no harm! Not so obvious considering some of the things that occur in urban development, in urban redevelopment and even some of the things that are occurring literally as we speak in neighborhoods around us where perhaps there is some harm being done. Yesterday, in your Miami Herald, there was a study released, the Connect Capital Report in which they stated
that 65% of your residents are housing cost burdened. The second tenet is you must value all types of capital, value financial capital, value human capital, and environmental capital. And you must incorporate returns for each and in all solutions, you must incorporate the returns on each of these areas of capital. The third is you must use more waste than we create. In any equitable development we want to be not net neutral in terms of waste, but net positive! So therefore, we have several different mechanisms such as composting toilets, use of grey water, you know, advanced recycling, all of these things so that we “use more waste” than we “create”. Fourth, we must generate more energy than we use. I like renewable energy projects! I like roofs with renewable energy receptors, such as solar panels. Fifth, you, we must create more wealth than we take. More wealth for investors, for long-term community stakeholders, and for new stakeholders that will determine whether the project is successful or not, whether they will demonstrate a commitment to equity in the project is key and will determine its sustainability! Six, is we must include more people than we exclude! Break down the social barriers that keep us from being able to support each other in commercial and residential surroundings. We have always thrived when we have had wholistic integrated neighborhoods that were integrated along class, race and income lines, creating opportunity for each class, race and income. Seventh, don’t export capital from underserved communities, not so obvious, but you know there are merchants of misery in every underserved and distressed neighborhood, that we know. These merchants of misery come in and pull even more money out of the neighborhood. Check
cashers, the title loan companies, pawnshops, the underground elements that thrive on black markets, they all thrive in underserved communities! So, we don’t export capital from underserved communities, we don’t make space available in our equitable developments to the merchants of misery at any cost. These underserved and distressed communities need to turn over their dollars a number of times far more than they need to have the dollars stripped from them. Eight is we must create place and space that enables “beneficial human activity”, don’t just build buildings but create places that stimulate human creativity, engagement and the opportunity to be self-actualized without being forced to leave the community in order to do better. There is also this concept, the final tenet of “centricity” It pertains to or is about being situated at the center, is the broad concept that links to the fact that “I need to have physical proximity to others who offer the goods and services, comfort and care that we are incapable of offering to ourselves”, without the help of others. Proximity to economic and cultural resources, the ability to access medical assistance, personal stability, the ability to access day-to-day services and activities, perhaps help with household chores, perhaps help with business chores, all of these relate to the concept of centricity, which means that we are keeping our communities and neighborhoods inclusive of all types of people. All are at the center of community building; all are important for the mix of society that works for all of us. This is what I call real equitable development! It speaks to the green nature of our development and creativity, it speaks to the social welfare, it speaks to the social justice, and it speaks to the economic justice.
As developers, we have an obligation, you, as a development community, have an obligation to try to do as many of these things as you can because you are being given the awesome right of walking into the lives of these neighborhoods and altering them forever, with your vision, with your vision, so if this is going to occur, then the least you can do is say “let me do it in such a way that I augment what is there”, let me try to create economic harmony with those that are struggling and those that are doing well, let me try to make sure that what we have here is an excellent opportunity for all to benefit! People often say how do we do these kinds of things; how do we make these benefits occur? It is very simple really, you start by understanding the community needs, you have to look at everything from the community credit needs to the transportation needs, the soft service needs such as daycare and medical/sustainability needs and resource needs, how the utilities and scarce resources are being shared? All of these questions will lead you to what the community needs. As you then design your development, you look at ways in which the development can be done such that you augment these things and not add to the burden, create more wealth than we consume, don’t export capital from underserved communities, include more people than we exclude, generate more energy than we use, use more waste than we create; these are the tenets of equitable development. These are the frames of a community benefit agreement. Once you have the information as to what the needs are you then must sit down with the people and check your answers. You say to them, “Have I got this right, did the information that I get dovetail with the information that you are prepared to give?
Would you view your community in this way? Is my outsider lens close to your insider experience?” And, after verification, hopefully there is some trust. This gets a little backwards in this, but after verification, hopefully there is some trust and you will be able to engage this community and say these are the answers, the solutions that I see from these needs I’ve observed and from the conversations I’ve had with you. I’d like to try to deploy some of these solutions. I’d like to get your answers as to whether some of these solutions may actually work. You see, once again, we are engaging, not just for the sake of doing it, but we need a critical market-based answer before we expend our resources and therefore we are being smarter and much smarter because now we have the answers! They’ve been verified, they’ve even been endorsed if you will, by those who are going to live in this community!

Then we look to the economics of how these answers, these solutions can be included, because yes, there is cost in doing most community benefit agreements! In some situations, we are recording information, such as we are looking at jobs created, we are looking at small business opportunities created, and who they go to and how they get to these different entities. So, that reporting mechanism itself is costly, but that’s an administrative cost, but if indeed we have agreed to do a pocket park as part of the development of a multifamily project, then the cost of putting that park in there must be borne by the economics of the deal. So, therefore as you work with the pro forma, it must include these costs and you must say to your investors, your lenders and everyone else that this is not an extra cost, this is a central cost, because of the concept of centricity. So now that
we’ve costed it out, we know what we need to do. We’re going to roll it out to the community and we’re going to get an agreement from everyone that is a part of our process that we’re going to do this community benefits agreement! What about enforcement? How do we enforce these agreements? how do we ensure that the developer complies. You may notice that this process we have discussed so far has been developer driven, because we assume that in this case, the developer is working in an environment in which community benefit agreements have become the norm. How do you make that happen in an environment like South Florida? Well it’s good if we have some state legislation that is authorizing legislation that says that communities have the authority to be able to include within their development regulations and within their approvals of development plans the necessity for the developer to submit a community benefit agreement that details how the project will support some of these tenets. WE create the expectation of equitable development from neighbors to regulators to the world of finance. You regulate and hold accountable how the project will be an actual benefit to the area as well as just providing the housing or the commercial space or the recreation space or whatever it might be, but instead the developer is actually providing benefit! The tools of these agreements take many forms, but some that I and others have found most useful are: public recreation options, recycling, walkability, essential services, access-extra access, warranties, below market rents and prices, nonprofit relationships and support, inclusionary zoning-residential and commercial, two-step property taxes for
long-term residents versus newcomers, community engagement and finally, good communication and transparency.

In some states now, we are seeing equitable development steps as requirements for use of state funds and in some cases for use of improvement of Department of Natural Resources there must be sign offs on these kinds of things. You also see city ordinances that are being promulgated in which the ordinance says to the development community, you must submit a community benefit agreement just like you must submit a phase I environmental assessment or perhaps an impact study. As these are being required and as more cities require the registration of these community benefit agreements, then you have the portal of information, you have the possibility of being able to monitor the agreements because you are able to come back in subsequent years and see if indeed the community benefits agreement has been observed. It will require reporting into city databases, county databases and regional databases, so that we are able to keep up with this. As you know, much of our federal funding such as historic tax credits, new markets tax credits and opportunity zones require this kind of research and this kind of record-keeping anyway and most developers who are really savvy now are keeping a database of their own projects and the impacts, the jobs created, the Minority Women Business Enterprises hired, the small business opportunities created and indeed even the health benefits of certain businesses. All of these data are being recorded in such a way that the developer is able to say I am a green developer, I am a community first developer, I am an equitable developer, so if we require the reporting and we then monitor the developer and a developer gets a negative history
or an indication that indeed the community benefit agreements have not been honored, then it becomes very difficult for that developer to continue to get planning board approvals as well as other approvals required for them to make their developments work. And, often the banking community and the investment community then becomes involved and information spreads that a developer does not honor the agreements and it becomes the same as an unofficial credit bureau. This is the essence of a healthy ecosystem. Now, in areas where you don’t have that healthy ecosystem or it’s difficult to build one, then, yes, we do need more assistance from the banking community, from the regulatory community and clearly from the consumption community. The steps of making this happen here will include the following:

- Educate the consumer
- Hold each other accountable as a development community
- Survey the needs
- Plan the solutions
- Assess the affordability
- Build the solutions, implement the systems
- Report the data
- Monitor your results—collect and analyze the data
- Use the information to improve your impact

For the consumer to be able to monitor and create more accountability from the development community, it is necessary that we build this kind of monitoring and this type of system building where we can create the kind of equitable development
that you see in California and other areas. They simply require it! They simply expect it, and no one tries to do development there without including some of these elements of model equitable development. You see the same thing in some rural areas such as Maine, such as Wisconsin and now even Tennessee. What we look for as we move down this road of being community-built and driven, is a way to make a difference, a way to make a profit, take care of our investors, pay lenders and get the opportunity to see our visions come out of the ground! Yet once again, for this responsibility we pay an awesome price! Sometimes we work harder than most people, we invest more, we take more risk, we sleep less, and sometimes we even love less because we have less time, but what makes it special is, we’ve all been bitten by that bug of development. It means we like to create. We didn’t come here just to see things as they are, we came here instead to make things as they could be! We share the opportunity and the burden of being visionary. We like being visionary. We like thinking of ourselves as those that can see what others cannot see. So, utilize this vision and creativity to do more not less for the community as we ask the community to accept change. I implore you to understand the importance of doing this work and I thank you for all the work that you do that is so special as you create the environments in which people thrive and sustain themselves, their work and their families. This information is designed to help you see what is possible because your own solutions will be exactly that. They will be custom-built, they will be special for South Florida, they will help all of you and the best community-based agreements will serve you well. It is true that a good community benefit agreement probably doesn’t
please anyone completely, that’s probably true, but it only speaks to the essence of compromise and that everybody cannot get everything they want, but what you want is fairness! You want equity! You want harmony and you want something that’s a benefit for your community! It has been my absolute pleasure to be with you this afternoon and I hope again that you will become an equitable developer, thank you.

Irvin Henderson—May 7th, 2019, Miami Florida