

Mayor Purcell and the Faith Community Confront Nashville's Housing Needs

In 1999, Bill Purcell, then candidate for mayor of Nashville, Tennessee, ran as a “neighborhood mayor,” committing his term to creating sustainable and safe neighborhoods throughout the city. A key component of his plan to strengthen neighborhoods was a commitment to “go to scale” on affordable housing, meeting the growing needs of Nashville’s families and, by 2010, assuring *every* resident access to decent, safe, and affordable housing.

A housing summit held that year concluded that there was a need for an additional 35,000 (25,000 rental and 10,000 homeownership) units of affordable housing over the next 10 years, based on the high housing cost burdens faced by families. On the rental side, in Nashville, as in many cities across the nation, a low income family would need more than twice the minimum wage to afford even a “modest” apartment by federal program standards.

Once elected, Mayor Purcell reached out to neighborhood groups, community leaders, and faith institutions to shape productive and creative partnerships with the potential to achieve the goal of 35,000 additional housing units over 10 years. Like local leaders nationwide, Purcell was well aware of the need to consider bold new ways to involve key players outside of government in tackling a daunting and multi-faceted problem. As a way of addressing this issue, Mayor Purcell created the Mayor’s Office of Affordable Housing (OAH) and directed it to work in partnership with other government agencies and local for-profit and non-profit affordable housing groups.

Engaging faith leaders in these efforts seemed especially crucial. Nashville has long been known as “the buckle of the Bible Belt” for its high rates of religious participation, both in worship and community volunteering. Might there be a way to give religious groups in the city a way to “practice religious community” while also meeting a critical, and mostly invisible, social need— affordable rental and homeownership opportunities?

Hank Helton, Director of the OAH, thought about the Mayor’s ambitious goal as he prepared for an upcoming half-day meeting with the leaders of secular and faith-based nonprofit organizations. It was June 2003, and the OAH had helped Nashville make significant strides, more than doubling the annual production of affordable housing units and creating effective partnerships with established housing producers and funders.

But much work remained to be done, and it was not at all clear where the key material resources—land and money, most of all—would come from or who would produce and manage housing to meet the wide variety of households needs, let alone how affordable housing advocates would win support to overcome the “Not In My Backyard” (NIMBY) resistance that often confronted affordable housing developments.

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For all of these reasons, the Mayor's Office considered the upcoming meeting an important opportunity for local leaders to begin to develop a shared vision about what going to scale would take and how it might involve faith-based groups and other community organizations in key roles. He had invited members of a Harvard working group on faith and community-based approaches to urban revitalization to hold a few advance meetings with local leaders and then help lead the half-day discussion.

There were some risks, however, in gathering this leadership group. The Mayor's Office wanted to avoid the perception that faith-based organizations were simply instruments for producing affordable housing or advocating for it. Furthermore, Mayor Purcell did not want affordable housing to be his agenda but the community's agenda. And this would entail careful efforts to manage expectations as closer working relationships developed with Nashville's faith institutions, in particular.

Given these considerations, what would a reasonable set of objectives for the meeting be? And what key action steps in the succeeding months might build the right momentum?

The Mayor's Background

Bill Purcell began his career as an attorney after graduating from Vanderbilt Law School in Nashville. In 1986, he was elected to the Tennessee House of Representatives and soon earned leadership positions in the General Assembly, serving as House Majority Leader and Chair of the Select Committee on Children and Youth. Purcell led reforms in education, health care, and workers compensation as a leader in the state legislature.

In 1996, after serving five terms, Purcell left state office to devote more time to issues of child and family well-being. He agreed to serve as director of the Child and Family Policy Center at the Vanderbilt Institute of Public Policy Studies, a nationally recognized center building a bridge between academic research, politics and best practices to benefit children and their families.

He was elected mayor in September 1999, only the fifth mayor of the Metropolitan Government of Nashville and Davidson County since the city and county governments consolidated in 1963. Purcell articulated several priorities: to improve Nashville's schools, to make all Nashville neighborhoods safe and to lower the crime rate, and to improve the quality of life for all Nashvillians.

To help meet goals in these priority areas, Purcell felt that ensuring housing opportunity throughout Nashville would be crucial. To address this need, Purcell decided to create the new office, the Office of Affordable Housing, within the Mayor's Office, to increase the production of affordable housing. Specifically, the mission of the OAH would be "to facilitate the production and preservation of affordable housing and the development of sustainable communities throughout Nashville and Davidson County." In that mission, "facilitate" was a crucial concept. Purcell wanted his OAH to work in cooperation with other public agencies as well as private for-profit and nonprofit organizations. The OAH would be a primary catalyst for the development of Nashville's affordable housing, not a direct producer or manager of housing units.

Mayor Purcell also announced an ambitious target: to produce or rehabilitate 35,000 units in Nashville by the year 2010—not the 14,000 that current production levels would achieve. Clearly, hitting the new, ambitious target would call for more than government commitment alone.

Affordable Housing and Community Development: An Era of Local "Systems"

In the past two decades, government has drastically reduced its direct role in the production and management of housing for low and moderate income people in America—even as the gap

between the supply and demand for such housing has widened in many communities. Largely in response to this massive shift, nonprofit organizations, both faith-based and secular, have become major players in advocacy, project planning, development, marketing, and ongoing management of low-cost housing. But nonprofits rely heavily on private capital and government financial subsidies—mostly grants, subsidized loans, and tax credits—as well as multiple sources of technical assistance and political support.

By the 1990s, housing policy experts had begun to refer to the primarily local arrangements for blending resources available in the public, private, and nonprofit sectors as “community development systems.” Devolution and reduced federal subsidies for affordable housing¹ have created many challenges for these local arrangements, which are much more evolved in some cities than others. This context suggests an enormous opportunity for local leadership to have an impact on housing problems.

In one widely read article published in 1996, long-time observers underlined the importance of the government, philanthropic, educational, and other networks that help individual nonprofit organizations succeed—but sounded cautionary notes as well:

Nonprofit housing organizations do not exist in a institutional vacuum. They survive and prosper when they are part of a network of organizations that support and undergird their initiatives ... Given the stream of changes flowing from the federal government, the institutional network that constitutes the nonprofit housing system is facing a difficult challenge ... Whether called “public-private partnerships,” “social capital,” or simply “mutual support,” the future of the community-based housing movement is very much wrapped up in the future of institutional support networks.²

In some cities, faith institutions have become important players in these networks, which involve a complex mix of cooperation and competition, political maneuvering and operational tinkering.³ But according to available surveys, most faith institutions in the United States are not formally involved in housing at all. Of those involved, the greatest number provide small donations, volunteers or other informal support for other organizations, whether public, private, or nonprofit. For example, many congregations supply volunteers for Habitat for Humanity’s “sweat equity” self-help homeownership projects. And black churches are particularly active on behalf of asset building and economic empowerment, for which informal support includes providing church space and pulpit “air time” for mortgage lenders and homeownership counselors.⁴

Beyond faith-based and secular housing developers, nonprofit *community development intermediaries* had emerged as crucial players in many local systems, both in cities and rural towns. By brokering the complex deals that “layer” public subsidies on varied forms of private capital, and by strengthening fledgling nonprofit development organizations, intermediaries such as the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation, had become major players in the affordable housing game, often working closely with local governments to strengthen the local system as a whole. LISC, for example, had been founded by The Ford Foundation in 1980. By 2002, with locally governed affiliates in 38 cities and 37 state-based rural programs, LISC had raised over \$4.4 billion in private capital from some 2,200 investors, lenders, and donors. This money had leveraged

¹ Here, “reduced” refers to the decrease in constant dollars—i.e., once adjusted for inflation.

² Langley Keyes, Alex Schwartz, Avis Vidal, and Rachel Bratt, “Networks and Nonprofits: Opportunities and Challenges in an Era of Federal Devolution,” *Housing Policy Debate* 7(2):201-229, 1996, pp.202, 222.

³ Chris Walker and Mark Weinheimer, *Community Development in the 1990s* (Washington, DC: The Urban Institute, 1998).

⁴ Avis Vidal, *Faith-Based Organizations in Community Development* (Washington, DC: U.S. Department of Housing and Urban Development, August 2001).

over \$11 billion in additional public and private sector funds. Working with over 2,200 community developers on the ground, these funds produced an estimated 128,000 affordable housing units across the nation.

The Nashville Picture: Housing and Faith

Affordable housing has been a growing and maturing industry in Nashville, thanks in part to active leadership from the Mayor's Office. By 2003, the key players included:

- *Advocates*, such as Tying Nashville Together (TNT), an affiliate of the Industrial Areas Foundation, a national network of mostly congregation-based community organizing initiatives;
- *Secular nonprofit housing developers*, most prominently Affordable Housing Resources, which focuses on newly constructed units for affordable homeownership;
- *Faith-based nonprofit housing developers*, including the local chapter of Habitat for Humanity (to which a number of local congregations had contributed funds and volunteers) and a few community development corporations (CDC) created by area churches, such as the 15th Avenue Baptist Church, historically an anchor institution in Nashville's black community. Short of creating a full-blown 501(c)3 nonprofit development arm, in a few cases, local congregations had run small housing ministries focused on rehabilitating a unit or two of housing at a time; and
- *Private and nonprofit funders*, including the Nashville Housing Fund (which pooled public and private funds to help low and moderate-income homebuyers as well as organizations developing affordable housing), and philanthropic organizations, such as the Frist Foundation, although they were not dedicated housing funders. The Mayor's Office quickly discovered that housing producers in the area also find funding from churches throughout Davidson County (particularly in the case of Habitat for Humanity), or local government agencies, including the Office of Affordable Housing and the local public housing agency (Metropolitan Development and Housing Authority), both of which received federal funding.

Notably, although some of these organizations—the Nashville Housing Fund, for example—sponsored limited forms of capacity-building for new and developing organizations, none of the established housing groups in Nashville could be labeled a capacity-building specialist, and no LISC, Enterprise Foundation, or other national intermediary organization focused on technical assistance yet operated an office in Nashville.

Mayor Purcell and Nashville's community leaders thus had a strong foundation of organized capacity to build on but a great deal of work ahead, in terms of the resources and capacity that the housing issue would require. Some of the Mayor's faith lay in faith—i.e., in the city's exceptionally vibrant religious communities.

Religious life and organized religious participation have long been central to Nashville's social fabric. Nashvillians, as the city's residents are known, often identify themselves socially by what church they attend, rather than by neighborhood or high school attended or other social markers. According to *Church and Church Membership in the United States-1990*, sixty-three percent of residents in

“The Buckle of the Bible Belt” worship regularly at a church, synagogue, or other center for religious activity – one of the highest rates in the nation.⁵

Within these totals, the Southern Baptist Convention and black Baptist congregations are the two largest denominational bodies. One out of every five Nashvillians is a Southern Baptist, while one out of every ten is affiliated with a black Baptist congregation.

As the Mayor and his OAH Director Hank Helton thought about the city’s many distinct faith communities and high levels of religious involvement, it became clear that this just might be *the* key “opportunity sector” in terms of resources and capacity to address housing needs at the needed scale. First, nationwide, faith institutions have active constituencies: they are the primary recipients of individual philanthropy and volunteering, far exceeding other institutions like education or the arts. Second, this participation allows faith institutions to generate moral capital, so the community political support that is so critical for affordable housing development could be developed with and through congregations. Additionally, faith communities are important portals into other areas of civic engagement: individuals active in religious congregations are more likely to be involved in secular nonprofit service organizations—although affluent congregations whose members have political influence often exercise that influence “quietly” rather than through direct organizing strategies.⁶ Next, faith communities have financial capital: they can pool resources in ways that enable significant investments—for example, in housing construction loan funds and business development projects—and not just operating support for service programs. Finally, faith communities generate spiritual motivation, inspiring members to pursue ministries they believe will make a difference in the community through programs delivering social services, building fellowship across class and racial lines, or bearing witness to their faith.

On the other hand, most faith-based community engagement in America is episodic and addresses the immediate needs of individuals for food, clothing and shelter, rather than longer-term goals. According to several studies, key factors that determine if congregations are likely to support longer-term goals are: congregation size, income, and racial composition; need in the immediate neighborhood; religious and political orientation; and leadership. In fact, as Avis Vidal, a long-time observer of urban policy and community engagement, puts it, “Congregations that are large, wealthy, African American, located in high-poverty neighborhoods, liberal, and led by clergy who support community service tend to be more heavily engaged in social service activities. It appears that the same broad features also are associated with participation in community development activities.”⁷

Thus there were potential risks and limitations in tapping the potential of the faith community. First, faith leaders would not respond well to being “recruited” into something perceived to be a government agenda—even if the face on that agenda was a popular Mayor with strong ties to faith leaders. Second, notwithstanding the existence of some inter-faith, interracial bridges, organized religion is among the most racially and ethnically segregated institutions in American life, and the

⁵ Martin B. Bradley, Norman M. Green, Jr., Dale E. Jones, Mac Lynn and Lou McNeil, *Church and Church Membership in the United States-1990: An Enumeration by Region, State and County Based on Data Reported for 133 Church Groupings* (Atlanta: Glenmary Research Center, 1990), 357-58.

⁶ See Robert Wuthnow and John Evans, eds., *The Quiet Hand of God: Faith-Based Activism and the Public Role of Mainline Protestantism* (Berkeley: University of California Press, 2002).

⁷ Avis C. Vidal, “Many Are Called, but Few Are Chosen: Faith-Based Organizations and Community Development.” In E.J. Dionne Jr. and Ming Hsu Chen, eds., *Sacred Places, Civic Purposes* (Washington, D.C.: Brookings Institution Press, 2001), 130-31.

politics of housing in Nashville—if tied more closely to congregational agendas—could follow that divide, leading to polarization. Third, housing, like other areas of the economy, required some “economies of scale,” meaning that efficient production could not happen by creating 100 new tiny producers, each learning the A-to-Z of housing development from scratch. Finally, the very independence and autonomy that feeds congregational life in local communities has also led to fragmentation of religious life in America—every worship house on its agenda, with its own small-scale ministry, competing for followers and resources, often disconnected from more broad-based efforts to address public needs.

Progress on Housing Goals

In April 1999, the Nashville Housing Summit had convened to enable a wide array of local leaders to discuss in detail the city’s growing affordable housing needs. Analysts informed Summit participants that there were 50,000 renter households below 80% of median area income (\$61,600 in Davidson County) competing for just 25,000 affordable rental units. Moreover, analysis showed that there were 100,000 renters who were potential homeowners and that only 10% of these renters could qualify for assisted homeownership, given existing programs and market prices.

The Summit determined that annual production of affordable housing in Davidson County needed to reach 3,500 units every year for the next 10 years. At that time, the Metropolitan Development and Housing Authority and 30 nonprofit partners were producing 1,400 units of affordable housing annually—a gap of 2,100 units.⁸

By 2003, the Office of Affordable Housing (OAH) created by Mayor Purcell had made considerable strides, leveraging more funding, getting new groups involved, building more cross-sector partnerships, and helping with land supply and needed public approvals. In 2002, 3,445 affordable housing units were produced (constructed or preserved), and since 1999, the total was 11,103 units.⁹

But so much more was left to be done, and efforts by the OAH to profile the best opportunities in the local faith sector—in part by developing a sharper understanding of faith-based efforts on housing to date—had produced a mixed picture.

On one hand, the local Habitat for Humanity had active support from congregations, which provided funding and volunteers. Some of these efforts were small in scale but signaled real innovation and the promise of broader alliances. For example, Belle Meade United Methodist Church has partnered with the Jewish Temple and the Islamic Center to build a Habitat for Humanity house. The Belle Meade pastor had expressed to OAH staff a desire to become more involved in similar projects, saying he saw great potential for partnerships across Nashville’s faith community.

On the other hand, there was the example of Two Rivers Baptist Church, a large Southern Baptist congregation in suburban Nashville that had tried, unsuccessfully, to launch a ministry focused on housing rehabilitation. The service ministries coordinator believed the primary reasons the ministry did not materialize were lack of lay leadership and lack of concrete knowledge of how such a ministry would work. These gaps, the OAH determined, were fairly common in the local faith communities.

⁸ Presentation by Loretta Owens and Phil Ryan at Nashville Housing Summit, April 1999, based on the HUD-funded American Housing Survey (U.S. Census Bureau).

⁹ Hank Helton, Nashville/Davidson County 2002 Affordable Housing Production Report, period ending December 31, 2002.

Such patterns suggested some very specific possibilities, including matchmaking. If the less experienced faith institutions partnered with established producers, thought Helton and his OAH staff, the community would be matching mission with action, knowledge of affordable housing production with the resources to produce. For example, a suburban church might be connected to the 15th Avenue Baptist CDC, which already had a diverse housing program including rehabilitation and new construction, rental as well as homeownership development.

Still, Mayor Purcell felt strongly that his office should be in the business of *responding* to faith-based interest—i.e., supporting it and leveraging its impact—not requesting or steering it. So far, the best examples of this approach involved the established housing groups in town, both faith-based and secular. They embody the promise and the challenges ahead, as well as considerable wisdom on how faith-based players might realistically work with others to make a difference on housing.

Established Players

The 15th Avenue Baptist Community Development Corporation (CDC)

The 15th Avenue Baptist CDC was launched in 1999 as a ministry of the 15th Avenue Baptist Church, a medium-sized congregation (about 800 members) in struggling North Nashville. The church is primarily African-American, as is the neighborhood surrounding the church, but a large portion of the congregation commutes in from other areas of Nashville. The median income for members is \$61,000 per year, but this is higher than the median income for the neighborhood [get figure].

This successful “commuter” church, led by the dynamic Pastor William Buchanan, the 5th pastor in the church’s 118-year history, outlined a strong Biblical foundation for the new community development entity: “To whom much is given, much is required.” In Pastor Buchanan’s mind, this commitment connects the more affluent congregation members to the less well off and the church to its historically African-American neighborhood. The church has always had the option of leaving the neighborhood to move closer to its middle-class, increasingly suburban commuter base, explains Buchanan, but it has stayed and, through a conference Buchanan convened at the outset of his tenure, re-affirmed its commitment to the neighborhood and the city. He also explains this commitment as a way of “fulfilling the faith” of those who came before and made sacrifices to stay in the neighborhood.

The church had a small housing program, renting some of its property to low-income families with federal Section 8 rent subsidies, before it incorporated a nonprofit subsidiary (the CDC). Louise McClellan, the executive director and a church member for as long as she can remember, developed the concept for the CDC, though her entry into the lead staff role was not the textbook pattern of nonprofit recruitment. McClellan attended a conference in Atlanta on how to form a faith-based CDC, but upon return from the conference, she believed someone else might be called to lead the creation of a CDC at 15th Avenue. She began teaching a Bible study, encouraging her class to come up with a mission project, a proposition born from the Biblical passage John 1:1-14, “...and the word became flesh.” Her class decided to take on the formation of a CDC. Once the CDC was incorporated in April 1999, McClellan sat on the board of directors but considered her position only temporary. As the search for funding began, she made a full-time commitment to the CDC and by September 1999, she had received full funding for 5 homes. She describes her position as a ministry, or calling.

The churchwide conference that led to a re-affirmation of the church’s commitment to the neighborhood had generated 12 task forces. These generated 5, 10, 15, and 25-year projections of the ministries needed in a wide array of areas by a range of church members and residents of the

surrounding neighborhood—young, old, and in between—whether affiliated with the church or not. “There are three dimensions to our ministries,” says Buchanan, “They’re God-centered, Christ-centered, and people-centered.” The decisions about specific directions of each ministry reflect the third dimension: what do the people in our community need?

By 2003, the 15th Avenue Baptist CDC had steadily established a reputation as a dependable and constantly maturing producer of affordable housing, while running childcare, employment and training, and business development programs as well. The CDC has won a major U.S. Department of Housing and Urban Development (HUD) grant to build 25 units of senior housing, plans to build eight (8) single-family homes in the coming two years, and has partnered with North Nashville CDC on a mixed-use (housing and commercial) development project. The Mayor’s OAH provides some of the CDC’s technical assistance funds, and the organization draws on a variety of respected private funders for development dollars.

When asked about the CDC’s main challenges, McClellan and her staff highlight funding and operating capacity. The ongoing scarcity of both—feeling “stretched”—has led the CDC to the partners mentioned above and to exploratory discussions with other players. Buchanan and McClellan emphasize that they do not oppose working with secular partners as long as the character and mission of the prospective partner met 15th Avenue’s expectations. “If someone comes and proposes a partnership,” says Buchanan, “I won’t hesitate to ask them, ‘What is your faith?’ What is your policy towards customer service? Is it approached from a Christian perspective?”

Buchanan cites examples of approaching a bank and a key contractor. “We didn’t just want a loan from the bank,” he says, “but a relationship with a bank—one that would invest in the community and buy into a vision of the community. It was the same with a contractor. We wanted someone who could really be part of the process.”

The CDC identifies its principal goals as increasing its capacity to develop affordable housing, in part through working with organizations whose “faith and mission” mesh well with 15th Avenue’s. “We use the spiritual side of our work to undergird the practical side,” says Buchanan, because “only working on the practical gets tiring. The challenge is to invest ourselves, as a congregation, in the community, to keep the vision fresh.”

Affordable Housing Resources, Inc.

Affordable Housing Resources (AHR) is one of the leading producers of affordable housing in Nashville. Nearly 10% of homeownership loans in Nashville close at AHR, and the organization leads the nation in closings on HUD’s recently launched renter-to-owner subsidy program (Section 8 Homeownership). In 2002 alone, AHR built 60 single-family units and financed down payments and subsidized first mortgages for 128 houses. AHR is primarily interested in large, new construction projects, though large land parcels are becoming increasingly difficult to find in built-up Nashville. It is a citywide housing developer, not a neighborhood-based, neighborhood-targeted organization like 15th Avenue.

But like Louise McClellan of the 15th Avenue CDC, Eddie Lattimer, executive director of AHR, describes his work in affordable housing in terms of religious calling. A “powerful conversion experience,” says Lattimer, led him to several moves within the U.S., from Colorado to Georgia and then to Tennessee, and even a time at Bible school in Europe, where he developed an understanding of salvation linked to social issues, to caring for the poor and other marginalized groups.

Lattimer moved to Nashville, worked at Vanderbilt University as a chaplain, and getting involved in local church ministries before his interest in housing was piqued. The year was 1987, and

United Way had released a report showing that Nashville was in dire need of affordable housing. In January 1988, Lattimer founded the Resource Foundation. His organization began to work with inner-city churches to meet housing and homeownership education needs. The organization later became Affordable Housing Resources, Inc.

AHR's partnerships with faith communities have primarily focused on urban churches, says Lattimer, because it is difficult to convince wealthy suburban congregations that there is a significant or urgent shortage of affordable housing. As a result, a great deal of the housing production burden has fallen to urban, black congregations. In addition, social and organizational networks appear to align along race lines, so the need for affordable housing is not communicated to suburban, mostly white congregations.

Lattimer's deep religious conviction and knowledge of Nashville's faith communities do not make him naïve or wishful about meeting housing needs. He knows that developing affordable housing is complex and laden with financial and other risks. He favors an expanded role for faith communities in addressing housing need but is leery of rhetoric—religious or not—that outruns capacity. Like the Mayor's Office, Lattimer too sees the potential in connecting religious commitment to real production capacity but wonders what the best way forward might be.

Nashville Area Habitat for Humanity

The Nashville chapter of Habitat for Humanity was organized in 1985 as a “nonprofit ecumenical ministry,” part of an international network of ecumenical housing developers and advocates based in Americus, Georgia.¹¹ Habitat is best known for a low-cost homeownership program through which prospective owners help to build their own home, working together with volunteers and construction coaches. Funds are provided by private donors, both individuals and organizations, and government. These trademark Habitat “builds” are among the best known affordable housing efforts in America, and with favorable media coverage and high-profile—and hands-on—participation by former President Jimmy Carter, Habitat for Humanity has become one of the world's best known and most popular producers of low-cost, affordable housing.¹²

The stated philosophy is that of “simple, decent housing” as dictated by the local housing market. Citing scripture, Habitat does not charge homeowners interest on their mortgage, nor does the organization make a profit on the homes.

Typically, the output of a local Habitat affiliate is small—a few units per year. In 18 years in Nashville, Habitat has built 170 homes. But in recent years, Nashville Area Habitat has expanded its output—producing 23 homes in 2002, for example—and placing in the pipeline one of the largest Habitat development projects in the country, the planned 141-unit Providence Park, which should build out in three phases, between 2003 and 2009.

The evolution of the Providence Park project is a testament to Habitat's credibility as a housing producer—but also to the unavoidable challenges that confront efforts to develop housing for low and moderate-income families, particularly when those efforts achieve scale and visibility. Centex Development Company, one of the largest homebuilding firms in the nation, made the project possible through a grant of 43 acres of land—the largest ever in the history of Habitat for Humanity in the U.S.—in the Paragon Mills area of Nashville.

¹¹ See www.habitatnashville.org

¹² Habitat's market research shows it to be one of the most trusted and valuable “brands” in the entire nonprofit sector.

Habitat chose the name “Providence Park” for the planned subdivision in recognition of the area’s rich history. Originally home to a group of former slaves who organized a church—Lake Providence Church, in 1868, so named because the first minister said residents’ prayers had brought him—the area remains an important African-American settlement in Nashville.

To plan the development, Habitat hired a nationally known architect and, knowing there might be resistance to a large subdivision of low-cost housing, held public meetings, starting in October 2002, to engage residents of the surrounding community early on. Habitat also emphasized its desire to market to a range of income levels and racial/ethnic groups and to build well-designed homes that would appraise at values comparable to those in the surrounding neighborhoods.¹³ Where zoning in the area called for a minimum 15% set-aside of open space, Habitat allocated 30% to enhance the development’s appeal. It also began the drive for sponsors, lining up enough to slate construction of the first nine homes starting in November 2003.

As Chris McCarthy, executive director of Nashville Area Habitat, told a reporter at groundbreaking on January 17, 2003, “We will ensure the value of the neighborhood will be enhanced. Providence Park is an outstanding example of the future of affordable housing in Nashville.”¹⁴ But citing concerns about increased traffic and noise to the area, one resident of 15 years told the media, “This was a good neighborhood out here at first. Now they’re going to ruin it. We’re thinking about selling our house and moving out if we can.”

At public meetings, other residents cited fears of crime and, as a symptom of wider neighborhood decline, a drop in property values. In response, Habitat invited residents onto a neighborhood advisory committee to closely engage with project planners. The expanded open space was also granted as a concession—a sweetener—to residents of the existing neighborhood.

McCarthy says Providence Park has created a steep learning curve for Habitat, since the project represents a major departure from the small-scale builds on scattered lots (infill builds) that were Habitat’s bread and butter. More complicated politics, design, and financing have all made Providence Park special.

But McCarthy views the project as one in a series of transitions for herself and Nashville Area Habitat for Humanity. McCarthy got her MBA at Vanderbilt and spent 25 years at a manufacturing company, eventually leaving as Chief Financial Officer. She says she went looking for a job that would let her give back and also let her believe deeply in the organization’s mission. Habitat, with its “faith-driven business activity,” seemed the perfect fit. McCarthy became executive director in March 2002.

McCarthy set two priorities for the organization as soon she came on board—improving financial management and boosting Habitat’s image in the community. She says that Habitat was not well known locally, particularly among corporate leaders, and relied on marketing material that did little to help the organization build support among companies, faith institutions, individuals, or other donors. So McCarthy launched an image-building campaign called “Faces of Habitat,” which featured a multi-racial line-up of Nashvillians important to Habitat’s work, whether as corporate volunteers who used homebuilding for staff teambuilding, donors, or homeowners. One of the final quotes in a

¹³ The plan calls for 3 and 4-bedroom homes of between 1,000 and 1,300 square feet, built at a density of just over 3 lots per acre (below the density allowed under zoning). An appraiser hired by Habitat estimates the value of these homes at \$90,000-\$99,000, comparable to the \$90,000-\$105,000 values for single-family homes in the surrounding neighborhoods. The cost to sponsors is \$45,000 per unit. Homeowners must save approximately \$1,150 for closing costs and sign a 20-30 year mortgage, in addition to paying their own property taxes and home insurance.

¹⁴ Karen Jordan, “Habitat for Humanity Breaks Ground for Providence Park,” *The Tennessean*, January 17, 2003.

“Faces” brochure captures the spirit of Habitat perfectly: “One of the attractive things about sponsoring a Habitat house is that there is something for anyone and everyone to do.”

McCarthy delights in the turnaround Habitat experienced, with increased giving and volunteering. She says she is still learning the development process but is focused on successfully delivering the three products Habitat offers—houses, team building, and volunteer satisfaction. McCarthy says she would like to continue to pursue larger-scale developments, instead of following the traditional Habitat model of infill builds. Nationwide, some observers of the Habitat model wonder, too, if it ever seriously addresses the NIMBY-ism that confronts affordable housing development. Put bluntly, say critics, the small builds allow mostly well-off volunteers to feel good about themselves and help a small number of families—without ever addressing housing needs at a scale that will make a difference.¹⁵

Like AHR, Habitat knows that the large assemblages of land for doing large-scale development are harder and harder to come by. And whatever the scale, McCarthy wants to find more and more effective ways to educate people about who actually lives in affordable housing, countering stereotypes, overcoming opposition, and improving project designs to make developments enhance the existing fabric of a community.

Tying Nashville Together

Tying Nashville Together (TNT) is an organization of about 70 member groups that brings people together to influence public policy and “negotiate with other powers in the city.” Most of the members are faith institutions—a majority are mainline Protestants, and TNT is headquartered in the West End United Methodist Church—but some neighborhood groups, non-profits, and private businesses have joined TNT as well. The organization’s key documents include a Theological Statement that defines TNT as “people of faith united in seeking social justice” and declares, “We believe that citizens and leaders share responsibility for structuring a just society.”

TNT’s genesis began in 1989 when Forrest Harris, a National Baptist pastor and Vanderbilt University professor, observed the Shelby County Interfaith in Memphis, Tennessee, which worked to organize churches and synagogues for community action. The Interfaith was an Industrial Areas Foundation (IAF) affiliate and so drew on the national organization’s training in political organizing and access to strategists. Harris’ interest in the organization eventually led to Nashville area faith leaders taking the first steps to organizing their own interfaith organization based on the IAF model. A meeting of community, lay, and faith leaders—pastors, priests, and rabbis—assembled the Nashville Sponsoring Committee to explore the potential for shaping such an organization. The Committee signed a contract with IAF to help local leaders build a “broad-based, multi-racial, locally self-determining interfaith organization dedicated to involving the poor, working class, and middle class people dealing with the persistent urban problems of Nashville.” The Nashville sponsoring committee became TNT and began working closely with the IAF.¹⁶

Following the basic IAF model, TNT seeks to create an environment of civic cooperation and build up civic power and participation. Organizers pursue these aims through individual meetings,

¹⁵ Jerome P. Baggett, *Habitat for Humanity: Building Private Homes, Building Public Religion* (Philadelphia: Temple University Press, 2001).

¹⁶ See www.tyingnashvilletogether.org.

research on a potential form of community action, reflection groups or house meetings, action or negotiation, and then evaluation of the action.¹⁷

TNT has recently formed a Research Action Team (RAT) to assess the best role for the organization to play in affordable housing and neighborhood improvement. The purpose of this RAT will be to look more closely at proposals the organization has made to local government, such as: new, affordable, mixed-income urban neighborhoods; enhanced street safety; better public transportation; streamlined housing codes and permitting processes; inclusionary zoning requirements; and new parks, community spaces, and libraries.

TNT wants to become a more effective advocate of affordable housing and perhaps a housing sponsor, following IAF affiliates in New York and other cities who sponsored large-scale affordable homeownership developments. In fact, in its Neighborhoods and Housing Working Paper released in June 2003, TNT indicates that it will seek a commitment from Metro (City-County government) “to work with us to build at least one new neighborhood with 200 housing units.” The Paper outlines a vision of that neighborhood as mixed-income, mixed-use (with stores and public spaces as well as housing), and mixed tenure (with renters as well as owners).

Several challenges confront the organization, say core staff, including how best to work with the Mayor’s Office—supporting the Mayor’s housing and sustainable neighborhoods agenda but also *shaping* that agenda and holding local government accountable for follow-through—and how to most effectively mobilize Nashville’s faith communities when concerted political action is required. Spanning the city/suburban divide while also organizing across lines of race and class is challenging anywhere, and Nashville’s political culture is unaccustomed to the confrontation that IAF’s direct action tactics often emphasize. Beyond political action and policy research, taking on a sponsor/producer role would involve another important set of strategic challenges and opportunities.

Still, TNT’s advocacy on behalf of affordable housing, and the organization’s broad-based membership and strong desire to build on the momentum Mayor Purcell has created, could make TNT a major player in the field in the months and years ahead.

Other Players

Large Suburban Congregations

Based on available surveys, most religious adherents in greater Nashville belong to conservative, evangelical faith communities. The three largest denominational bodies are the Southern Baptist Convention, black Baptist congregations, and Churches of Christ, and the largest individual congregations in Nashville fall under their denominational authority or teachings. A sizeable concentration of these communities lies in the suburban areas of Davidson County which are largely white and middle class.

The theologies of large, suburban, evangelical congregations center on salvation through Jesus Christ alone, personal relationship with God, and the inherency of the divinely inspired word of God found in the Bible. But the mission statements or purpose of these congregations usually mentions, in some shape or fashion, having influence in the Nashville community and living a life modeled after Jesus Christ to impact the community.

¹⁷ On the Industrial Areas Foundation, see www.iafnw.org, as well organizing references at www.community-problem-solving.net.

In one-on-one interviews, OAH staff found key leaders in these congregations open to affordable housing issues. They had some experience in housing production, with organizations such as Habitat for Humanity, but most involvement was limited and short-term. One church reported working on an “interfaith build” with Habitat, while another—Twin Rivers—had tried, thus far without success, to develop a housing rehab ministry.

In general, these congregations show a sincere but (for now) very general interest in issues of housing and homelessness. On one hand, key leaders see how the housing agenda connects to the overarching mission and ministry of their communities of faith. On the other hand, there is very little knowledge about options for involvement, and there is indeed some wariness about becoming an instrument for producing housing. They want their participation in wider efforts to very clearly be a mechanism for fulfilling their larger missions as communities of faith.

These congregations understand that they have extraordinary funding resources and human capital for volunteer services, but without the backing of members, action has been hard to take thus far—as noted in the example of Twin Rivers’ rehab ministry. The congregation’s leaders believe that the lack of visible need in the immediate (physical) community helps explain low involvement by congregation members. They also believe that the responsibility of such a ministry far exceeded the amount of time lay leaders were willing to spend.

Might religious leaders and members of these comparatively affluent congregations be willing to use their “quiet influence” to generate a capital fund? Such a fund could come from tithes as well as investments by businesses whose leaders are connected to the churches. When OAF staff floated the concept of an affordable housing trust fund coming from the tithes of parishioners, some suburban faith leaders responded favorably while others were more skeptical. All congregations said they would have to see a proposal of how the money would be used and how it would impact the communities in need of affordable housing before they would sign on to the idea. They seemed to believe that the idea of a “civic tithe” might be one worth pursuing. They added that the trust fund would have to be administered by trustworthy individuals or a well-reputed faith-based institution and that finding good leadership would be a key ingredient in the fund’s success.

Nashville’s Challenge

As the Mayor and OAH Director prepared for the upcoming meeting of secular and nonprofit leaders, they had reason to be pleased with the past few—very busy—years. Not only did the Mayor’s Office enjoy a high degree of trust with leaders of many faith communities, neighborhood groups, and citywide nonprofit organizations and businesses, but tangible progress—in housing, public infrastructure, education, and safety—reflected well on the Mayor’s ability to deliver on the commitments that defined his campaign.

But given the long-run decline in federal subsidies to local governments, as well as the near-term fiscal crisis that hit all governments during the latest recession, government would not be providing the lion’s share of new funding. And there were other barriers in a growing city, for example an increased scarcity of available land, forcing developers and advocates to think about rehab, adaptive re-use of non-residential buildings, and expensive infill strategies. The Mayor’s Office had recently introduced special legislation to create incentives for downtown housing development.¹⁸ Another structural barrier was affordable housing’s persistent image problem, especially where new housing

¹⁸ Due to quirks in state tax policy, the incentives would rely on Payment in Lieu of Tax financing, rather than tax abatement or tax increment financing, for the development of housing in lofts and downtown buildings. “Purcell Calls for Housing Initiative in State of the Metro,” *Nashville Business Journal*, May 22, 2003.

was proposed for stable, well-off neighborhoods. Finally, the city would need much more production capacity to meet its housing targets, and it was not likely that existing producers, even the best, could expand to carry the load.

In light of these issues, how could Nashville expect to go to scale and close the major affordable housing gap that persisted? And as part of the larger strategy, how should government engage the faith communities of Nashville?

More specifically, should the Mayor's Office focus on building bridges across a fragmented landscape of individual congregations, building on goodwill and the fledgling interfaith, cross-neighborhood initiatives that were seen as successful? Should it focus on helping established players go to the next level or on helping the many less experienced groups find meaningful roles—and perform in them. Should the Mayor make a special appeal to suburban congregations, particularly for a significant increase in the pool of development dollars?

The OAH Director thought about the meeting at hand as well. AHR, TNT, and 15th Avenue would be there, but so would key leaders without any defined housing agenda. What should the key objectives be, and what key follow up would make the months to come most successful?