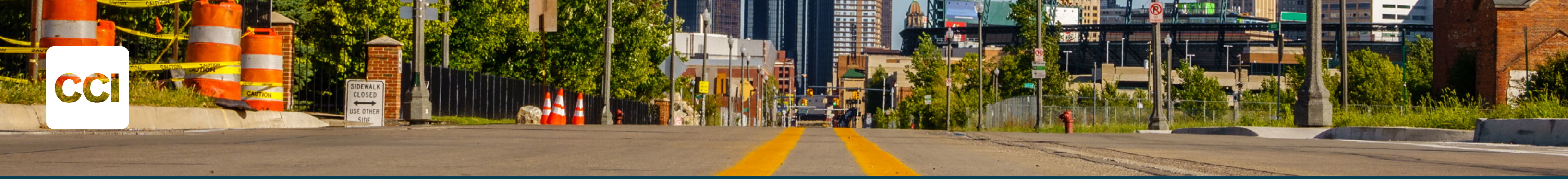

Strengthening the Enabling Environment

center for community investment

THE CAPITAL ABSORPTION FRAMEWORK: PART 3

INTRODUCTION

Communities across the country need similar things to thrive: access to good jobs, affordable homes, safe places to gather and play, healthy food options, and opportunities for residents to have a voice in decisions that affect the community. Research shows that outcomes like life expectancy and economic mobility are deeply influenced by where we live. Yet many places suffer from chronic disinvestment, resulting in communities where the most basic conditions necessary for a decent quality of life are not met.

Disinvestment has its roots in structural racism and intentional policies and practices that have left some communities economically and socially isolated– disconnected from opportunity. Systematic practices like redlining, in which racial composition and other factors were used by public and private actors to designate places as not fit for investment, were major contributors to the problem. Such policies and practices have impacts that reverberate even today. Many formerly redlined communities are places where poverty is concentrated and vulnerability to forces such as climate change is especially acute. Community efforts to transform such places are made that much harder because conventional financial investments often take the path of least resistance, flowing most readily to places that are already thriving.

The well-being of our communities is tied to how we invest in them. One of the smartest investments we can make in our nation's future is to help all communities unlock the capital they need to thrive. For our society to prosper, we need to ensure that everyone has the chance to reach our highest potential. This is the goal of community investment.

We define community investment as transactions designed to improve social, economic, and environmental conditions in communities that lack adequate investment, while producing an economic return.

Community investment is critical to creating and preserving affordable homes, promoting health and wellness, growing businesses, and fueling economic vitality. We use community investment as an umbrella term for a large spectrum of transaction types–including loans, bonds, tax credits, structured investment vehicles, and more–that draw on public funding, philanthropic grants and investments, and capital from banks and insurance companies, individuals, and other impact investors.

The goals of community investment differ from those of traditional financial investment and so its approaches differ too. Traditional financial investments seek to maximize the return on investors' money, with any resulting public good being purely incidental. Community investment seeks to serve the public good and may result in varying degrees of financial return.

Community investment attempts what the conventional finance system cannot or will not do, directing resources to people and places that would otherwise be left out. It does so by putting together out-of-the-box deals that are often complex, time-consuming, and politically sensitive, and that require participants to balance the interests of many stakeholders and blend different sources of capital with varied constraints and requirements. Practitioners often speak about their work in metaphors like filling gaps (where markets aren't working), providing cushions (to absorb risk that others won't bear), and taking haircuts (to adjust prices to "market" rates). These metaphors suggest the high level of expertise and the values required to complete these deals.

Since 2011, the founders of the Center for Community Investment have been testing and refining a framework for better organizing and deploying community investment. Called the **capital absorption framework**, it approaches community investment as a system.

We believe that working at the level of the community investment system—looking broadly not only at who is involved but also who could be involved, creating opportunities for continuous learning and improvement, pooling resources and batching deals to create efficiencies—can help reduce transaction costs, increase the scale and impact of investment, and assist local leaders to better understand and strengthen their local community investment system. It can also help to engineer a context that is more supportive of achieving community priorities.

Capital Absorption Framework

Although many community investment efforts focus on increasing the supply of capital, we believe that this alone is not enough. Equally critical is a more coordinated, strategic approach to organizing the demand for capital. This belief arises from our experience with impact investors who want to invest in a certain place but can't find investable projects, sometimes because there aren't any deals in progress, other times due to a lack of clearly articulated community priorities that could guide the creation of such projects. We developed the capital absorption framework to help make communities investment ready, that is, capable of receiving and effectively using community investment.

Instead of focusing on individual transactions or particular subsets of community investment practitioners, the capital absorption framework casts a much wider net, reframing all investment activity designed to advance the public good—the deals, the players, the resources—as part of a larger community investment system.

The idea of investment-ready communities is critical to the capital absorption framework. Anyone active in community investment knows that the aspirations of communities cannot be achieved by any single project or by grant funding alone. The scale of problems like a lack of affordable homes, health disparities across racial and economic lines, and unequal access to economic opportunities is such that communities need to use not just government subsidies or foundation grants, i.e. funding that does not expect to be repaid, but also the much larger pools of capital available from banks, anchor institutions, pension funds, motivated individuals and other impact investors that expect some form of repayment and/or economic return.

In order to attract the broadest range of resources and be ready for unexpected opportunities, communities must have in place a shared understanding of their goals, a set of deals and projects that will help achieve those goals, and the policies, practices, and relationships that can make those deals and projects happen in ways that advance community interests and protect community assets. This is what it means for a community to be investment ready.

The capital absorption framework centers on these three core functions: establishing shared priorities, creating a pipeline of investable projects, and strengthening the enabling environment of policies and practices required to achieve the desired results. The functions are highly interdependent, with each function evolving in response to new information and progress throughout the course of the work. The framework is meant to be applied iteratively, as effectively implementing the capital absorption framework hinges on aligning the three functions so they are mutually supportive.

In this brief—the third of three in a series on the core functions of the capital absorption framework—we examine in more detail what we call the enabling environment, which we define as the context in which the pipeline gets executed, and its role in an efficient, effective community investment system. Our goal is to share what we have learned to date about strengthening the enabling environment, provide examples of the capital absorption framework in practice, and offer guidelines for tailoring the framework to an individual community's unique needs and objectives.

WHAT IS THE ENABLING ENVIRONMENT AND WHY IS IT IMPORTANT?

Community investment deals do not exist in isolation. Rather, they are creatures of their environment that are made possible, accelerated, or impeded by the characteristics of the locale in which they take place. Of course, public policies play an important role in creating the environment. But so, too, do a variety of other elements, including resource flows, availability of data, and the networks, relationships, practices, skills, and knowledge of local stakeholders, among other things. This context is the enabling environment.

> The enabling environment is the context in which community investment deals get developed and executed.

We believe that to effectively advance shared priorities and pipelines, community investment practitioners can and should shape that environment to ensure that it fosters, rather than inhibits, the realization of their vision.

STRENGTHENING THE ENABLING ENVIRONMENT

The enabling environment includes everything in your ecosystem—actors, policies, resource flows, relationships, skills, behaviors, etc.—that accelerates or impedes deals. For a community focused on affordable housing, for example, this would include policies relating to zoning and practices such as housing code enforcement, as well as the available sources of funding and financing and how they are deployed.

Getting a full picture of such an enabling environment calls for answering questions like: How does each jurisdiction allocate Low-Income Housing Tax Credits and Community Development Block Grants? Is Tax Increment Financing allowed? Are there developer fees or housing trust funds? Do foundations or health systems provide patient capital to preserve or produce affordable housing?

Beyond the public sector, the enabling environment includes the data that is collected, the way that data is presented to shape a narrative, the partnerships that help influence how projects are identified and approached, the actors who are excluded from those partnerships, and the ways that community voice is organized to participate in decision-making, to name just a few of the factors that influence the mandates, policies, relationships, and resources that create the context for community investment. All of these factors can be engineered, to varying degrees, to better support community investment efforts.

Case Study: Strengthening the Enabling Environment in Detroit, Michigan

In 2010, Detroit had not yet filed for what would become the nation's largest municipal bankruptcy, but it was in serious trouble. Capital was frozen, city government was struggling, and residents were fleeing the city in droves, as they had been for decades. The local real estate market was suffering from the aftermath of the foreclosure crisis, with rents and appraisals at such low levels that potential property buyers were unable to qualify for mortgages. Vacancy and blight were rampant, with excess inventory of abandoned properties weighing on neighborhoods and their remaining isolated residents.

JUMPSTARTING RECOVERY

A group of local leaders decided to try to jumpstart the city's recovery by advancing a set of deals that would create density in a viable area, increase the city's tax base, and demonstrate to investors, developers, and other critical actors that the city had strong, investable opportunities. They chose to focus on the Woodward Corridor, the north-south spine of Detroit, where three anchor institutions–Wayne State University, Henry Ford Health System and Detroit Medical Center–provided some stability, and where the planned development of a new light rail system would increase mobility for residents and visitors.

The very capable leader of a local community development corporation (CDC) was certain she could identify a set of strategic parcels that, developed appropriately, could catalyze the revitalization of the neighborhood and contribute to restarting momentum for Detroit as a whole. Unfortunately, Detroit suffered from the absence of motivated investors and skilled intermediaries who could translate her vision to reality. Furthermore, the cost of renovating the structures was so high, and the potential rents so low, that deals would not "pencil" (i.e. meet investor standards for return and risk) without an unrealistic amount of subsidy.

Through an analysis of the enabling environment, it became clear that breaking the logjam in Detroit was beyond the capacity of the existing community investment system. What was required was a new approach that would boost the area's capital absorption capacity through new players, new financial terms, new relationships, and a resetting of expectations for what was possible. The leaders realized they needed to advance on multiple fronts at once. They had to find a batch of deals big enough to generate a critical mass of energy; invent new deal terms, including a higher loan-to-value ratio than was customary in the industry and a longer repayment period for debt; craft realistic financial scenarios that would convince investors they would be repaid; attract sufficient subsidy to fill gaps; and find investors willing to jump into an unproven Detroit market.

They also recognized that this new approach would be unlikely to succeed if it relied only on building local capacity. As a result, they invited NCB Capital Impact (now known as Capital Impact Partners), a well-respected national CDFI, to work in Detroit. With funding from the Kresge Foundation and other philanthropic partners, Capital Impact committed to partnering with local actors and eventually located a staff person in the city.

IMPORTING CAPACITY

Involving a large, experienced CDFI helped build capacity in Detroit's community investment system by bringing skills, credibility, and resources. First, Capital Impact handled the underwriting of the projects, dedicating skilled senior staff to framing and structuring the deals. Second, the credibility of Capital Impact helped raise a dedicated fund, the Woodward Corridor Investment Fund, that accelerated the progress of the deals by creating a tailored set of terms appropriate for the whole batch. Third, Capital Impact brought scarce resources, such as New Markets Tax Credits, to Detroit. These new resources would help to execute not only on the CDC's original pipeline of deals but also on other revitalization projects, creating new capacity to help unfreeze Detroit's real estate market. As a news story by JC Reindl in the Detroit Free Press put it in September 2013:

> *Set up by a group of philanthropic organizations and banks, the Woodward Corridor Investment Fund will provide long-term, fixed-rate loans for mixed-income projects that also feature a commercial component. The loans will offer more generous terms than those currently available from traditional lenders.*
>
> *The fund would address the financing problem currently facing developers in that part of Detroit. Despite an occupancy rate topping 95% for Midtown housing, new market-rate rental projects still require a variety of financial subsidies to get off the ground. It's a time-consuming, frustrating and sometimes costly process to stitch together various funding sources, often delaying projects, developers say.*
>
> *"Despite the high demand, there's still a pretty substantial valuation problem. It costs more to construct the project than it will appraise for," said Scott Sporte, chief lending officer of NCB Capital Impact, which is managing the fund. "So this fund allows developers to borrow more than their property would currently be worth."*

BUILDING A PLATFORM

To facilitate regular interactions among stakeholders, the Kresge Foundation created the Detroit Neighborhood Forum, which began hosting monthly meetings for community investment practitioners. These informal gatherings created an opportunity for practitioners to address the inevitable challenges that arise when doing deals, and to assess on an ongoing basis what could be done to bridge gaps in the system and remove barriers to progress. The Neighborhood Forum not only served as an important platform for collaboration but also, through the participation of Capital Impact staff, helped make the national CDFI an integral part of the Detroit system.

The effort to increase capital absorption capacity in Detroit was effective by any measure. Within five years, the Woodward Corridor deals were all completed or in progress; JPMorgan Chase had committed over $100 million to support redevelopment work in Detroit; and Capital Impact had raised a second $30 million pool of patient capital, called the Detroit Neighborhoods Fund, to expand the footprint of redevelopment work to a larger set of key neighborhoods. Along with a pipeline of investable deals, Detroit had a more robust enabling environment with the technical underwriting skills and patient capital necessary to execute on the pipeline.

Importantly, the example of Detroit illustrates the interplay between the enabling environment and the pipeline. These two functions of the capital absorption framework maintain a symbiotic relationship: analyzing and executing the pipeline informs how you approach the work of strengthening the enabling environment, and the work of strengthening the enabling environment informs how you pursue the pipeline. Consequently, rather than considering them in isolation, we suggest analyzing them concurrently, as was done in Detroit.

But how?

As with the other two functions of the capital absorption framework, the specifics of any one community's enabling environment will vary depending on its unique opportunities and constraints. Regardless of that variation, however, the fundamental questions driving the analysis of the enabling environment are the same. They include, but are not limited to: Where are our opportunities for advocacy? For policy change? For new funding sources? Who is included in the current system, and who has been overlooked or excluded? What stakeholders not currently engaged in community investment might be able to advance our work? What new roles could existing actors play? In other words, what does our community have, and what does our community need?

With this complex landscape in mind, we've identified six elements that apply to all enabling environments. Though the importance of each element varies by community, we encourage stakeholders to assess the enabling environment across all six in order to determine how well each element is working in the community investment system, identify opportunities for strengthening the environment, and accelerate the realization of shared priorities. For each element, we suggest asking, "Are the conditions what we need them to be to help realize our goals?" as well as "Who is involved and who else might contribute to achieving our goals?"

1. Influencing and implementing policies and regulations

When we ask people to think about the enabling environment, they tend to default to the public policies and regulations that shape it. These are very important pieces of the system and certainly they merit attention. Policies and regulations can fundamentally change the way a community investment system operates. For example, policies that require local government to procure a certain percentage of goods and services from local minority-owned businesses affect the enabling environment for economic development by creating built-in sources of demand. Similarly, tenant protections such as offering right of first refusal to existing residents when an affordable housing subsidy is expiring on a property can help reduce evictions, which in turn increases housing stability. Other policies, from zoning to parking requirements, also set the tone for community investment by shaping the size of the need and the magnitude of the financing gap that community investors must bridge. Given their impact, it is important to look for opportunities to improve the fundamental policies that govern a community investment system. Admittedly, policy reforms may not happen quickly, but they can nonetheless be a critical lever for strengthening the enabling environment.

Sometimes, however, the issue is less the policy itself than how it is enforced. While changing policies and regulations may require action by legislative bodies, changing institutional practices and processes usually does not and can be equally important. Practices and processes are one way to describe how policies and regulations are implemented. For example, a municipality can have good housing codes, but if the codes aren't enforced, they may not be useful. To understand what this means in practice, we can look again at Detroit. At the height of the city's dysfunction, the typical turnaround time for receiving a certificate of occupancy for a new building was many months. The reason? The process involved multiple approvals from multiple agencies, including three separate approvals from the fire marshal alone. These long delays raised project costs, and developers and entrepreneurs were losing money. Once stakeholders identified this process as a chokepoint, they were able to find ways to streamline the system, significantly reducing the time required to receive occupancy permits and bringing down costs.

2. Identifying and aligning resources and funding flows

Community investment draws upon federal, state, and local dollars, as well as resources from philanthropy and the private sector. Although all communities have access to federal programs such as Community Development Block Grants, New Markets Tax Credits, and Low-Income Housing Tax Credits, allocation procedures vary significantly. When examining the enabling environment, it is important to identify all the resources that may be available in the community, including those that are customarily used (which can be surfaced by an analysis of recent deals) and those that may never have been tapped. This examination should consider how much money is available, how easy it is to access, and how effectively it is being used.

For example, a community or project may have two potential funding sources that could be used in tandem, but source A requires that the applicant first secure funding from source B. In our work, we have discovered situations where source B doesn't announce its awards until after the deadline has passed to apply for source A. As a result, someone who received funding from source B would have to wait a full application cycle before applying to source A. Harmonizing applications, deadlines, and requirements can help streamline the process. Ensuring that discretionary resources are directed to the community's highest priorities also helps maximize the impact of scarce resources. Finally, stakeholders may wish to assess what new funding sources, such as developer fees, soda taxes, or carbon credits, might be implemented to increase the scale of community investment.

3. Ensuring the availability of needed skills and capacities

Some gaps and chokepoints in the enabling environment arise because of the absence of a skill or capacity that is necessary to articulate shared priorities or develop and move an investable pipeline. In our experience, one of the most common missing capacities is the ability to organize community voice, either because no actor owns this function or because the actor who claims it represents only one constituency, not the entire community. Persistent and continuing cuts to support for neighborhood organizations mean that many community development corporations have been significantly weakened or have folded, leaving a specific gap in this area. Other significant skills that can be absent are the ability to spot deals, as discussed previously, and the ability to frame deals that have been spotted and make them investable.

The capacity of a community investment system can be increased by securing technical assistance or providing funds to increase the staff capacity of local actors or by engaging a non-local actor with the necessary skills. Deciding which approach to use depends in part on the capacity in question. In our experience, certain community investment functions are more inherently local. For example, organizing community voice and spotting opportunities usually requires a local group with deep, trusted community relationships and local knowledge, whereas more technical tasks, like underwriting deals, need not be performed by locally-based organizations.

4. Fostering formal and informal relationships

Relationships in the community investment system frequently involve two parties working towards a shared goal, for instance, a developer who is accustomed to securing financing from a certain lender, or a general contractor who regularly partners with a specific builder. While such relationships can be durable and productive, they can also limit the growth of both parties by isolating them from other opportunities. We have found that analyzing which parties show up in recent transactions, identifying patterns that could be productively disrupted, and matchmaking to introduce new partners to stakeholders who could make them more effective can contribute to the scale and impact of the community investment system as a whole.

5. Building forums and platforms for ongoing collaboration

Community investment deals sometimes involve challenges that require the cooperation of multiple stakeholders to overcome. Furthermore, taking action to examine and strengthen a community investment system requires participants from multiple organizations. To foster these interactions and the relationships that undergird them, we recommend creating forums for regular contact among stakeholders. Such forums can provide informal opportunities to build trust, work through barriers, solve problems, consider new directions, and find ways to collaborate. Neutral stakeholders like foundations can be great initiators of these opportunities. For example, the Kresge Foundation helped launch the Detroit Neighborhood Forum, a monthly gathering for developers, CDFIs, anchor institutions, city officials, and other stakeholders to share ideas. Years after its launch, the Forum remains an important part of the Detroit community investment system and garners large turnouts every month. In the Bay Area, stakeholders organized regular morning "muffin meetings" to discuss the financing of transit-oriented development projects. In the Twin Cities, stakeholders created a monthly forum where developers present potential projects to sources of predevelopment and permanent financing, which enables issues to be identified and resolved in advance, so that deals don't get stuck in the transition between the two types of financing.

6. Generating and providing data

We have found that practitioners in community investment systems frequently work with incomplete and/or inaccurate data, which makes it nearly impossible to identify either the full range of possible deals and projects or the deals and projects best suited to achieve their priorities. Inadequate data can also make it difficult to evaluate how effectively a community investment system is functioning.

Different types of data will be required to accomplish these goals, depending upon the needs of a particular community. For example, communities experiencing market pressures may need to get data about changes in the rates of permitting for new market-rate projects. Communities experiencing high levels of vacancies may wish to inventory abandoned properties in order to formulate neighborhood revitalization strategies. Communities may wish to understand the extent to which they are regularly receiving–or not receiving–competitive tax credit awards, in order to assess what actions can be taken to improve their results.

Community development data is available from sources such as the US Treasury Department's CDFI Fund and regional Federal Reserve Banks. Online platforms, including PolicyMap and Enterprise Community Partners' Opportunity360, combine various sources of data to provide granular information about social, economic, and market conditions. Local universities can often provide good local data, as well as students, to conduct additional research. Government agencies can provide information on publicly owned land, construction permits, and business start-ups. The key to using data effectively is to understand and balance the data required for action with the data (or proxies for missing data) that can readily be obtained. A 2018 Urban Institute paper by Theodos et. al. "Measuring Community Needs, Capital Flows, and Capital Gaps" lays out a number of useful methodologies to assessing these three aspects of community investment. Stakeholders must always be sensitive to the tradeoff between the value of data and the time and money required to access it.

Thinking about the strengths and weaknesses of a community investment system in terms of these six elements can help protect stakeholders from blaming particular actors for systemic issues.

Analyzing systems in terms of functions rather than actors, or what gets done rather than who does what, can in turn facilitate creative thinking about who can help.

Although it may feel natural to assign certain roles to certain stakeholders–for example, to cast this organization as the one that does housing deals but not small business development projects, or that investor as able to provide debt but not equity–it is important to question these assumptions, rather than assuming that any function is necessarily the responsibility of any single actor.

Taking it a step further, when you consider what is involved in performing the function–be it the packaging of a deal, the supply of resources, or the convening of stakeholders–you can allow yourself to imagine all the different ways those activities might be conducted and then cast a wide net to consider who might conduct them. Sometimes this involves thinking of existing actors in new roles; other times it involves expanding the boundaries of the community investment system to include new actors. For example, community foundations, generally considered a source of grants, may also be well-positioned to convene stakeholders to optimize the functioning of the community investment system itself. CDFIs can be excellent intermediaries for community investments, but so can development finance agencies, which often are not included in community investment conversations. A hospital that has been using its community benefit dollars to make grants to local organizations may be able to use its insurance reserves to make community investments or might own land that could be used as a site for affordable housing. A utility that needs to absorb stormwater could develop green infrastructure that would simultaneously function as a playground or public green space. Such creative engagements can meaningfully strengthen a community investment system.

Finally, in analyzing the enabling environment, stakeholders need to be realistic about the magnitude of the forces they are pushing against. For example, consider the dynamics of the hot real estate market in the Bay Area, where the rapid expansion of the technology sector, combined with a reluctance to build new housing, has created a shortage of affordable housing. Addressing this shortage will require not only thoughtful analysis of the levers in the enabling environment that can shift practice most effectively, but also a sustained effort to build public will for political changes that reach beyond the community investment system.

COMMON MISTAKES

Stakeholders working to analyze and engineer their enabling environment can benefit from the experience of others. This section reviews the most common mistakes we have observed in our fieldwork and suggests how to avoid such pitfalls.

1. Overreliance on local resources

In our experience, community investment practitioners tend to assume that they have to find all the answers to their capacity needs locally. However, as noted above, this isn't necessarily the case. Some of the more technical skills and resources can be imported successfully from elsewhere in the region or the country. The question then becomes when to source locally and when to explore external sources. A good answer is to pair local capacity, which may need to grow, with a capable outside actor, to create a collaboration that both addresses the immediate needs and builds the experience base of local staff and organizations. Providing adequate resources and recognition to both partners helps to facilitate the collaboration and creating a regular forum for interaction can help surmount any difficulties that arise.

2. Overreliance on consultants

It can be tempting to outsource the task of assessing the strength of an enabling environment to consultants. However, we have found that this often leads to a report that generates minimal momentum or action on implementation. Gathering stakeholders together to share and analyze their experience of the community investment system can often be a more effective way to generate the energy needed for change. A good facilitator can help with this process, which is best structured as a series of conversations over a limited period of time. Stakeholders may wish to examine several recent deals or deals in progress as a window into the system in action, agree on the gaps or bottlenecks they most need to address, and create an action plan for implementation over a finite period of say, six months. The group should meet regularly during this period to share learning, assess progress, and recalibrate priorities.

3. Discomfort with casting known actors in new roles or engaging nontraditional players

In our experience, community investment practitioners tend to become habituated to a certain set of actors playing a fixed set of roles, and stretching beyond these habits to grow the capacity of the community investment system requires an intentional process of imagining new possibilities. As discussed above, we strongly encourage practitioners to identify unmet needs in the community investment system and then approaching people and organizations who are aligned with the community's priorities to see if they can help to fill those needs. Reaching beyond traditional stakeholders to consider institutions like hospitals, universities, large employers, and utilities can yield surprising results, especially when the request for assistance is specific and framed in terms the institution can understand.

4. Assuming more capital is a panacea

Community investment practitioners frequently assume that the problem they face is a lack of capital and that if they had access to more money, they could execute on their vision. While this might be true, it is equally true that investment capital only solves the problem if there are investable deals to absorb it. Often, communities need to organize their demand for capital into an investable pipeline that advances community priorities. In our experience, resources follow coherence. If a community can articulate a shared priority and make that priority actionable by offering investment opportunities, capital will come. We have watched communities spend enormous amounts of time organizing and capitalizing a structured fund vehicle only to discover that there are no investable deals to deploy the money. For this reason, it is important that the community be clear about its priorities and build the pipeline that will address them. This helps to identify the types, terms, and amounts of capital that are actually required.

CONCLUSION

The elements of the enabling environment are not givens, outside of stakeholders' control. We have seen again and again in our work that by systematically analyzing the changes that would make the biggest contribution to fostering a supportive ecosystem, stakeholders are, in fact, able to effect change. Sometimes that change can come quickly. Other times it comes more slowly. But the change can come, and it's in our best interest to catalyze it. Working on changing the enabling environment reinforces the ability to make progress on building and executing the pipeline. Otherwise, we stand to miss out on opportunities to achieve community priorities and create more efficient, effective, robust community investment systems.

We are excited by your interest in CCI and the capital absorption framework. To learn more about the framework, please see our *Community Investment: Focusing on the System* paper. The three functions of the framework are interdependent, so it is important that you read the other two briefs in this series: *Defining Shared Priorities and Analyzing, Building, and Executing a Pipeline*. If you have questions, please feel free to contact us. We will be happy to assist you.

About the Center for Community Investment

The Center for Community Investment at the Lincoln Institute of Land Policy works to ensure that all communities, especially those that have suffered from structural racism and policies that have left them economically and socially isolated, can unlock the capital they need to thrive. Our work is supported by the Robert Wood Johnson Foundation, the Kresge Foundation, and JPMorgan Chase & Co, and The California Endowment.

For more resources, visit centerforcommunityinvestment.org/resources.

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