USC Sol Price Center for Social Innovation: Social Innovation Seminar Series

“Social Innovation: From the Community to the Region and Beyond”

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Summary:
Social innovations combine methods, ideas, or institutions in unique ways to create new solutions to social and economic problems, relying on two key principles: cross-fertilization between sectors and continuous learning. It is useful to consider the history of community development as a series of social innovation strategies. These models differ in terms of areas of focus (e.g. human or financial capital), spatial scope (neighborhood or regional), degree of sectoral engagement, and scope of collaboration and networking. Additionally, the literature on regional economic development offers some useful insights for advancing social innovation.

Different Strategies for Community Development

The Bedford-Stuyvesant Restoration Corporation (BSRC) is considered a pioneer in the field of community development. It had disproportionate impact because Robert Kennedy was familiar with the community, and he wanted to leverage the Economic Opportunity Act of 1964 and amendments (e.g. Model Cities, War on Poverty) to develop a national model for community development. Unlike the approximately 3000 community development corporations (CDCs) that developed during the period, BSRC did not just promote housing; it focused on both human and financial capital development in a comprehensive fashion. Evidence of CDC success is unclear. David Rusk, writing in the 1990s, raised questions about the efficacy of the model and championed a new regional strategy for advancing the interests of poor populations. However, others point to rising real estate values and expansion of amenities in neighborhoods like Bedfort-Stuyvesant as a marker of CDC impact.

Another community development model emphasizes people in a particular place and focuses on developing human capital. For example, over a 30-year period, the Philadelphia Mural Arts Program has painted 3,000 murals with annual participation of upwards of 1,500 youth. Documented outcomes include higher levels of civic participation, racial and ethnic diversification, higher property values, improved participant confidence and self-esteem building and reduced recidivism rates.

Community-based organizations focused on job training offer another approach to community development. Emerging in the mid-1990s, Per Scholas in the South Bronx emphasizes short-term job training and cooperative education at the regional scale. Notably, it is detached from place and the larger community structure. However, it is a huge success story for upward mobility, achieving 40% wage gains for participants. It rode the technology boom of 1990s and identified a niche for low-skill jobs in informational technology. Other examples of this community development model focus on healthcare and advanced manufacturing career development.

Regional community-based efforts – such as the San Francisco Bay Area’s Great Communities Collaborative – are a community development strategy that combines local capacity building and coordination across regional areas. Formed in 2006, the Great Communities Collaborative (GCC) works to preserve affordable housing around transit stations. It is led by three regional nonprofits (environmental, transportation, and equity groups) which work with site coordinators to find community-
Based groups to organize and provide technical assistance. This approach has been particularly appealing to foundations, in part because it enables a learning process through networked organizing. In terms of effectiveness, GCC has shifted the conversation to value capture around transit stations, displacement concerns, and financing mechanisms such as land banking and transit-oriented affordable housing funds. However, despite working for six years on the ground, it has not built or preserved a single affordable housing unit.

Finally, recent community development efforts in rural settings offer lessons. For example, nine reservoirs to collect rain water for irrigation and economic development were constructed in Peru’s Lurín River Basin through community-enabled networking and learning. Communities and government officials became interested in demonstration projects. Compare this to the development community’s failed top-down effort to promote agro-industry in the same region. They built plants to process apples into vinegar, but failed to teach locals how to operate the facilities or market the product to retailers.

**Evaluating the Past, Present, and Future of Community Development**

Currently, community development research focuses on the identification of promising and best practices. The most effective interventions are believed to combine investments in place and people with catalytic real estate development. The community development initiative in City Heights appears to integrate these elements. However, different models have worked in particular places and there are serious problems with replication. While the research community has taken a systematic look at regional resilience, there is not much attention paid to community resilience and understanding why particular neighborhoods improve and others do not. Current thinking is that places on the margin – e.g. working-class areas – are able to transform themselves because they benefit from either a strong community fabric or strong real estate and economic marketplace. However, reverse path dependency is very hard to achieve – especially without some form of large-scale public or philanthropic investment.

CDCs and community development nonprofit groups face an uphill battle. With a lack of institutional/program investment, it is unclear if existing CDCs can survive on reputation and if our nation has the capacity to launch a new generation of CDCs. While good organizational leadership can go a long way, it is by no means clear if community development organizations as we know them will exist in 30 years. Nonprofit governance research is of limited benefit because there are distinct differences between social service provision and community development (e.g. the interaction of people, places, and markets). Community change efforts must connect to larger institutions to go to scale and ensure sustainability. However, it is difficult to build collaborations between the nonprofit and private sector, and public sector partners are seriously constrained. Anchor institutions – such as universities and hospitals – provide a critical resource because communities can build on existing institutions for job creation and local start-up development.

**Innovation Insights from Regional Economic Development**

An important, yet largely untapped resource, for social innovation scholars is the literature on regional economic development – which has a strong focus on innovation. Among the key insights from that field are: 1) The role that variety, diversity, and cross-fertilization play in urban economies; 2) The importance of networks of practice, tacit knowledge, and continuous learning in the development and diffusion of innovations; 3) The important brokerage role of venture capitalists and the beneficial aspects of their strategic orientation (e.g. tolerance for failure, willingness to invest in risky undertakings, emphasis on outcome measurement); and 4) The significance of the region as a context for learning and competitive advantage. However, there are important differences between regional economic development and social innovation, including the distinctive nature of process (as opposed to product) innovation. Additionally, the role that foundations can and will play in social innovation as social venture capitalists remains to be seen.