

Revitalizing the Pullman Community

In fall 2009, during the depths of the global financial crisis, U.S. Bank acquired First Bank of Oak Park (FBOP). FBOP was a smaller institution that had spread nationally from its base in Illinois and had a strong reputation in the communities it served. This was certainly true of Park National Bank, the FBOP subsidiary in the historic Pullman neighborhood on Chicago's South Side. Park Bank Initiatives (PBI), a nonprofit launched and funded by FBOP, comprised a team of planning and development professionals who strategically guided the bank's educational and housing philanthropy through continuous dialogue with the Pullman community. The once-thriving "company town" was in need of this assistance. Built in the 1880s by George Pullman for the employees of his famous railroad car company, the Victorian row homes and industrial facilities were, by the year 2000, a shadow of their heyday self: industrial decline and a changing global economy had left many of Pullman's distinctive row homes vacant, while 28 percent of its dwindling population lived below the poverty line.

Pullman's residents faced the financial crisis and its many repercussions—including the loss of a trusted local bank to acquisition by a large financial institution—with alarm. The most pressing question was what would happen to a project PBI had been working on for years: the redevelopment of a 180-acre former industrial site on Pullman's eastern border, a brownfield hole that sat empty but full of potential, which FBOP had finally acquired only months earlier.

ACTION AND OUTCOMES

U.S. Bank didn't shelve the ambitious, challenging community development project it had inherited. Instead, it marshalled financial, technical, and human resources to build on the work PBI had begun. This commitment led to what has become a model case of coalition-led, multi-stage community revitalization. First, to reboot PBI as Chicago Neighborhood Initiatives (CNI), an independent, nonprofit community development organization dedicated to Pullman and Chicago's under-resourced and disinvested neighborhoods; then, to make good on the promise of that 180-acre site.

Over more than a decade, with U.S. Bank's support, CNI's staff worked with the Pullman community to plan and implement an influx of capital to develop the site into a series of shopping, light industrial, and recreational spaces. Each stage was specifically formulated to address community needs: from a partnership with Walmart that provided low-cost groceries and entry-level employment; to a 135,000-square-foot sports center for safe, year-round public space; to Method's \$30 million, LEED Platinum-rated light industrial facility



An aerial view of the development in Pullman.

that brought 150 higher-paid jobs—CNI worked with the community while U.S. Bank invested more than \$110 million directly. By 2019, these efforts drew in an additional \$250 million in outside capital and led to the development of over another million square feet of commercial, industrial, and recreational space and the creation of 1,100 permanent, full-time jobs.

No one would claim that a single revitalization project, even one of this scope, could independently reshape the economic and social factors that draw communities like Pullman into disinvestment. And it is in the *very nature* of this kind of work—social investment, revitalization investment—that rigorously determining the *causality* of any one project is hard. The relevant time spans and multiplicity of factors that act on cities and populations mean that *many* other influences will inevitably play helpful and harmful roles alongside any investment, strengthening or confounding its marginal impact. In this case, a happy example is in the fact that Pullman's historic core was designated as a National Monument in 2015, putting it under the care of the National Park Service and serving as an additional spur to economic growth that worked in tandem with CNI/U.S. Bank's major investment projects. All that said, *this* project's partners, advocates, and investors can make a strong, data-based case that the changes in Pullman since the revitalization broke ground are the kind of change they had hoped to effect. American Community Survey (ACS) estimates from 2010–14 and 2014–18, show Pullman's population grew 5 percent between 2010 and 2018, from 6,501 to 6,816. Many nearby communities—and the City of Chicago as a whole—*lost* residents over this same period. Furthermore, Pullman saw an 8 percent decline in unemployment. This is nearly double Chicago's 4.7 percent decrease in unemployment over the period.

THE LESSONS

Invest big—no drops in the bucket

David Doig, CNI's longtime CEO, has a clear recommendation based on what he feels U.S. Bank did right in helping his organization relaunch and succeed. "Don't *drip* money into orgs," he says. "Give them a purse they can *do* something with" all at once, at the outset, so they are equipped to make big moves in response to opportunity.

Build community engagement and buy-in

Many organizations talk about the importance of community representation. Really achieving it, however, requires structural commitment and thoughtful planning. CNI's board is explicitly configured to reflect Pullman demographically and includes leaders from the community. At every stage of the process, the organization was in direct dialogue with the community itself. "You don't come in with a plan," Doig says. "You get the plan from the community."

Drive benefits where they're most needed

Similarly, it takes much more than good intentions to assure the jobs, professional development opportunities, and contracts that come with a development of this magnitude actually go to local residents. From the beginning of development, CNI built this assurance into its planning, mandating that corporate partners hire initially from Pullman's local ZIP code, creating on-site employment centers to ensure prospective applicants had a path to employment, and running workshops and outreach to local contractors to assure they were aware of and prepared to bid on various construction and other subcontracting opportunities throughout development.

Maintain continuity of leadership

U.S. Bank Chief Financial Officer Terry Dolan was closely involved with Pullman's revitalization from the start—when the bank acquired FBOP and, with it, CNI's predecessor organization and the 180-acre site. And he remained committed throughout, serving as an intermediary and champion between the nascent nonprofit and U.S. Bank's broad corporate infrastructure.

Similarly, Doig was CEO of CNI before and after its transformation into CNI. His continuous presence meant that the relationships, assurances, and continuity that are imperative to a project like this—with local leaders, city government, and corporate partners—remained steady throughout challenging years and multiple rounds of investment, ground-breaking, and construction management. And he had the support of Chicago 9th Ward Alderman Anthony Beale every step of the way.

Know your assets—and use them

The complex, multi-year campaign to reinvent CNI and complete its massive project in Pullman was built on two preexisting assets: a huge plot of land in one of America's most dynamic trade and infrastructure hubs, and \$50 million in New Markets Tax Credits, which could be used to assure that CNI had the means to survive on its own. U.S. Bank and CNI worked strategically from the start to make the most of these assets, using them as the foundation on which CNI's growth as an organization and the project's successful realization were grounded (literally, in the latter case).

Both organizations also "acknowledged, appreciated, and built on" the intangible assets that were already present, in the words of U.S. Bank Chief Social Responsibility Officer Reba Dominski. This may be most evident in CNI's active integration with the Pullman community's existing base of robust, engaged civic organizations. These were preexisting grassroots community entities. Soliciting their leaders and membership for input meant that CNI could ensure that it built what the community actually needed, *with* buy-in from those it was seeking to serve. In doing so, CNI recognized and benefitted from the fact that these community groups were *centralized* enough that they made this outreach much more feasible and efficient. Tom McMahan, a community leader and CNI board member, notes that "the neighborhood is well organized. We have the Historic Pullman Foundation, the Pullman Civic Organization that's been around 60 years, and we hold monthly meetings, we tell everybody what's going on. That's where we're able to get messages out." CNI made full use of this asset, assuring that communications were frequent, two-way, efficient, and information-rich.

Technical capacity is key

One of the most significant ways that U.S. Bank assisted CNI was by actively involving U.S. Bancorp Community Development Corporation (USB CDC)—its own subsidiary community development organization—from the outset. In 2009, when CNI was still operating as PBI, it already had a lean team of experienced experts in real estate and local development on staff. But as the entity changed and grew from 2009 onwards, transitioning into its new and financially independent form while sourcing and structuring increasingly complex capital stacks and tax-incentive deals on which the revitalization developments were based, USB CDC's deep roster of expertise in tax instruments, deal construction and organizational governance were invaluable. This not only helped assure the timely success of Pullman's revitalization—it also helped CNI grow its *own* capabilities. CNI, today, is expert in managing capital structures, complex tax credits, and major construction projects. It takes this capacity and experience into partnerships with other organizations and a second decade of ambitious urban renewal.

For more information on this multi-partner community revitalization effort, please contact salma.nassar@chicagobooth.edu.