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Photo by Douglas Schaible

## Letter **From the President**

We at The Kresge Foundation are committed to strengthening American cities by improving the economic, social, cultural and environmental conditions of low-income residents.

That ambition implicates some of the truly gnarly issues of the here and now, from the generational challenges of climate change and poor health outcomes in low-income communities, to more localized challenges embedded in the revitalization of Detroit and the role of arts and culture in building the vitality of inner-city neighborhoods. These challenges are neither one-dimensional nor static, neither discrete nor susceptible to technical solutions.

They are instead multifaceted, fluid and interrelated, requiring us to poke and prod at flashes of possibility. They necessitate that we embrace new ideas, take risk, tap into the creativity and innovation of partners, work outside the normal fence lines, and not shy away from having a clear and committed point of view.

I want to share the reasoning that led to our commitment to expand opportunities in cities and our varied approaches to doing so.

## **People and Cities**

We begin with the premise that we seek to help those who historically have been denied full access to the economic mainstream. And we've chosen to focus our attention on cities. It is fair to ask whether our framework is about cities or about low-income people. Do we place our chips on straight-line routes to improving the life conditions of low-income people? Or do we bet on the broader enhancement of urban life, which will in turn improve the lives of marginalized and more affluent communities alike? It is a serious and nuanced question. The answer has to be “Both.”

We have chosen to work along a spectrum. At one end, we provide funding to partners, aimed at stimulating direct results for low-income people: small businesses, schools, health clinics or human service organizations in low-income neighborhoods. At the other end, we invest in activities or infrastructure that benefit all city residents, but will flow benefits indirectly to a city's most isolated and disinvested neighborhoods. In the middle, there will be activities that have qualities of each: an urban environmental resilience strategy, for example, that simultaneously seeks to buffer low-income communities from the most immediate effects of climate change and attempts to help broader communities anticipate and adapt to a wider circle of impacts that will emerge over the longer term.



## Why Cities?

We believe that cities of the 21st century, even more than in centuries past, will be America's great incubators of genius, creativity, possibility — and also hardship. Metropolitan areas are home to nearly 82 percent of the U.S. population. The heart of these areas, cities, offers the density of people, activities, skills and ideas that serendipitously or intentionally circulate, ricochet, recombine and catalyze, creating the preconditions for innovation. Their complex networks and diverse subcultures are conducive to dismantling stale and unproductive approaches to persistent problems — or, equally, to introducing new or imaginatively recycled ones.<sup>1</sup>

The broad systems shaping cities have unique drivers: distinct regulatory, financial and administrative machinery; idiosyncratic political and governmental leadership structures; dedicated funding; historical identity; and countless others. As desperately in need and vitally important to our nation's future as rural America is, the nature of its drivers is very different.

That is not to say that it is possible to come at city systems without reference to the broader regional context of which cities are a part. Indeed, metropolitan areas are increasingly the scale of reference for meaningful analysis of transportation systems, housing-employment connections, watersheds, regional revenue sharing, global competitiveness, audience development for cultural organizations and the like.

But the nesting of cities within the metropolitan context is just that — a nested relationship. There will be times when a metropolitan area will be directly relevant to what we at Kresge want to accomplish. In those instances, there is every reason to work “inside-out” — grounding our engagement within the manageable scope of the local circumstance while remaining elastic in our need to understand relationships with broader contextual dynamics.

<sup>1</sup> With thanks to Steven Johnson, *Where Good Ideas Come From* (Penguin Group, New York: 2010).

## What Tools Will We Use?

Our earlier, longstanding way of working at Kresge — offering capital challenge grants to build nonprofit capacity — defined us indelibly. We believed that we could best serve the nonprofit ecosystem by perfecting and adhering to a single tool. But times have changed, and so, too, have our aspirations.

As we've chosen to wrestle with more multifaceted problems, we've recognized that the tools we call on must be concordantly diverse, shaped by the context of the situation:

- **We can provide a wide array of capital infusions** and novel incentive structures — from planning grants to prize competitions, from facilities capital to loans, from operating support to loan guarantees, from program grants to equity investments in support of our mission.
- **We can convene people** as a way of forging relationships, promoting joint inquiry and fostering concerted action.
- **We can pursue strategic communications** to strengthen public understanding of, and engagement in, critical social objectives and the work of grantees.
- **We can underwrite networks** that amplify impact through the unified efforts of nonprofit organizations working in common purpose.
- **We can selectively build support** for changes in public policy through research, evidence-based models and an infrastructure of advocacy.

The breadth of these tools is not unique to Kresge. We believe, however, that the interplay of four elements of how we choose to work has the potential over time to become distinctive:

- **Seeing in the breadth of our programs a microcosm of systems** that shape opportunity in American cities — arts and culture, community development, environment, health, higher education, human services;
- **Bridging the deep, integrative work** we have undertaken in Detroit and the national programs we pursue;
- **Integrating fully our increasingly diversified financial tools** into the strategies of each of our program teams; and
- **Cross-walking among disciplines**, embracing risk, working in partnership with other foundations and finding joint cause with the public and private sectors.

We can't do our work alone. Nobody can. Because of the magnitude and complexity of the problems. Because of the volatile, uncertain, chaotic and ambiguous nature of the environment. Because of the need to forge with our philanthropic and civic partners the full possible complement of intellectual and financial leverage that can be brought to bear on a situation.

We can, however, be part of a collective effort that seeks to improve multiple dimensions of life in American cities — one that holds meaningful promise for enabling all residents to lead self-determined lives.



Rip Rapson

President and CEO — The Kresge Foundation