



## **Interview of Tony Brown, CEO, Uptown Consortium; Cincinnati, Ohio**

Interviewed by Steve Dubb, Senior Research Associate, The Democracy Collaborative  
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*Tony Brown is CEO and President of the Uptown Consortium, based in Cincinnati, Ohio. Founded in 2003 as an alliance of the city's public university—the University of Cincinnati—and four leading nonprofit groups—Children's Hospital Medical Center, the Cincinnati Zoo & Botanical Garden, the Health Alliance of Greater Cincinnati, and TriHealth, Inc.—the group aims to develop a mixed-used (commercial, retail and residential) approach to community development in the Uptown neighborhoods where the university and nonprofits are located.*

*With an annual operating budget of \$3 million and a capital budget of \$100 million, the Uptown Consortium is a precedent-setting effort that illustrates the potential for nonprofit hospitals and universities to employ an anchor-based approach to community wealth building. To date, the trustees of the University of Cincinnati alone have allocated \$100 million from the university's \$1 billion endowment to support the effort, helping leverage over \$400 million for community renovation work.*

### **Could you explain briefly the origins of the Uptown Consortium?**

Officially they formed when they hired me as President in 2004. But a year before they got together on an informal basis and hired an urban planner, John Alschuler, who specializes in community development finance, to help them to determine what their common needs and interests were. I was hired more or less to implement the Uptown Strategic Plan that Alschuler developed.

### **Why was the Uptown Consortium led by nonprofits? Why wasn't the corporate community involved?**

There is a broader private sector effort that is focused in the central business district called 3CDC. Proctor & Gamble, Federated and other businesses are leading a similar renaissance in the central business district. There was some initial thinking among the universities and hospitals that they would combine with 3CDC. But Dr. Nancy Zimpher [President of the University of Cincinnati] and Jim Anderson [CEO of Children's Hospital] felt their interests were somewhat different than those downtown and didn't want their interests to be overshadowed. They felt there was enough institutional wealth among the public university and area nonprofits that they could sustain their own direct effort. So that was the tactical decision.

It helps to understand Cincinnati's geography. If you stood at the corner of Vine & MLK, you'll see the hospital, the University of Cincinnati, and the zoo. Within a half-mile radius, all five of the [Uptown Consortium] institutions converge, so that's a pretty powerful physical presence when you look at the Uptown area and our dominance in health care and higher education.

**What level of commitment is required to be one of the five members of the Uptown Consortium? Could you detail the level of financial commitment of each of the partners?**

Collectively they all have pledged to invest \$75 million. This was separate from a University of Cincinnati endowment investment allocation of \$100 million. Our big three – Children’s Hospital, the University of Cincinnati, and the Health Alliance—have all committed capital funds. Tri-Health and the Zoo haven’t committed capital funds but have provided operating support. We have been successful in using the members’ commitment to raise \$52 million in New Markets Tax Credits and another \$18 million from some local banks.

**Uptown Consortium’s website notes specifically that the University of Cincinnati has invested to date more than \$50 million of the \$100 million it has allocated from its endowment. Is investment a metaphor or is it a real investment? In other words, how does this investment process work? Is it a donation from its endowment or does it get a return? If it does get a return, what level of return are the trustees expecting?**

We get very flexible low interest loans. I can access it directly from a member. It is at 4%, with interest only payments due. The source of repayment is the goal of what we are doing with the money. In other instances, we might borrow directly from the New Markets Tax Credit fund.

**Presumably 4% interest is not a market-maximizing rate of return. How do trustees view this?**

There is a double-impact type of return. One: they want to see an improved environment around their edges. Then there is the reality that to set a high rate of return makes it very difficult to invest into low-income communities. If they can do good and use an amount of capital that won’t impact their plans but will still provide enough to finance investment in the community plan, then it works. The endowment financing has been a good way to access capital in a way that a for-profit developer couldn’t do.

There is accountability to the endowment trustees – they know what the targeted rate of return is and how it is going to impact the portfolio performance.

And there are tangible benefits as well. This year at the University of Cincinnati they had their largest enrollment rate ever for their freshman class. They attribute that to the fact that they spent a \$1 billion in creating a beautiful campus and they have invested in the rough edges. So they are benefiting by getting a higher rate of students who are admitted to enroll.

**Increasingly universities, hospitals, and other nonprofits are defined as “anchor institutions” because they are largely place-based and cannot easily move. This creates a potential for action, but also creates obstacles. As you know, often universities, hospitals, and similar “anchor institutions” are seen as not being very responsive to the community. What steps have been taken in Cincinnati to try to involve smaller community groups and break down this divide? To what extent have these efforts been successful?**

It's an excellent question. One of the things that I always have to work at is to extend our efforts to let the community know that our approach is one of collaboration and not of a big brother that knows it all. One of the ways we have done this is that we were honest up front about our redevelopment priority areas. Out of self-interest they are contiguous to the hospitals and university. We then work with the established neighborhood groups to do an effective plan. We use the plan to work with the community to do visioning and design charrettes that at least gets us to a shared vision. We come up with redevelopment principles. And the work we have done has occurred without controversy, which shows strong community consensus. If a project is consistent with the redevelopment plan, we get community support. So you do a parking garage, for instance, but you wrap it with other uses, such as an office building or housing. As a result, the community is not looking at the back end of a parking garage but instead the parking structure is wrapped with other uses that make it appealing.

For instance, we put up parking garages in the neighborhood business district in a way that serves as a catalyst for neighborhood revitalization. The additional space provides capacity for commercial retail.

### **Could you provide any examples of how this works?**

One is when the University of Cincinnati decided they would do a part of their campus called Varsity Village. The campus sits in a bowl. They wanted to place the parking garage adjacent to the campus. So they dug the parking garage into the hillside and put ground level retail and student housing above. If you're facing south, you will see the neighborhood business district and the new student housing. If you look north, you see the University of Cincinnati campus. So this allowed the University to build a parking garage and give the community partner air rights. The University got two benefits: retail and housing for the students, with the commercial and housing development owned by their community partner.

A second example is what we did with Children's Hospital. It's headquartered two blocks away from Avondale neighborhood business district. The plan in Avondale aimed to get more employees to support the neighborhood business district and make it more pedestrian friendly. So Children's Hospital agreed to build a 100,000 square foot office building and a 1,400-space parking garage. The parking garage also provides parking for a 45,000 square foot retail office building and is helping generate more foot traffic between the main campus and Avondale — this only two blocks away from the heart of a largely African-American community that had previously had problems with disinvestment, boarded up properties, and crime.

### **Clearly, the riots that took place in Cincinnati in 2001 were at least one of the factors that led to the formation of the Uptown Consortium. How has the Uptown Consortium sought to address race and class-based divisions in Cincinnati?**

I think the issue of the racial disturbance probably had a bigger impact in the central district. It was a less of an issue in Uptown because it is more diverse. Their rationale was less than a response to the disturbances than to disinvestment. With that being said, we recognize that the neighborhoods that make up Uptown are our city's most diverse. If we can get it right in Uptown, we can create diverse mixed-income communities and create an environment where

that diversity can thrive. And if you add the daytime population that we consider ourselves successful if the doctors and PhDs can enjoy the same environment as the mother that lives on welfare and has section 8 housing and create a quality of life that is the envy of the region.

We just recently did a soft launch of our new website: <http://www.uptowncincinnati.com>. The whole purpose is to show the diversity of Uptown — black and white, as well as a considerable international presence. You will not find an area of our region that is more diverse than Uptown.

### **Are you facing any displacement or gentrification?**

With any redevelopment effort, it is at least a concern. The homeownership rate in Uptown is very low—24%—compared to a national average of well over 60% and the city’s average of 39%. But we have a significant percentage of vacant housing stock. So gentrification has not been an issue so much in Uptown because there is an ample supply of affordable rental housing. Our community has supported the development of market-rate housing.

Can we improve the quality of affordable rental housing? That has been a secondary goal of ours. The primary strategy is to increase the rate of homeownership in the Uptown area and do it in a way that is a large scale that would convince the employees of the Uptown Consortium to live close to where they work.

### **How do you determine the extent to which you are successful?**

One of the internal metrics is to increase the rate of homeownership. We hope to show some increase by 2010. Right now we talk about the number of units we are attempting to build. Another measure is a survey measure of perception and attitude. Every other year, we survey residents, employees, and nonresidents. We ask questions such as, “How is the uptown area perceived?” We also ask about the perception of crime: i.e., whether people see Uptown as a safe or dangerous area. We use that metric to test if our public perceives our area more positively. We know that residents give a higher rating than nonresidents. Most nonresidents see Uptown as unsafe and the quality of schools as being unattractive. You still see those negatives among residents but they have a higher appreciation of the positive amenities.

### **One notable feature of the Uptown Consortium were the three community planning “Uptown Summits” that were held in 2003, 2004, and 2005. Could you describe the community input process that the Consortium has used? What has worked best about the community input process? What problems have arisen? How has community planning continued since the last summit in 2005?**

It was a way to get some feedback. Initially the CEOs of the consortium brought in an outside planner who interviewed the community. At the first summit, the CEOs reported on the plan and the community for the most part endorsed it, but the community felt it didn’t go deep enough in workforce development and education. The plan did address public safety. So the latter summits focused on workforce development and education. What we have since done is we do have a quarterly meeting where we get back together. We also took the community stakeholders that emerged from those summits and sort of embedded them in three committees—public safety,

neighborhood services, and community development. So we get ongoing feedback through those committees.

**Prior to working at the Uptown Consortium, you were director of the CDFI Fund in Washington. What made you want to come back to your hometown of Cincinnati from Washington? What were the opportunities that you saw?**

I was impressed by the opportunity to head up the Uptown Consortium. I had been away nearly 20 years and saw the substantial commitment the university and hospitals had made. I talked with Jim Anderson of Children's Hospital and was very impressed. They were offering a commitment to work in a targeted area and were willing to bring resources to that area. I felt it would be a well-funded commitment and it has been. It was also an opportunity to apply a lot of things that I had seen as director of the CDFI Fund in a specific community.

**Are there any lessons that have required "mid-course" corrections at the Uptown Consortium? Describe what some of these challenges have been and how the Consortium has met them?**

The biggest one is that the community asked us to focus on workforce development and education and, in some cases, health care disparity. We become so involved in community development, there's no way we could effectively put the resources or programs in place to have a demonstrable effect on the social service delivery in Uptown. The community partners want the money but often they don't want the accountability and oversight. The mid-course correction was to realize that social service delivery is one area where we needed to play more of an indirect role. We can create an environment of job opportunities, such as universities working with schools. We can be a bridge for introduction. But we shouldn't have the responsibility of coming up with program initiatives or providing resources in an area that requires millions and where our thousands can only go so far. That's been our biggest change—the others have been refinements.

**How does the Uptown Consortium interact with the business community and local government?**

The business community in general gave the Consortium instant credibility as a top tier organization on day one and that's by virtue of its members. It so happens that 4 out of 5 are ranked within the city's top seven employers. The University of Cincinnati employs more than Proctor & Gamble and General Electrical. And the Zoo is our leading tourist attraction with over 1 million visitors a year. So we got instant credibility.

After we raised our investment capital and local government saw us make sizable investments, we gained the respect and credibility of the City as a valuable community development partner, so much so that we work closely with the City to coordinate our plans. The magnitude of our investment can sometimes outpace the local government. But you can't do community development without working with the City.

**What lessons does the Uptown Consortium hold for anchor institutions that might want to lead similar efforts in other cities? What do you see as the most important ones?**

Lesson #1 is to know the business opportunities. And the second lesson is to gain the financial commitments to execute. I think the early market assessment of bringing in Altschuler to get a determination of what are the opportunities and how they can make a difference that his report outlined was key.

It allowed me to say: “If you want to hire me, here is the magnitude of the operating capital and here is the investment capital that was needed.” It required demonstrating the market opportunities and what that meant. For instance, I could make some estimates that \$100 million would leverage 400 million of development –and this is the type of impact you’ll have.

The CEOs know money and budgets. So I could say: “If you think \$10 million is a lot of money, this is what we can do. But if you want to see ten blocks improve and you would like to see that tomorrow, here’s the budget of buying and demolishing 10 blocks and rebuilding.” So they understood the magnitude of the investment required.

**What do you see as the most important challenges or opportunities facing the Uptown Consortium today? Where do you think the Uptown Consortium will focus its energies over the next 5-10 years?**

The most important one is our credibility. To get projects out of the ground. As we complete what is on the drawing board, that strengthens our credibility, so folks know that it is not a smokescreen.

Our challenge really is the growing pains. As we are successful in one neighborhood, the expectation that we can make it happen elsewhere adds growing pains. We are taking on speculative real estate, but there is a lot of risk involved and sometimes we’re out there before we get commitment from local government. So the biggest challenge is to maintain real time data as we budget for each project. The longer the time from product to market – the higher the carrying costs in terms of title, interest, and so forth. So capacity & delivery is our biggest challenge.

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