



## COMMUNITY DEVELOPMENT AND HEALTH JARGON BUSTER

*An excerpt from the Build Healthy Places Network's forthcoming web-based tool*

**Community Development:** Community development is a multi-billion-dollar sector of the American economy that invests in low- and moderate-income communities through the development and financing of affordable housing, businesses, community centers, health clinics, job training programs, and services to support children, youth, and families. The sector [has its roots](#) in the urban revitalization efforts of the late 19<sup>th</sup> century but expanded as a result of the [War on Poverty](#) programs of the 1960s. Today, the community development sector [invests more than \\$200 billion annually](#) in low-income communities.

Neighborhood-level Community Development Corporations (CDCs) and Community Development Financial Institutions (CDFIs), working at both local and national levels, provide leadership in the sector, often working alongside neighborhood residents, real estate developers, philanthropic organizations, city agencies, investors, and social-service providers. The [National Alliance of Community Economic Development Associations](#) (NACEDA) and [Practitioners Leveraging Assets for Community Enhancement](#) (PLACE) are leading CDC trade associations. [By improving well-being in disadvantaged neighborhoods](#), community development affects the “upstream” causes of poor health, like poverty, unstable housing, and limited access to fresh food markets and other services. At its best, community development achieves health equity by addressing many of the factors, or social determinants, that affect public health.

**Community Development Corporation:** CDCs are neighborhood-level, nonprofit organizations that implement community development projects ranging from the development of affordable housing and community centers to job training and health services. CDCs often function as real estate developers, dealmakers, and intermediaries between community-based service providers, public agencies, and investors like banks, philanthropic organizations, and community development financial institutions (CDFIs) [link to definition below]. The most recent national survey of CDCs found that there were [more than 4,600](#) nationwide.

CDCs are located in the low-income communities that they serve. Professional staff operates CDCs with oversight from advisory boards that include neighborhood residents. It is important to note that while CDCs are 501(c)(3) nonprofits, they self-identify as CDCs; there is no discrete tax classification for the category. The work of CDCs is primarily funded through state and federal grants, but the groups can receive funding through Community Development Financial Institutions (CDFIs), intermediary organizations, and philanthropic organizations.

**Community Development Financial Institutions (CDFIs):** CDFIs are “private financial institutions dedicated to delivering responsible, affordable lending to help low-income, low-wealth and other disadvantaged people and communities join the economic mainstream” (see [the Opportunity Finance Network](#)). CDFIs include both for-profit and nonprofit institutions like community development banks, credit unions, loan funds, and venture capital funds. These institutions invest in communities by financing small businesses, microenterprises, nonprofit organizations, and



commercial real estate and affordable housing. As of 2012, there were [more than 1,000 CDFIs](#) serving cities, rural areas, and Native American reservations.

Leading CDFI resources include the [Opportunity Finance Network](#) (OFN), the nation's leading CDFI trade association, and the [United States Treasury's CDFI Fund](#), the federal government's designated funding source for CDFIs. Established in 1994, the CDFI Fund provides financial and technical-assistance grants to certified CDFIs, and manages the [New Markets Tax Credit program](#), among others. CDFIs must be certified through the CDFI Fund to access these programs. In 2013, the CDFI Fund [distributed \\$172.6 million](#) to CDFIs nationwide.

**Health Equity:** The Network adopts the Department of Health and Human Services [definition](#) of health equity: "The attainment of the highest level of health for all people." [Others describe](#) health equity as the "the absence of systematic disparities in health or in the major social determinants of health." Community development provides a pathway to achieving health equity by serving as a mechanism to address many of the root causes of poor health.

**Public Health:** Public health is a field within the health sector that helps prevent disease and promotes the health of whole populations through educational programs, policies and regulations, services, and research. Public health does not include providing medical or health care services; it involves mostly [government-affiliated initiatives to promote healthy lifestyles](#), improve access to health care, control infectious diseases, and reduce environmental hazards, violence, substance abuse, and injury (see [Association of Schools and Programs of Public Health](#)). In 2009, federal, state, and local governments [invested \\$76.2 billion](#) in public health programs nationwide. It is worth noting that this figure represents only 3 percent of the \$2.5 trillion spent on health care in the United States in 2009.

Unlike community development, public health is an academic discipline and an [accredited field](#), typically involving environmental scientists, health educators, medical professionals, and others (see the [American Public Health Association](#) for a full list). The Centers for Disease Control and Prevention (an operating agency of the Department of Health and Human Services) is the nation's leading public health institution, often funding health-promotion programs for county and state health departments.

**Social Determinants of Health:** The Network adopts [the World Health Organization's definition](#) of the social determinants of health: "The conditions in which people are born, grow, live, work, and age, including the health system." Specific social determinants of health include economic and housing stability, employment status, educational attainment, access to health care, access to healthy foods, exposure to crime and violence, and environmental conditions (see [Healthy People.Gov](#)). By improving neighborhood conditions, community development addresses multiple social determinants of health, thus providing a pathway and means to finance the neighborhood changes required to achieve health equity.