

***WORKING TOGETHER***  
**BUILDING CAPACITY**  
**FOR**  
**COMMUNITY DEVELOPMENT**

*A Report to the Ford Foundation*

BY

**NANCY NYE**

NANCY NYE CONSULTING, INC.  
COMMUNITY DEVELOPMENT CONSULTANTS  
TAFTSVILLE, VERMONT 05073

AND

**NORMAN J. GLICKMAN**

CENTER FOR URBAN POLICY RESEARCH  
RUTGERS—THE STATE UNIVERSITY OF NEW JERSEY  
CIVIC SQUARE • 33 LIVINGSTON AVENUE • SUITE 400  
NEW BRUNSWICK, NEW JERSEY 08901-1982  
(732) 932-3134 / FAX (732) 932-2363



*Report Two*

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# I

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## INTRODUCTION

For decades, community development corporations (CDCs) have built affordable housing and carried out other projects and services designed to improve low-income neighborhood economies and increase the social well-being of poor people.<sup>1</sup> Although there has been some debate about the degree of CDCs' success, most knowledgeable observers give these community groups high marks for their work.<sup>2</sup>

Over time, CDCs have tried to increase their "capacity" (or ability) to carry out their missions. Like private firms, these nonprofits attempt to learn from their own experiences and by observing the successful strategies of other organizations. As they gain proficiency, CDCs invent new ways of functioning—they may reorganize themselves internally, relate differently to other organizations, or deliver new services. Successful community development corporations—and certainly not all flourish and grow—continually examine their practices and operations in order to find better solutions to neighborhood problems and improve service delivery. In exemplary cases, CDCs have evolved into "learning organizations," maintaining a shared vision with their community, developing personal mastery within their staff and board, and examining and challenging commonly held assumptions. Furthermore, they encourage team learning and engage in systems thinking.<sup>3</sup> In all instances, successful CDCs try to acquire information and to learn from others in the field.

We report here on CDCs' efforts to increase their capacity, with the focus on those CDCs that have the help of community development partnerships (CDPs).<sup>4</sup> Community development partnerships, or collaboratives, are local intermediaries that attract funds from local, regional, and national sources and allocate them to a limited number of CDCs working to renew low-income neighborhoods. In this important respect, the CDCs we studied are clearly better positioned than most other community-based organizations that do not have the organizational and financial support of citywide and national groups. Yet, it is essential to understand the CDP model in order to determine if in fact it provides a good vehicle for the development of CDCs and, by extension, nonprofit neighborhood service providers in general.

*Successful community development corporations continually examine their practices to improve service delivery*

Since the mid-1980s, community development partnerships have attracted increased attention to the CDCs' need for organizational development and operating support. These partnerships have made deliberate efforts to increase the ability of the neighborhood corporations to be more effective community developers. Many CDPs are organized with support from The Ford Foundation.<sup>5</sup> As associations of local funders, however, these partnerships are "home-grown" vehicles designed to provide coordinated assistance to CDCs. Community foundations administer some CDPs, some are independently organized, the local offices of the Local Initiatives Support Corporation manage several, while others collaborate with the Enterprise Foundation for services.<sup>6</sup> They share the common belief that operating support should be linked to CDC performance and accountability. By becoming more skilled, CDCs should be better able to produce benefits for their neighborhoods, these collaboratives argue.

This report summarizes our findings from interviews and focus groups with representatives from a wide range of CDCs and community development partnerships across the country about their experience with capacity building. We examined:

1. The nature of capacity and capacity building among CDCs
2. The ways in which the partnerships help increase CDC competence
3. What the CDPs learn from providing support to CDCs and what CDCs discover about their own capacity needs
4. Which CDP programs have been most (and least) effective
5. What funders expect from the growth of capacity resulting from their support
6. How both types of organizations measure (or propose to measure) CDC capacity

Between November 1996 and July 1997, we met with representatives of more than 50 CDCs in seven cities (Boston, Cleveland, Detroit, Los Angeles, Philadelphia, Portland, and Washington, DC).<sup>7</sup> For the CDP interviews, we spoke with more than 40 CDP representatives in these cities, and with the CDP in New Orleans.<sup>8</sup> We also held a one-day roundtable discussion with eight partnership directors (mostly from the East Coast, including the directors from Camden, Newark, and Pittsburgh).<sup>9</sup> All of the interviews were conducted on a confidential basis.

In Section II, we describe what CDCs hope to gain from the partnerships and what the partnerships see as their role. Table 1 presents a snapshot of what CDCs want from the CDPs and what CDPs in turn provide. Section III summarizes observations on capacity from the perspectives of the CDCs and the partnerships; in this analysis, we use the typology developed by Norman Glickman and Lisa Servon,<sup>10</sup> which divides capacity into five inter-related categories—resource, organizational, networking, pro-

grammatic, and political capacity. In Section IV, we report on the lessons the partnerships have learned, present a preliminary assessment of their success in increasing capacity, and submit recommendations from the CDCs and the partnerships on ways to measure the effectiveness of the investment in capacity. In Section V, we offer some conclusions.

## II

### THE ROLE OF COMMUNITY DEVELOPMENT PARTNERSHIPS

#### WHAT CDCS WANT

*CDCs most need core and stable operating support from the partnerships* – funding unattached to particular projects. These monies are essential for expanding staff and enhancing organizational capacity (Table 1). Since most partnership programs are of limited duration, the CDCs are concerned about how to sustain capacity when CDP funding ends. A CDC director asserted that “The collaborative needs to be a United Way for CDCs, providing ongoing support, since it takes more than a three-year commitment to build capacity.” CDCs wonder whether local funders will continue to support them past the initial investment. These organizations perceive a possible shift of some national funders away from community development activity.

CDCs also want the partnerships to help them *find new funding sources to support their projects*. An appreciative Los Angeles CDC reported, “The collaborative created the sophistication and expertise in finance in the city, so that people know there is more than one way to get things done. Now bankers are coming to us to design programs based on our experience in the community.”

In addition to providing core support, many neighborhood groups appreciate the CDP’s *assistance with strategic planning*. As one CDC representative said: “We didn’t think we were going to be around that long, so we never planned. The collaborative gave us some ‘think time.’” Strategic planning has helped many groups consider growth objectively and devise operating systems they must have to support new development.

*Training and technical assistance* are other important contributions the collaboratives make to the CDCs. Most CDCs find individualized technical assistance and training to be much more effective than group training. They prefer one-on-one on-site training,

*CDCs most need core and stable operating support from the partnerships*

**TABLE 1**  
**Working Together: The Relationship between CDPs and CDCs**

<i>Types of Capacity</i>	<i>What CDCs Want</i>	<i>What CDPs Provide</i>
<b>RESOURCE</b>	<ul style="list-style-type: none"> <li>◆ Stable, long-term operating support</li> <li>◆ New funding sources</li> <li>◆ Fees from projects</li> <li>◆ Better fund-raising skills</li> </ul>	<ul style="list-style-type: none"> <li>◆ Multiyear operating support</li> <li>◆ Fund-raising assistance from local and national funders in addition to CDP</li> <li>◆ Drawing new donors to community development</li> <li>◆ Coordination of local funders</li> <li>◆ Assistance with bank commitments for CDC housing loans</li> </ul>
<b>ORGANIZATION</b>	<ul style="list-style-type: none"> <li>◆ Managerial support and training</li> <li>◆ Ability to attract and retain skilled staff</li> <li>◆ Well-developed personnel policies</li> <li>◆ Competitive compensation and benefits</li> <li>◆ Staff and board training</li> <li>◆ Leadership and board development</li> <li>◆ Financial and internal management systems</li> </ul>	<ul style="list-style-type: none"> <li>◆ Organizational benchmarks to promote best practices</li> <li>◆ Organizational assessments and strategic planning</li> <li>◆ Staff and board training</li> <li>◆ Performance-based funding for businesslike operations</li> <li>◆ Financial management systems and training</li> <li>◆ Support for CDC consolidation/mergers</li> </ul>
<b>NETWORKING</b>	<ul style="list-style-type: none"> <li>◆ Networks with other CDCs and nonprofits</li> <li>◆ Networks with firms and training organizations in the region</li> <li>◆ Joint development projects with for-profits</li> <li>◆ Expansion of board networks in the community</li> </ul>	<ul style="list-style-type: none"> <li>◆ Networking help among CDCs and between CDCs and for-profits and nonprofits</li> <li>◆ Community development education for funders</li> </ul>
<b>PROGRAMS</b>	<ul style="list-style-type: none"> <li>◆ Housing development and management</li> <li>◆ Economic development and retail trade</li> <li>◆ New programs in workforce development and finding jobs for local residents</li> <li>◆ More active efforts in community organizing</li> </ul>	<ul style="list-style-type: none"> <li>◆ Limited amounts of predevelopment risk capital</li> <li>◆ Support and training for housing and other asset management</li> <li>◆ Limited support for community organizing</li> <li>◆ Growing support of economic development projects and workforce development programs</li> <li>◆ Establishment of community standards for production</li> <li>◆ Technical consultants for housing production and preservation</li> </ul>
<b>POLITICS</b>	<ul style="list-style-type: none"> <li>◆ Greater recognition and support of community development by city government</li> <li>◆ More responsive public agencies and city development programs</li> <li>◆ CDPs to be more active in promoting reforms with the city</li> <li>◆ Better public relations and communications strategies</li> </ul>	<ul style="list-style-type: none"> <li>◆ Liaison with “downtown” interests</li> <li>◆ Behind-the-scenes negotiations with governments and private investors</li> <li>◆ Support for CDC trade associations</li> <li>◆ Increase of public awareness of neighborhood-based development</li> </ul>

mentoring, or coaching. Community organizations also want the freedom to select their own training or technical assistance, and they want to be able to use collaborative funds to purchase the services they decide they need. Both younger and more mature CDCs greatly value peer-to-peer assistance from other experienced CDCs.

In several sites, the CDCs would like the partnerships to be more *forceful advocates for the CDCs' agendas* with city governments and other “downtown” actors. In those cities where the partnerships have developed good relationships with city hall, CDCs praised the collaboratives' ability to make more rational, less political decisions about funding and fuel the dialogue on community development. “The collaborative has created the opportunity for discussion with other players that didn't happen before,” a Detroit CDC director noted. Since the collaboratives usually count among their membership most of the influential business and philanthropic leaders in the region, the CDCs want them to play a larger advocacy role in shaping public policy. Not surprisingly, the CDCs see the partnerships as having a better chance of influencing public officials than they themselves could hope to, either individually or through CDC associations. Some CDCs reported disappointment and frustration that the partnerships want them to increase affordable housing production but do not actively help them overcome the obstacles to development created by poor city administration or policies.

Finally, the CDCs want the partnerships to help *publicize community development* and other CDC activities to the corporate and philanthropic communities. The neighborhood groups look to the partnerships to educate funders about the CDCs and to help increase support for their projects. This has occurred to some degree where bankers are on the CDP boards. The Washington Collaborative reports CDC access to bank financing for projects has increased. CDCs would like to see the partnerships expand their outreach beyond financial institutions.

## WHAT THE PARTNERSHIPS PROVIDE

For the funders, the primary purpose of the partnerships has been to *increase competence and therefore production of affordable housing* by CDCs (see Table 1). Hence, most collaboratives target their assistance to capacity development in this area of activity. In exchange, the partnerships require increased oversight and accountability for performance by the CDCs. The extent of funding varies, depending on the availability of local and national resources, the variety of program objectives, and the maturity of the CDC industry in the city.

In cities where CDCs are inexperienced and do not have large staffs (e.g., New Orleans), the CDP sets out to *help CDCs hire and*

*“Our goal is  
neighborhood preservation,  
not just production”*

– Portland Neighborhood  
Partnership Fund  
board member

*train staff, to create community standards for production, and to increase the general public’s understanding of neighborhood development. Several partnerships noted that they want to change the system of public support for community development from one of entitlement to one based on performance. Likewise, most of the partnerships want to improve CDC performance by promoting “best practices,” making them more “businesslike,” and helping them to be more strategic in setting priorities for their neighborhoods.*

A number of experienced partnerships have broadened their purview to encompass more comprehensive approaches than housing production alone; they frequently include economic development, commercial development, and community building goals in their mandates. As one funder said about the Neighborhood Partnership Fund in Portland, “Our goal is neighborhood preservation, not just production.”

The partnerships recognize that their most important contribution to CDCs is reliable long-term funding. Collaboratives agree that increased operating support allows CDCs to be more financially stable and capable of taking on larger projects. Some CDPs noted that sustaining long-term funding is also important to maintaining the CDC capacity that they are expanding. Others contended that as CDCs become more skillful, they should seek self-generated income (from fees, contracts, and the like) with an eye toward becoming more self-supporting. Although some previously thought that CDCs should ultimately become completely self-sufficient, a majority of the funders now think that is an unrealistic expectation.

Partnership funders observed that an essential CDP function is providing CDCs with funds for a variety of purposes from a single coordinated source. Collaboratives, thus, give grants for *core operating support, audits, community organizing, technical assistance, and training*. The partnerships see their money as risk capital that helps to develop the CDCs’ infrastructures. One of the more accomplished CDPs, Boston’s Neighborhood Development Support Collaborative (NDSC), has “different funding streams tailored to the needs of CDCs as they have evolved, including updates for strategic plans, board development, project predevelopment, lines of credit, technical assistance and training in asset management and financial management.” The NDSC is also involved with new programs in economic development, community organizing, and human capital. Portland’s Neighborhood Partnership Fund “built an industry” by tailoring its resources to support new and emerging CDCs in a city where previously only one CDC had built substantial amounts of affordable housing. Having helped to get several CDCs off the ground, NPF now stresses organizational management and community organizing.

Partnerships believe they also play an important role in *attracting new funding for CDCs from local foundations and corporations* that have not previously supported community development. New

donors contribute either through the local partnership or directly to the CDCs. The CDP “seal of approval” gives community organizations greater credibility, which helps them raise money independently from other funders. For example, NPF in Portland sees its role as the “United Way for housing” in its community. NPF serves primarily as a pass-through for funding, keeping its own overhead and staffing low. Some Portland-area funders, such as the Meyer Memorial Trust, have given funds directly to CDCs, their increased awareness of and confidence in CDCs a result of the community organization’s association with NPF. The Philadelphia Neighborhood Development Partnership helped CDCs get greater access to corporate support and legal, accounting, and professional services in that city. Through participation in the Washington Community Development Support Collaborative, financial institutions know more about CDC project lending opportunities and have increased loans to CDCs as a result. Boston’s NDSC has attracted funding for CDCs from individual donors through its partnership with the United Way of Massachusetts Bay.

Often, CDPs coordinate the contributions of the city’s various players and supporters of community development. Many experts see partnerships as nonpolitical, fair, and neutral entities that effectively allocate resources. Funders believe that efficiency and effectiveness in the deployment of resources is especially important in light of reduced public funding. Since partnerships demand performance and production from the CDCs, they are perceived as promoting efficiency. A Washington donor noted that the collaborative brings philanthropic and corporate interests together to make decisions. Financial supporters know when a grantee is having problems and can develop an appropriate response. Consequently, problems do not linger as long. Clearly, having many funders making joint decisions raises the stakes for the CDCs. There are fewer alternatives outside the CDPs for CDCs that are not selected or whose funding is cut off. However, from the point of view of the funders, the collaborative process results in more informed discourse. A Philadelphia partnership member asserted, “Tough love has resulted in better decision making.”

*Strategic planning* by CDCs has increased due to the partnerships’ support of CDC organizational assessments and strategic plans and the funding for consultants to facilitate these tasks. Funders told us that strategic planning has improved CDC performance by helping the organizations determine community needs, set priorities, and identify projects that will have the greatest impact on the neighborhoods. With targeted technical assistance and support for developing management systems for personnel, finances, information, asset management, and other operational issues, the CDPs have helped the community organizations become more efficient and accountable.

*The CDP “seal of approval” gives community organizations greater credibility, which helps them raise money independently from other funders*

*“Tough love has resulted in better decision making”*

– Philadelphia  
partnership member

The partnerships also support staff training and technical assistance grants to help develop the managerial and technical capability of CDC staff. In some cases, the CDPs help review personnel standards and salary scales for CDCs in their region. Detroit’s CDP paid for financial audits and for upgrading the computers with financial management systems that it believes will help the CDCs’ capacity in the future. In Washington and elsewhere, one of the collaboratives’ most effective programs furnishes customized technical assistance and training.

Over time, the CDPs’ roles evolved to serve newly identified needs, expanding beyond their initial purposes as greater trust developed between the funders and the CDCs. Both market pressures and changes in public funding and policy influence the development of the collaboratives’ roles. In Portland, where rising land values are putting pressure on development, one board member has suggested a potential role in land banking for affordable housing. In Boston, the CDP is collaborating with the CDC association on new programs to support capacity in economic development and in community organizing.

## PARTNERSHIP STRUCTURES

Collaborative structures differ from city to city. In some, like Los Angeles and Detroit, the perspective is that of “a collaborative of funders.” The initiative is top-down: CDPs serve CDCs, but the latter are not part of the CDP decision-making process. A plan to create a CDC advisory panel for the Los Angeles collaborative never got off the ground. In some other sites (e.g., Portland), the CDPs include community representatives on their boards who speak for their neighborhoods. In Boston, funders report a closer connection between themselves and the CDCs than existed before the formation of the partnership. One funder told us that “It is a more mature collaborative relationship between the CDCs and NDSC. We have evolved beyond grant making to work with the CDC association in a new approach to plan strategically.”

As a New Orleans collaborative board member noted, the role of the CDP board or steering committee is to “create the values and direction of the program.” The boards are largely drawn from the funding institutions that contribute to the CDP program and are mostly composed of business and foundation executives. Some of these individuals have had no prior experience in community development; they must learn first about the issues that concern communities and the CDCs. In Portland, NPF reported that “The board is gradually understanding a comprehensive agenda for neighborhoods.” In other sites, funders may have supported CDCs in the past for specific projects, but may not have had an intimate relationship with the CDCs’ organizational growth issues. The

CDP represents an approach to community development that many funders are not accustomed to, one that requires close contact and a long-term relationship between the grantee and the funder.

Partnership boards respond to community development issues. They often attempt to make comprehensive and systemic changes in the structures of support for CDCs that will result in greater housing production and delivery of services. By bringing together the many players in the community development support system on their boards or steering committees, CDPs can more easily recognize the components and bottlenecks in that system and design more successful strategies. The most effective CDPs corral all of the relevant actors in their programs and include them in analyzing and designing new approaches. If a major player (like an important CDC or the city government) is left out, the CDP's work may be hindered, and its programs of support may be inadequate to help the CDCs improve their production.

The extent of public-sector participation in the CDPs varies considerably. In Boston, New Orleans, Detroit, and Portland, representatives of city government are on the CDP boards. This enables the officials to learn more about the issues affecting CDCs and ensures their cooperation in trying to make the system more effective. In Portland and Boston, the relationship between private and city funders has evolved into a full partnership. In these cities, the CDPs administer public funds delegated by the city government in a cooperative agreement with the partnership. In Detroit, on the other hand, the city representative on the CDP board learned that problems in the city administration were frustrating development efforts. The Los Angeles Community Development Collaborative found it difficult to keep the city engaged in its operations; consequently, city and CDP funding to CDCs are not coordinated. In Washington, the CDP consciously distanced itself from the District government, which some members described as "dysfunctional." Therefore, no public representatives are involved in the Washington initiative.

In general, CDP boards do not like to cross the line between "influencing public policy" and "political advocacy." Where a cooperative relationship exists between the city and the CDP, funders more often see themselves "working behind the scenes" with public officials; they see no need to advocate CDC causes publicly. They believe that the credibility and visibility of the CDP as a nonpartisan, neutral agent is essential to their influencing policy. Funders report that the CDPs can use their boards to identify obstacles to neighborhood development and build the consensus needed for public policy changes. In New Orleans, where community development is not widely understood and the capacity of the CDCs is low, the CDP acts as the convener of a citywide housing roundtable that brings together the relevant decision makers to discuss issues

*In general, CDP boards do not like to cross the line between "influencing public policy" and "political advocacy"*

and policy. In Camden, the CDP believes it has a mandate to advocate on behalf of CDCs with the city and, as a result, does not accept city funding.

## OBSTACLES TO ACHIEVING CDP GOALS

When asked about the obstacles to achieving their goals, several CDPs identified chronic problems with their city government as a major factor. For example, in Detroit, one CDP member noted: "The city is a big barrier to increasing development; its contract administration is poor, and grant funding is delayed. The dynamics of the city's role has to change, especially with the property disposition process." A Los Angeles collaborative member observed that "The city has no dedicated funding streams for housing and has reduced the block grant allocation for housing." In Washington, the collaborative members believed that much of the decision making about city policy had been taken out of the hands of the city officials. It now rests with the federal financial control board, which has little interest in community development issues. The Washington CDP director observed that who takes the lead in policy advocacy is also a philosophical issue: "We look to the CDCs to define the issues." When the CDCs did not clearly identify regulatory priorities, it made it more difficult for the CDP to press for specific policy changes. Philadelphia funders also reported problems with city government, although they thought that PNDC was having a positive impact influencing public policy. As one said, "The city has been bad about getting vacant land for CDCs. But PNDC has changed the process because it has gotten the CDCs' act together; the system of acquisition and disposition has improved as a result."

In some cities, attracting the necessary human resources to CDCs is another barrier to successfully developing CDC capacity. Few qualified candidates for CDC jobs means projects are delayed and the development process slowed. Funders were less likely than the CDCs to report the lack of available talent as a barrier to capacity, however.

Local conditions and events also present obstacles to the CDPs' agendas. Natural disasters and civil emergencies in Los Angeles, for example, required immediate attention by the CDCs and made it difficult for them to maintain a consistent approach to development. In New Orleans, the CDP sees a conflict between CDCs' interest in neighborhood redevelopment and the interest of some preservationists who do not want historic buildings demolished no matter how dilapidated they are or how costly their renovation would be.

### III

## PERSPECTIVES ON CDC CAPACITY

The CDCs we studied spanned the spectrum of organizational development from sophisticated associations to relatively young, nascent organizations. To some extent, their capacities and their support needs differed according to their levels of experience.

Younger CDCs seek mentors in order to learn how to execute successful strategies. They want to better understand the “best practices” of mature organizations so they can build their competency more quickly and efficiently. In particular, newer groups are interested in innovative housing development techniques and are looking for ways to improve their internal organization and extend their network within their city and region. At the same time, mature CDCs try to identify new practices that they can adopt and promote locally. In addition, they want public agencies and funders to recognize their experience and sophistication and allow them greater flexibility in determining how to use resources for larger and more complex projects. CDCs continually look for good models for economic development and employment services programs as they seek ways to respond to welfare reform and its impacts on residents.

One of the most vexing problems CDCs face, regardless of their organizational maturity level, is that they are trying to deal with systemic, structural problems in the economies of cities. Quite clearly, most of the long-term economic trends—the decline of manufacturing, changes in international trade, concentration of poverty, and other demographic shifts—are beyond the control of neighborhood groups. This makes their jobs especially daunting, particularly since they receive support for relatively short time periods. The short-term nature of the funding—and the fact that the funding is performance based—demands measurable results. Some CDCs wonder whether they are capable of fully addressing the overwhelming and complex problems of the cities—especially in light of the political and economic disconnection between many cities and their more affluent suburbs.<sup>11</sup> They recognize that they lack the resources and experience to tackle the severe neighborhood problems brought on by market failure and private disinvestment. In response to changes in welfare policy and possible changes in philanthropic interests, some CDCs are increasingly involved with workforce development and the role that community-based organizations can play in helping urban residents gain access to employment in the region. Still other CDCs see themselves as part of a long-term strategy to remake their communities. They believe that, after decades of work, they can show that

*A CDC's financial condition  
is a clear gauge of its  
capacity and stability*

their efforts have succeeded in changing their neighborhoods for the better.

What kinds of new capabilities do CDCs need to be successful in improving their neighborhoods? The following section reports the perspectives of the CDCs and the partnerships on various types of capacity. To organize our findings, we employed the typology dividing CDC capacity into five interrelated categories:<sup>12</sup>

1. *Resource Capacity.* CDCs must acquire and manage funding from grants, contracts, loans, and other sources.
2. *Organizational Capacity.* The capability of the *internal* operations of CDCs determines their ability to succeed. Several variables affect this kind of capacity: management style and staff skills; the size and experience of the CDCs; the role played by the board of directors; and fiscal capacity (the ability to manage finances).
3. *Network Capacity.* The ability of CDCs to interact and work with other institutions, both within and outside the community, is important to their success. Network capacity represents the important *external* relationships that CDCs develop and maintain. CDCs grow by networking with other community-based organizations and with private firms, philanthropies, educational groups, and political actors.
4. *Programmatic Capacity.* This component includes services offered by CDCs, including building and managing housing, taking on economic development projects, offering technical assistance, and engaging in leadership development, cultural, and educational activities.
5. *Political Capacity.* CDCs try to credibly represent neighborhood residents and to advocate effectively on their behalf in the larger political arena. Their ability to command recognition and support beyond the neighborhood has important ramifications for success.

## RESOURCE CAPACITY

### CDC Views

CDCs across the country told us that they *need stable, long-term operating support, access to new funders, the ability to generate fees from their projects, and better fund-raising skills to develop their resource capacity* (Table 1). Multiyear support, such as that provided by the partnerships, gives the CDCs stability and enables them to add staff with more skills. With additional funding, CDCs can increase the scale and scope of projects and reduce the time required for development. More resources allow organizations to branch out into new program areas. To increase their resource

base, CDCs want assistance in developing fund-raising skills and in finding new sources of support. They also look to the partnerships to introduce them to new funders.

A CDC's financial condition is a clear gauge of its capacity — a strong balance sheet and adequate cash flow are essential to its organizational stability. CDCs recognize the need to diversify their funding and reduce their dependency on grants if they are to remain financially healthy. Many are increasing their self-sufficiency by earning project fees from developing housing or commercial real estate. However, with government subsidies decreasing in size, community-based organizations can build fewer and smaller housing projects. Therefore, project fees are harder to generate. Some CDCs work jointly with private, for-profit developers in order to increase the scale of development projects.<sup>13</sup>

More mature CDCs reported greater success in recent years in generating their own risk capital from development fees and asset management. The unrestricted nature of these internal reserves gives the CDCs the flexibility to invest in projects or programs without the delay of filing an application for predevelopment capital. Their development is faster and they have a greater ability to act on opportunities that require quick responses. They believe they have become more entrepreneurial because of the added freedom made possible by long-term operating support and their own success in the housing marketplace. A Boston CDC director remarked, "With a stronger fiscal capacity from successful projects, we have built internal reserves. Now we have a greater ability to absorb risk. We are able to generate capital internally from fee income and are more self-sustaining. Plus we can move on new projects more quickly."

### Partnership Views

As Table 1 also shows, partnerships respond to CDCs' needs by providing multiyear operating support and assisting CDCs in making contacts with other funders for philanthropic, corporate, and, in some cases, public dollars. The partnerships realize that CDCs' access to financial resources is key to their success. The CDPs see themselves as vehicles for delivering a range of resources to CDCs and for increasing the pot of funds and the number of contributors to CDCs. Partnerships offer a stable source of core operating support to CDCs, usually for three to five years. In addition, the CDPs provide support for strategic planning, organizational assessment, technical assistance, training, predevelopment, community organizing, economic development, and other special purposes. These activities enable the CDCs to come to a single source for many of their "soft" grant needs (i.e., nonproject funding) — financing that is otherwise difficult to find.

### Resource Capacity

#### What CDCs want:

- ♦ *Stable, long-term operating support*
- ♦ *New funding sources*
- ♦ *Fees from projects*
- ♦ *Better fund-raising skills*

#### What CDPs provide:

- ♦ *Multiyear operating support*
- ♦ *Fund-raising assistance from local and national funders in addition to CDP*
- ♦ *Drawing new donors to community development*
- ♦ *Coordination of local funders*
- ♦ *Assistance with bank commitments for CDC housing loans*

*Some CDCs work jointly with private, for-profit developers to increase the scale of development projects*

In most cases, the CDPs want their funding to be “additive” — to increase funding by existing donors and gain support from new ones. They have often achieved this goal. In some cities, the CDPs were able to encourage new donors to support CDCs directly (e.g., the Meyer Memorial Trust in Portland, as previously mentioned). Boston’s Neighborhood Development Support Collaborative was successful in finding a long-term source of funding for CDCs by getting the local United Way to add CDCs as affiliates. With this status, several CDCs receive annual operating grants as part of the United Way’s yearly campaign. Partnerships also help convince national funders (such as The Ford Foundation or the National Community Development Initiative) to support community development in a city for the first time or persuade them to increase their giving. CDPs occasionally “revisit” the agreement for additive funding with their members to be sure that members continue to see the collaborative funds as “new money.” Some CDPs with corporate members found it difficult to continue increasing funding to CDCs because of the frequent changes in corporate giving priorities.

The many mergers in the banking industry have meant that local banks with a history of cooperation with CDCs have been replaced by anonymous decision makers at the acquiring bank’s headquarters office, often thousands of miles away. This economic fact of life has made the job of the partnerships and their CDCs more difficult.<sup>14</sup> Nevertheless, the Community Reinvestment Act has kept the banks involved (some reluctantly at first) in community development, and banks have often found the collaboratives to be useful vehicles for their community investment dollars. As a result of the participation of financial institutions in the partnerships, some CDCs were better able to get commitments for bank financing for their projects than they had been before. The participating banks gained a greater familiarity with community development organizations and issues and were rewarded with more businesslike presentations by, and stronger financial positions of, the CDCs.

It is not the goal of partnerships to provide all the needed funding; they could not, even if they wished to. Since CDP funding is usually temporary, the CDCs must in time find a way to replace those resources. The collaboratives want CDCs to become more effective fund-raisers, augmenting partnership funds with funds from other sources. Partnerships also want CDCs to diversify their funding by increasing the portion of their operating budgets that comes from fees and revenues, making their operations more sustainable and less dependent on outside sources. As other sources of funding for CDCs have declined (especially federal funds channeled through the cities), some CDPs want to ensure that the more limited funding available is used carefully.

## ORGANIZATIONAL CAPACITY

### CDC Views

CDCs identified organizational capacity building as the single most essential component of their efforts to grow and succeed. They argue that there is a great need for support for staff and board training and for help in setting up better management systems within their organizations. Many community-based organizations face issues related to growth. They are concerned with increasing the number and qualifications of staff in both technical and support roles, adapting technology to make themselves more efficient, and improving their financial management and accounting systems (Table 1).

**Managerial support.** Many CDC directors came to their jobs from positions as project developers, social service professionals, or community organizers. Few have extensive managerial experience in running a nonprofit development organization. The more CDCs grow and mature, the more they need experienced management—particularly an experienced executive director—to oversee and lead the rest of the staff. This is especially true given the CDCs’ desire to maintain multicultural organizations, involve more neighborhood people, and encourage teamwork. CDC directors want to develop better personnel policies and receive more help with human resource management. They also want training in team management and the implementation of “total quality management” practices. CDC directors also reported that they frequently need assistance in fund-raising, communications, and public relations.

**Staff development.** CDCs affirm that their experience and the expertise of staff, as well as their number, are essential estimates of their organizational potential. The addition of technical staff members—who are able to manage housing development, construction, or commercial projects—is a critical feature in the ability of a CDC to increase its production. A Detroit CDC reported, “The collaborative grant allowed us to hire a construction manager, and we were able to go from three to seven houses a year.”

Some CDCs (e.g., in Detroit) noted that the difficulty of finding people with appropriate qualifications limits their ability to move forward, while others (in Los Angeles and Washington) found retaining employees a critical issue. The low salaries and meager benefits that CDCs are able to offer, coupled with the huge workloads, make it difficult to attract and retain qualified staff. CDCs pointed out that it takes as long as two years to train someone who begins work with little or no development experience. Unfortunately, once trained, many of these people leave for higher paying jobs with public agencies or private developers. When retention is increased, however, capacity grows. Some Boston CDCs noted that because of the large pool of graduate students in the area, they have been able to hire a number of experienced people

### Organization

#### What CDCs want:

- ♦ Managerial support and training
- ♦ Ability to attract and retain skilled staff
- ♦ Well-developed personnel policies
- ♦ Competitive compensation and benefits
- ♦ Staff and board training
- ♦ Leadership and board development
- ♦ Financial and internal management systems

#### What CDPs provide:

- ♦ Organizational benchmarks to promote best practices
- ♦ Organizational assessments and strategic planning
- ♦ Staff and board training
- ♦ Performance-based funding for business-like operations
- ♦ Financial management systems and training
- ♦ Support for CDC consolidation/mergers

*The realities of funding and development cycles make it difficult for CDCs to maintain staffing stability and, therefore, organizational stability*

and maintain greater staff stability. A CDC project manager remarked, "Our staff have all been here for more than three years, so we have a better understanding of the neighborhood, and we can work as a team because we have learned how to work together."

Larger staffs help CDCs expand their production and services. However, the realities of funding and development cycles make it difficult for CDCs to maintain staffing stability, and therefore, organizational stability. Some CDCs noted that they cannot add staff gradually; they must hire and fire in spurts whenever funding increases or declines. A common theme echoed among the CDCs was that they "don't want to be an accordion," forced to increase and cut staff slots in line with short-term changes in funding. Long-term support from CDPs allows CDCs to keep staffing stable. CDCs also identified organizational depth as an important staff issue. Greater depth allows a CDC to have more than one person in a department; this helps to reduce stress and burnout and provides for succession. To increase flexibility, many CDCs rely on consultants for certain technical aspects of development; this arrangement gives them the skills they need without expanding their workforce.

CDCs suggested that they have several successful strategies for retaining staff. They offer flexible hours and a pleasant workplace environment, invest in training for staff, involve staff in organizational planning and decision making, and give people more prestigious job titles. Obviously, more money for higher salaries would help retention efforts greatly.

**Leadership development.** Increasing leadership in the community is another CDC organizational goal, especially through board development. Los Angeles CDCs reported the need to have more support for board development. Many CDCs also want to bring CDC boards together to build a citywide voice for neighborhoods.

**Financial management.** Developing financial management and accounting systems is critical, especially for growing CDCs. With complex financing arrangements and multiple funding sources, CDCs need sophisticated systems to manage their operations and produce housing and required financial reports. Having a knowledgeable chief financial officer responsible for financial management (someone whose experience goes beyond basic bookkeeping) is an advantage that many of the larger and more mature CDCs have gained, often with partnership support. Managers (and board members) are also learning to analyze financial reports and to make cash flow projections so critical cash shortfalls can be avoided. However, CDCs often require upgraded computer hardware and software to support these systems, as well as training for staff to maintain and analyze the data.

## Partnership Views

*Increasing organizational capacity of the community development corporations is a major function of the partnerships.* Although, as one CDP director noted, “We don’t have a model for what the ideal CDC looks like,” many partnerships have developed or adapted performance benchmarks for CDCs that cover “best practices.” Boston’s Neighborhood Development Support Collaborative and the Pittsburgh Partnership for Neighborhood Development formulated early lists of CDC performance objectives that identified good practices in the areas of defining the mission statement, staffing, governance, financial management, tenant and community relations, housing development, and management. Many of the later CDPs drew on these lists to design their own performance benchmarks. Cleveland’s Neighborhood Progress, Inc., developed a comprehensive self-assessment tool for CDCs that evaluates performance in legal matters, financial management, human resources, facilities, governance, and planning. It also includes standards for information technology, fund development, community relations and advocacy, program management and property management. The New Orleans Community Development Collaborative further refined the tool to help new CDCs identify where to focus organizational assistance.

In each city, differences in the experience and maturity of the CDCs have required the CDPs to develop appropriate models for varied CDC operations. Organizational benchmarks for new or emerging community organizations are unlike the standards for more experienced ones. Some CDPs work with both mature and emerging CDCs and have tailored their support and standards accordingly. For example, in Washington, the Community Development Support Collaborative asks the CDCs to identify their place in the nonprofit organizational life cycle and to relate their funding to the needs of that cycle. As shown in Table 1, the partnerships support the following:

**Assessment and planning.** The partnerships have made significant contributions to organizational development by requiring greater use of performance assessments and strategic planning. CDCs hire outside consultants to conduct organizational evaluations as a condition of receiving CDP operating support grants. These assessments give CDCs individualized analyses of their operations and specific recommendations for improvement. CDCs can then develop strategic plans and request operating funds to implement the plans. These procedures also give funders a guide for establishing priorities of core support and calculating expected outcomes from the grants. As a rule, the CDPs reported that these appraisals were useful to the CDCs and successful in pinpointing ways to improve their internal operations. In some cases, the organizational assessment consultant also “hung in there” to help

*The partnerships have made significant contributions to organizational development by requiring greater use of performance assessments and strategic planning*

*“CDCs need to define the right staffing pattern; they can’t just move a person from housing to economic development as they shift focus”*

– Director,  
Boston collaborative

the CDCs implement recommendations. Some of the CDPs allowed the CDCs to engage the consultant of their choice (usually from a preapproved list) and to direct the assessment within a generally defined scope. In other cases, the partnership engaged a single consulting team to do the assessments of all the CDCs in the program. Each approach offers pluses and minuses; autonomy for the CDC versus consistency for the CDP is the most obvious trade-off.

**Staff development.** CDPs recognized that the small staff size of most CDCs limits their ability to grow and take on larger-scale activities and adds to the stress on executive directors and to the instability of CDC organizations. Thus, several CDPs have helped CDCs hire a “number two” manager to focus on internal management systems and provide for more stability in management succession.

Because of their awareness of CDC staffing problems, partnerships frequently focus on personnel issues. This helps CDCs develop career paths within the organization and the industry. Increasing diversity of CDC staff is also desirable. Recently, a national program, the Human Capital Development Initiative,<sup>15</sup> focused on CDPs as the principal delivery vehicle for grants to help CDCs attract and retain qualified staff. Some CDPs see a need to define or suggest appropriate staffing patterns for CDCs according to their level of development. They also provide training for CDC staff.

A number of CDPs support management training for the CDC executive directors. In Cleveland, NPI has organized a sophisticated management consulting and training program (called Quantum Leap) to give CDC executive directors new skills. The Detroit collaborative convenes CDC directors in a community development organization advisory group as a way of helping executive directors share experience and information with each other. Few CDPs offer organized peer-to-peer training programs, but some informal relationships have developed among the CDCs participating in the programs.

As CDCs branch out beyond housing development, the CDPs are concerned about what the new requirements for CDC staff will be and how to plan for these new requisites. Some believe that neighborhood groups need to share staff in economic development or some other specialty. As the Boston collaborative director noted, “CDCs need to define the right staffing pattern; they can’t just move a person from housing to economic development as they shift focus.”

**Financial management.** Many CDPs provide support to upgrade financial management systems in the CDCs, which are a critical part of the infrastructure needed to expand production. In many ways, this support is among the most concrete and specific assistance the partnerships offer the CDCs. CDP support for fi-

nancial management has included funds for technology upgrades (software and hardware), training staff and boards in financial analysis, budgeting and cash flow projections, financial audits, and the addition of dedicated financial management staff. Pittsburgh and Boston offered financial management training to the CDCs. The Detroit collaborative set out to design a financial software program for all CDCs to use, an effort that ultimately proved to be time-consuming and ineffective. Instead, the CDP director designed financial reporting forms that helped provide consistent data and clarified required kinds of financial information. With better internal financial and reporting systems, the CDPs noted that CDCs were better able to qualify for bank loans—both for lines of credit for operations and for project financing.

**Community representation.** Some CDPs support policies designed to increase the level of neighborhood representation in the CDCs' governance and programs. Several CDPs provide support for CDC board training. Many stress the importance of developing the skills of the CDC board members because they are representatives of the neighborhood and volunteer leaders. CDPs acknowledge that strong CDC boards composed of active community residents are essential to providing continuity and vision and help the CDCs survive staff turnover and changes in political administrations. As a new CDP, the New Orleans collaborative, reported: "Broad-based community involvement in the CDCs and leadership development is very important. But this will take time. The understanding that CDCs need to involve and be accountable to the community residents is still a new concept here." In the more established CDPs, however, there is some concern that the drive to make CDCs more businesslike and professional not come at the cost of the CDCs becoming detached from their communities.

**Consolidation.** In the changing funding environment, some collaboratives have suggested that CDC mergers might lead to increased efficiency. The partnerships argue that some CDCs are too small and inefficient to produce large amounts of housing, and that there is much overlapping turf among the CDCs. Proposed mergers evoke strong emotions in neighborhoods and are difficult to implement. Cleveland was the most active (and, some say, heavy-handed during the early 1990s) in promoting mergers and consolidations among CDCs in the early and mid-1990s; however, NPI encountered much resistance and had difficulty achieving an increase in operational efficiency through mergers.<sup>16</sup> Nonetheless, CDPs reported that, although resistant to mergers, many CDCs have established more formal collaborative relationships with each other in recognition of the limited resources available and the specialized skills that some groups have developed. In Boston (and some other sites), the CDPs are considering offering incentives for CDC collaboration to achieve greater efficiency. The incentives might include grants that require CDCs to demonstrate collaborative development plans, or funding for a staff position to be shared

*CDPs are considering offering incentives for CDC collaboration to achieve greater efficiency*

### *Networking*

#### What CDCs want:

- ♦ *Networks with other CDCs and nonprofits*
- ♦ *Networks with firms and training organizations in the region*
- ♦ *Joint development projects with for-profits*
- ♦ *Expansion of board networks in the community*

#### What CDPs provide:

- ♦ *Networking help among CDCs and between CDCs and for-profits and nonprofits*
- ♦ *Community development education for funders*

by more than one CDC. In the future, the sense of urgency for CDC collaboration or consolidation may increase if the available funding is reduced and some CDCs are not able to produce enough housing.

## NETWORKING CAPACITY

### CDC Views

Many community groups said that they had increasingly collaborated with one another, calling upon each other's individual strengths and thereby avoiding the duplication of services. Nearly all CDCs said that they wanted to develop networks with other CDCs (see Table 1). Their goals also included working with other nonprofit agencies in the neighborhood and increasing their interaction with private-sector businesses and funders. Several CDCs noted that working in coalitions is a common practice but one that takes a lot of time and effort.

In some Portland neighborhoods where CDC target areas overlap, the network of CDCs helped to leverage support for overall development because their projects complemented one another's. In Boston, CDCs reported collaboration or strategic alliances in economic development, small business lending, and home repair lending. For example, one CDC contracts with another to provide small business lending for its neighborhood. In Washington, CDCs often act as coordinators of social services in the neighborhoods, without being direct service providers themselves. Some Washington CDCs require their staff members to join other community organizations (block clubs, PTAs, and so on) to further strengthen their connection to the neighborhood, raise awareness of community issues, and improve communication.

The more proficient CDCs report that they are often approached by other neighborhood nonprofit agencies to oversee the development of their facilities. This process can strain existing capacity, but it also helps improve neighborhood cooperation and cohesion. CDCs in several cities served as catalysts for community and neighborhood strategic planning efforts that involved residents and other organizations. Several CDCs have improved their communications within the community and now need support for greater community outreach. CDCs also want to develop better models for joint ventures. They look for both less-experienced nonprofits they can assist and private developers who bring market experience to the joint ventures from which they can learn. Some CDCs, including those in Cleveland and Portland, are undertaking workforce development strategies that will involve them in networks with employers and training agencies throughout their regions.

CDCs also use their boards to extend their networks in the community. A Boston CDC director said, "To broaden our com-

munity base, we ask our board members to share their networks of friends and neighbors. We ask each board member to work on turning out residents at our annual meeting. Some don't think they have any followers but discovered they did have people to call."

### Partnership Views

*The CDPs encourage and facilitate networking among the CDCs and between CDCs and other actors (see Table 1). Several CDPs see a need to develop partnerships of CDCs and for-profit developers. They believe that more joint ventures may be a way to ramp up production. Portland funders would like to encourage more turn-key development by private developers with the CDCs playing a role in the project concept, marketing and resident selection, and management.*

Partnerships support CDC efforts to develop formal cooperative relationships with each other and with other organizations. As part of the comprehensive redevelopment of neighborhoods, some funders believe that CDCs need to "sharpen relationships with other agencies in neighborhoods" and coordinate with the other nonprofits and social service agencies serving residents. With so much work to be done in neighborhoods, networks can "extend the capacity" of many community organizations, noted the Camden CDP. In Boston, funders reported a perception that the CDCs have received too much attention and funding at the expense of other community-based social service organizations. "Where is the collaborative for youth services?" a Boston funder asked. In Portland and elsewhere, new efforts on workforce development will involve the CDCs in networks with regional employers, training institutions, and others. In this effort, the Portland partnership is working jointly with the Ford-funded CDP in Seattle.

*Partnerships support CDC efforts to develop formal cooperative relationships with each other and with other organizations*

## PROGRAMMATIC CAPACITY

### CDC Views

*Housing development is the primary program focus of most of the CDCs. Increasingly, however, CDCs are undertaking retail projects, economic development, and community organizing (Table 1). Some CDCs also operate educational, social service, and cultural programs.*

**Housing development.** Essential to success is the number and scale of housing projects CDCs undertake. The CDCs must exert a sustained effort and find support to attain a record of accomplishment, establish solid relationships with funders, and navigate complex financing programs. This kind of competence takes practice and time to acquire. A Boston CDC noted that during its first 22

### Programs

#### What CDCs want:

- ♦ *Housing development and management*
- ♦ *Economic development and retail trade*
- ♦ *New programs in workforce development and finding jobs for local residents*
- ♦ *More active efforts in community organizing*

#### What CDPs provide:

- ♦ *Limited amounts of predevelopment risk capital*
- ♦ *Support and training for housing and other asset management*
- ♦ *Limited support for community organizing*
- ♦ *Growing support of economic development projects and workforce development programs*
- ♦ *Establishment of community standards for production*
- ♦ *Technical consultants for housing production and preservation*

*Increasingly, CDCs are undertaking retail projects, economic development, and community organizing*

years, it developed 700 units. It now has about the same number of units in the pipeline to come on-stream in the next three to four years. On a smaller scale, a Portland CDC was able to build five houses during its first ten years, but in the next five years it built twenty-one.

CDCs are often frustrated in their efforts to expand on their housing development experience because programs change and the subsidies and financing essential to affordable housing development are cut. This makes it very hard to capitalize on past learning and increase the scale of their projects. Smaller projects take the same amount of effort but produce lower fees. In some cities, like Boston, the CDCs have become innovators in designing new financing models for housing projects. In Detroit and Los Angeles, reduced public funding for housing and changing political winds make it difficult to garner attention for innovative housing projects or financing models. A Los Angeles CDC director lamented that “trying something new is a tremendous challenge. Innovations take time to explain and there is often a vacuum of experience or interest in the public agencies to make it happen.”

With increased housing portfolios, CDCs are becoming more capable in property and asset management. Some CDCs have used property management as a way to increase income and thus expand their scale of operations, providing entry-level opportunities for neighborhood residents.

**Economic development.** Most of the CDCs, and the collaboratives that support them, focus on affordable housing. However, we found that CDCs in every city also identified the need to engage in economic development and job training. The continuing decentralization of regional economies and concerns over the adverse impacts of the new welfare legislation on low-income neighborhoods drive this activity. Yet, CDCs have less facility in economic development than in housing. “Identifying business opportunities and supporting new business growth is a lot harder than doing a few houses,” a Detroit CDC acknowledged. Since economic and commercial developments are market based, they require close connections with employers and businesses both in the neighborhood and throughout the metropolitan region. CDCs have relatively little experience here. Some CDCs have been reticent about getting more involved in economic development. They are unsure that they can generate income from economic development projects as they have from housing. This factor raises questions about supporting these newly developed skills.

CDCs recognize that the staff skills and experience needed for economic development are different from those needed for housing. Often these staffers command higher salaries, which places pressure on CDCs’ compensation structures. To be active in economic development, CDCs need help in sectoral analyses of local industry and in developing and using databases on the

neighborhood and regional economies—e.g., with geographic information systems. CDCs want to find models of successful projects and learn more about effective strategies for commercial development. The chief impact CDCs have had on economic development to date has been in the areas of commercial real estate and community facility development (e.g., child-care centers). However, CDCs are increasingly involved in coordinating services like child care, transportation, and job training that enable residents to find employment.

Differences in cities' economies help determine CDCs' roles. For example, in Portland, where there is a rapidly growing economy and "hot" real estate market, CDCs are focusing less on inner-city housing because high land prices have made affordable housing more difficult to provide. Instead, they have turned their attentions toward workforce development, making efforts to place people in suburban jobs. In Detroit, where jobs are scarce, CDCs are looking for ways to connect their constituents with suburban jobs and are trying to plug the leaks of money out of poor inner-city neighborhoods. CDCs in Washington are studying job training and readiness issues for the main employment sectors in the region. Others continue to focus on the hard-pressed inner-city neighborhoods that they represent.

**Community organizing.** CDCs in most cities told us they need to pay more attention to community organizing, including helping people in the community understand key public issues (such as funding decisions, schools, and zoning), teaching them to run effective community meetings, finding other ways of increasing empowerment, and mobilizing community residents to take control of their neighborhoods. A Detroit CDC director declared, "Organizing is critical because we work in neighborhoods where the private sector doesn't go. If I rehab a house, five more are abandoned in the same period. The only way I can see to protect our investment is by organizing safe zones." Other Detroit community groups want help in organizing outside the city borders, a challenging task that requires new kinds of metropolitan organizations to build coalitions around land use and tax-sharing issues.

Many CDCs noted the difficulty of raising money for community organizing. CDCs have found some funders are afraid that organizing is "too confrontational" and believe that its impact is hard to gauge. Often, CDCs justify organizing efforts in their budgets as part of outreach to tenants in their housing developments. CDCs in several cities noted that they fund organizing internally to the extent they can because they believe it is so important. A Los Angeles CDC director noted that since funders don't support organizing, "we use unrestricted funds and developers' fees that we have control over to support community organizing." In Boston, the collaborative and the CDC association have joined together to support a community-organizing initiative that will provide

*CDCs in every city  
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economic development  
and job training*

*CDCs in several cities noted that they fund organizing internally to the extent they can because they believe it is so important*

training and funding for CDC organizers. In Portland and elsewhere, CDCs are affiliated with citywide organizing coalitions.

### **Partnership Views**

Increasing CDCs' productivity by building programmatic capacity is an essential rationale for the CDPs' existence. The collaboratives provide technical support and training to help the CDCs gain more skill in designing and implementing housing and other programs that serve neighborhoods.

***Housing development and preservation.*** Partnerships help CDCs find technical consultants and professionals to work on CDC housing projects and assist the CDCs in creating more valuable programs. In Newark and Detroit, the CDPs use "shadow developers" to provide technical assistance on affordable housing projects. These consultants can keep projects moving and show CDC staff how to manage the complex steps of urban development. Their assistance includes coordinating project design, permitting, construction estimating and bidding, financial packaging, contractor oversight, marketing, and sale or lease-up. As program capacity has grown in housing development, some CDPs want CDCs to increase the size of projects to become more efficient and to lower unit costs. In Cleveland, the partnership has used three techniques to increase housing development: It has supported CDCs' efforts, worked with housing intermediaries (such as the Cleveland Housing Network) to increase production, and carried out projects on its own. A Portland funder wondered if the Neighborhood Partnership Fund should consider underwriting a few large CDC developers who could take on "mega projects."

CDPs often provide predevelopment funding or "risk capital" to enable CDCs to undertake the project feasibility analyses needed before financing can be sought from banks. In cooperation with the City of Boston's HOME program, the Boston collaborative provides early stage project-related funds for staffing. Other CDPs have used funding from the National Community Development Initiative for predevelopment financing or have created local pools of project risk capital for CDC projects. As previously noted, several CDPs are located in cities with local offices of the Local Initiatives Support Corporation (LISC) or the Enterprise Foundation. These national intermediaries frequently collaborate with the partnerships to provide predevelopment funding for CDC projects.

CDPs have increasingly supported efforts to increase CDC capacity to manage the housing they have developed. Training in asset management has been added in several cities. CDP funding for asset management plans has helped draw attention to the CDCs' long-range stewardship responsibility for preserving housing for low-income residents.

**Economic development.** More recently, CDPs have begun broadening their agendas to support economic development work by CDCs. Cleveland's NPI, which has supported commercial development for a long time, contends that it is "important to integrate programs in housing and economic development." Portland's NPF is helping CDCs devise programs for workforce development, including job training, child care, and other services. Boston's NDSC supports training for CDC staff in economic development and in managing small business and microenterprise loan funds.

**Community organizing.** CDPs are concerned with community representation in the CDCs and their outreach to the residents of the neighborhood. However, many CDPs are reluctant to provide support for community organizing unless it is related to housing or economic development projects. "We fund community organizing if it is integrated into the program and supports the housing," a Detroit funder reported. However, support of broad-based organizing is increasing. Portland's NPF has provided CDC staff and boards with some training in community organizing and supported the CDCs' organizing efforts. Boston's NDSC is embarking on a new program with the Massachusetts CDC association that offers community organizing training to CDCs and funds organizer positions in some of the CDCs. In Pittsburgh and Philadelphia, the partnerships have supported CDCs in community planning efforts that have required the CDCs to conduct extensive outreach in the community and involve the neighborhood residents.

*Portland's NPF is helping CDCs devise programs for workforce development, including job training, child care, and other services*

*Boston's NDSC supports training for CDC staff in economic development and in managing small business and microenterprise loan funds*

## POLITICAL CAPACITY

### CDC Views

Community groups seek the help of CDPs in furthering their community development agendas in the public arena. Political skills vary substantially from group to group and from city to city, although all recognize the need to influence public policy (see Table 1). In Boston and Portland, close and supportive relationships with politicians and public officials enable the CDCs to have good working relationships with the city government. In those cities, effective CDC associations advocate on behalf of the CDCs and help to shape policies. City governments in these cities pooled some of their Community Development Block Grant or HOME funds with the CDPs. Those CDPs are now in charge of designating which community development corporations receive funding. One concern about this arrangement raised by the CDCs in Boston is that the HOME funds require the Neighborhood Development Support Collaborative to make its operating support more contingent on project development. In Portland, the CDCs are concerned that a close association with the city could politicize the Neighborhood

### Politics

#### What CDCs want:

- ♦ *Greater recognition and support of community development by city government*
- ♦ *More responsive public agencies and city development programs*
- ♦ *CDPs that are more active in promoting reforms with the city*
- ♦ *Better public relations and communications strategies*

#### What CDPs provide:

- ♦ *Liaison with “downtown” interests*
- ♦ *Behind-the-scenes negotiations with governments and private investors*
- ♦ *Support for CDC trade associations*
- ♦ *Increased public awareness of neighborhood-based development*

Partnership Fund’s efforts and hurt its ability to raise private funds locally. For example, some observed that local funders might see NPF as having “all that city money” and, therefore, deem it to be less in need of other resources.

Relationships between the CDCs and city governments are not uniformly positive. CDCs in Detroit and Washington, for example, see the city governments as obstacles to development, contending that the bureaucracies are difficult to work with. This is especially true regarding property disposition and the release of project funding. CDCs do not see the CDC associations in these cities effectively representing their interests or working toward solutions to their problems with the city bureaucracies. The majority of Detroit CDCs blamed the city for delaying housing projects with their ineffective processes for land disposition, permitting, and funding. Washington CDCs noted that the District government has supported them with contracts but rarely releases funds promptly. CDCs also believe that a District government that is not business-friendly frustrates their economic development efforts.<sup>17</sup> Los Angeles CDCs say that current Mayor Richard Riordan is not as interested in housing development as his predecessors were. In addition, they find it difficult to influence housing policy and maintain public funding priorities for housing. In Philadelphia, feelings toward City Hall are mixed: The housing office is seen as cooperative, but under the city’s ward system, CDBG funds are often spent politically, not strategically.

All CDCs expressed the need for better communications and public relations strategies. They seek recognition as credible producers and want to increase the public’s awareness of neighborhood issues. CDCs hope to improve their conflict-resolution skills in order to deal with dissent in their neighborhoods and help promote a unified voice on issues concerning their constituencies.

### Partnership Views

*Funders recognize the importance of political capacity – the ability to influence public policy – and support this indirectly, as shown in Table 1. Funders generally want to avoid the overtly political aspects of community development despite the acknowledged need for the CDCs to mobilize community support and advocate for community issues.*

Partnerships see the benefit of CDCs advocating as a group to draw the attention of policymakers to the importance of affordable housing. Many CDPs support CDC trade associations or nonprofit housing networks and expect these organizations to take on an advocacy role with the local government. They are seen as the best vehicle for CDCs to develop political influence as a group. As the Los Angeles CDP funders asserted, “It is not our role to do advocacy for public funding – it is the role for the CDC trade as-

sociation.” In Portland, NPF has supported the Community Development Network, which has become an important force in the city as an advocate for affordable housing. In Washington, DC, however, the Community Development Support Collaborative reported that a coalition of nonprofit housing developers it funded was not as effective as had been hoped because the CDCs did not see the coalition as their delegate.

## IV

### EFFECTIVENESS OF PARTNERSHIPS IN INCREASING CAPACITY

#### LESSONS FROM PARTNERSHIPS’ EXPERIENCES

The community development partnerships reflected on their experiences and shared their insights on improving CDCs’ work with us. *An essential lesson learned by several of the CDPs is that building capacity takes time.* “We must be patient,” one funder noted. To become effective developers, the CDCs must be accountable to the neighborhood, but developing solid CDC-neighborhood relations is a long-term process. Although it is difficult at times to take a long-term perspective, several funders explained that the partnership’s relationship with the CDCs must be for “the long haul.” For example, the CDPs reported that capacity needs in some cases were much more basic than they had first thought, and they discovered it is time-consuming to put organizational systems in place. Some of the older CDPs found that, over an extended period, their relationship with the CDCs changed and became more cooperative as the CDCs participated in the design of programs.

CDPs have learned from their efforts to help community groups become more businesslike. Standards for CDC organizational management and financial systems (including job descriptions, audits, and regular financial reporting) have helped make the CDCs more professional and better able to raise other funds. A Philadelphia funder told us that “PNDC set uniform standards for the CDCs. This kind of businesslike activity helps CDCs raise money elsewhere.” The New Orleans collaborative director added, “The collaborative’s role is to raise and reinforce the standards for CDCs.” A funder of the Detroit collaborative reported that “a new standard of practice was set by the collaborative, a level of CDC accountability with ‘big-time’ funding” that was previously unknown.

Helping the CDCs plan and improve their organizations has been a critical contribution to increasing housing production, especially with the younger CDCs. In Portland, where NPF helped

*Funders generally want to avoid the overtly political aspects of community development despite the acknowledged need for the CDCs to mobilize community support and advocate for community issues*

several CDCs get started, the focus on a strong organizational foundation has paid off. After five years, the CDC substantially increased the size and scale of its affordable housing developments.

Funders in the partnerships have also learned the importance of becoming better educated about community development. The New Orleans collaborative director noted, “Funders also need to be educated about community development values and expectations. There is a tension over goals for units produced and the CDC organizational development goals. This is a human capital investment, which is a slower route to housing production. Funders want to see visible (physical) change in neighborhoods, but it is not an either-or situation.” A gap still exists between the perception of some funders and CDCs about what constitutes progress. As a Detroit funder told us: “Businesses are looking for faster results now in corporate giving; their giving is more tied to their business strategies. Corporate givers expect results right away and with quantifiable outcomes. But CDCs are satisfied with getting funding just to continue their operations.” At the same time, funders agreed that housing production is still important to CDCs because it is a visible evidence of improvement to the neighborhood and offers a tangible success.

In some cities, the CDPs learned that involving the city agencies in their programs was a positive experience that increased the coordination of resources. A Boston collaborative representative reported, “Bringing the city into the collaborative is a very positive thing; it could be even more positive, but it is very important. We don’t want to go back to the time when the private money acted alone.” In some other sites, the CDPs learned they were able to influence city policy for community development chiefly by helping the CDCs “get their act together.”

## PERSPECTIVES ON MEASURING CAPACITY

How do partnerships know if they are successful in augmenting CDC capacity? How do they measure the results of their investment in CDC infrastructure? The CDPs have all struggled with the question of how to estimate the impact of their funding on CDCs’ success. As noted above, some CDPs developed benchmarks tailored to individual CDCs. Many of these yardsticks are helpful in determining how increased funding results in changes in the CDC organization, and eventually in its output and impact on the community. Some CDPs also try to define more specific measures that can be tracked over time to give a better understanding of the effectiveness of capacity-building funding on neighborhood revitalization. However, CDPs to date have not used consistent success indicators. Many have relied on subjective impressions to assess the effectiveness of their support.

In evaluating their progress in helping CDCs and supporting neighborhood revitalization, many of the CDPs thought that they have had considerable success. In the broadest sense, some CDP funders reported that the neighborhoods “feel different now” — there is evidence of more investment and development activity than before the partnership began. However, while these funders believe greater CDC capacity contributed to neighborhood improvements, they realize that these changes cannot all be attributed to the partnership or the CDCs.

Many CDP participants believe that their efforts have begun to bear fruit. From the perspective of the funders, there have been numerous improvements to CDCs’ operations. A Washington funder said, “CDCs are turning into nonprofit businesses; we are building CDC infrastructure.” As a result of CDP support and technical assistance, another funder added, “CDCs are more strategic in their projects.” In Detroit, the CDP noted, “We have had the biggest impact on ‘developing’ groups, those in the middle that have only one or two staff. We have had less impact on the ‘emerging’ or new CDCs that are slow to install systems, or on the mature CDCs who have too much baggage from past problems to make quick progress.” Some believed that although clear progress had been made, the CDPs needed to develop better benchmarking and performance-measurement systems to track the results of their investment in the CDCs.

Several collaborative members reported that a greater level of trust had developed between the funders and the community organizations because of their interaction in the CDP. This growing mutual confidence has improved the climate for community development. These funders now see themselves as long-term partners of the CDCs. “We have improved the relationship between CDCs and funders. We have evolved beyond grant making to collaboratively plan new strategies in economic development, community organizing, and human capital. We have a more coherent strategy,” a Boston funder said. “We’ve become more mature and the CDCs have become more mature,” a Washington, DC, CDP board member commented.

Many funders related that the CDCs were not the only ones who have gained from participation in the CDP process. One said, “We are more effective funders as a result of the partnership.” Through involvement in the CDP, some funders learned more about community development and were better able to help forge a citywide consensus on the importance of neighborhood issues. “We have developed a common vision of neighborhoods,” a Washington funder reported. Other joint-funding initiatives have gained support more easily because of the relationships built into the CDP framework. “We have been able to undertake more collaboration among funders,” a participant said.

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— a Washington funder

*Most CDCs want their performance to be judged by what their constituents value*

Partnerships also acknowledged that not all of their efforts have been successful. In some sites, for example, arranging for effective training for CDC staff has been problematic. Partners realized that their training should have included more attention to helping CDCs increase their fund-raising skills. At least one CDP admitted that, although it had hoped to influence city support for housing and CDCs, it had not made a concerted enough effort and had not achieved that goal. Some of the CDPs also conceded that they must become more flexible in adapting to changes in the environment; they thought that a lack of flexibility had led to missed opportunities in taking advantage of other funding.

As more time and money are invested by the local collaboratives, neighborhood groups and the partnerships in all these cities look for more precise methods of calculating the impact of their funding on CDC infrastructure and capacity. At present, there are no consistent data compiled by the CDCs or the intermediaries, so it is difficult to establish common benchmarks for performance or to assess the impact of CDPs' strategies as a whole. A common set of measures could help produce a picture of how CDCs increase capacity and what their impact is on their neighborhoods. Both the CDCs and the partnerships prescribed a variety of ways to think about measurements that are useful to consider and that we hope to use in later stages of our research.

### **CDC Suggestions for Measuring Capacity**

The community organization leaders recommended a mix of quantitative and qualitative variables to assess the changes in their capacity. Several community organizations were required to construct performance measures by funders and thus had begun "to count everything." CDCs and other nonprofits have found that performance-based funding requires far more quantification of outcomes than other kinds of funding. This, in turn, has led to the need for more assistance in data management and analysis. Some CDCs have hired interns to help with data collection, analysis, and reporting.

Most CDCs want their performance to be judged by what their constituents value. Increasingly, CDCs see how using outcome data helps them improve their programs and services as well as adds support to their funding proposals and reports. For example, one CDC uses the goals defined by residents of its housing projects to gauge how well it performs. An analysis of the rates of rent collection in its apartments by one Washington CDC unexpectedly showed that formerly homeless tenants were more consistent in paying their rent than those for whom credit checks had been done.

CDCs proposed that benchmarks should identify improvements in their capabilities over time. For each CDP program, the CDC's capacity should be compared to baseline data to show the

progress and impact of the CDC's efforts. This implies regular updates of the outcomes. A Washington CDC noted it is trying to collect appropriate information on the businesses and services in its neighborhood to establish baseline data against which it can compare future development activities. A Los Angeles CDC recommended that funders use qualitative measures of CDC performance tailored to each group's level of experience.

CDCs proposed the following specific ways to calibrate their capacity:

**Production.** CDCs recognize that tangible output is the clearest measure of program capacity. They suggest counting increases in the number of units produced or rehabilitated by the CDC over the CDP funding cycle (in housing, commercial, or other types of physical development projects). They also recommend calibrating production capacity by project operating budgets with positive bottom lines and adequate reserves.

**Community participation.** CDCs believe that they play an important role in increasing resident participation in neighborhood decisions. They suggest gauging this impact through increases in the number of resident leaders and public speakers; increases in the number of people who turn out for public meetings; increases in neighborhood voter turnout; and changes in how public money is spent in the neighborhoods, consistent with the CDC's and residents' direction.

**CDC organizational changes.** Capacity reflects the strength of the CDC's staffing, management, and financial condition. CDCs suggest estimating organizational change by the increase in the depth of staffing. For example, one could include the number of staff responsible for programs as outlined in an organization chart at the beginning and end of the CDP funding cycle. Another possible measure is whether staff are prepared for succession to CDC leadership if necessitated by the departure of the group's director. Other proposed measures of CDC financial condition include changes in a financial situation (assets and fund balances), alterations in the number of funding sources and diversity of funding, and shifts in the CDC's operating budget and reserves. Other estimates of CDC strength involve changes in availability of credit, lines of credit, financing, and bank relationships.

**Community impacts.** CDCs expect their actions to have a positive impact on the community. They say that these impacts should be discerned through increases in neighborhood property values; decreases in slums or deteriorated housing; reductions in the number of homeless in shelters; decreases in crime and fire rates; and increases in the number of trees planted and vacant lots cleaned up in the neighborhood. CDCs also argue that measurement of community impacts should include "an emotional side," i.e., gauging residents' perceptions of neighborhood through a neighborhood attitudes survey.

*Capacity reflects the strength  
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financial condition*

*Economic impacts.* CDCs also recommend that CDC capacity growth reflect neighborhood economic vitality. Prescribed measures of economic impact include increases in the number of businesses and jobs created in the neighborhood; increases in the number of neighborhood people in union apprenticeships; increases in the number of residents employed full-time; increased economic viability of the neighborhood; and a comparison of the taxes paid by the CDC and residents of CDC projects to the amount of services delivered by the city to the neighborhood.

Other examples proposed by the CDCs in our focus groups include estimates of CDC output and the impacts of the CDC programs on the community. Establishing a reasonable time frame for analyzing data and devising a system for attributing the outcomes to CDC actions are difficult issues, however.<sup>18</sup> Still, CDCs expect that the sum of their efforts will lead to positive outcomes over time and that tracking some combination of these factors will demonstrate their overall capacity.

#### **Partnership Suggestions for Measuring Capacity**

Overall, partnerships want to see CDC growth as a result of their assistance, as highlighted by the CDC's financial assets, staff, project output, scope of projects, community planning, and vision for neighborhoods. The partnerships suggested specific measures; some are quantitative, some qualitative.

*Housing units.* The clearest accounting of success for most partnerships is the CDC's housing production – new construction, rehab, rental, or homeownership units. Beyond counting the “bricks and sticks,” CDPs advise examining increases in the scale of projects. The speed of project completion and the “downtime” can also track housing output between projects. The CDC's pipeline of projects presents another way of looking at ability.

*Accountability to the neighborhood.* Several of the CDP funders proposed measures for CDC accountability to the neighborhood. They recommend calculating increases in neighborhood leadership development (the number of people involved; the number of leaders “who can approach the banks”). Other ideas include counting the number of formal neighborhood meetings, attendance at meetings, public approvals of CDC projects, board and membership composition, and the number of committees in order to gauge whether the CDCs have broad-based community involvement. Some funders assert that informal measures of CDC involvement in the community can also be observed – e.g., seeing CDCs referenced in funding proposals from other neighborhood organizations, or seeing CDC outreach to other initiatives that funders support in the neighborhoods.

**Organization and staff capacity.** The CDPs suggest that having a strategic plan that addresses the needs of the area is an important indicator of capacity. Further, the partnerships want the CDCs to exhibit “businesslike” operations, with systems in place and the ability to complete reports on time. Partnerships also would like to see stronger CDCs with trained boards, evidence that the CDCs are open to evaluation and organizational change, and groups that are willing to make their operations efficient.

CDPs recommend defining measurable outcomes in organizational development. These include having a business plan, making sure that there are a reasonable number of staff for the activities planned, having appropriate job descriptions, and offering professional development and training opportunities to staff in the areas of their responsibility. Some CDPs advocate tailoring organizational development goals to each group.

CDPs say the most important element of CDC organization and staff competence is an effective executive director who can direct the agency, manage the staff, oversee the projects, and be a public spokesperson for the vision of the neighborhood. In addition, partnerships want to see an effective board that can help gain access to resources.

**Fiscal capacity.** CDPs propose that estimates of fiscal status include aspects of financial strength (growth in reserves, assets, income) and recommend adapting the traditional financial yardsticks of liquidity, profitability, and stability to a nonprofit context. Having strong financial and asset management systems in place is another suggested measure. Partnerships are interested in measuring increases in the efficiency of financial management by using technology. Other variables include specific outputs, like improved financial reporting (e.g., timely quarterly reports and clean annual audits).

Some CDPs recommend improving the sustainability of the organization by increasing the diversity of revenues and developing more regular sources of income. CDPs would like to determine whether CDCs generate more fee income over time – if, for example, after five years of partnership support, CDCs can find other sources of funding and become more self-sustaining. Another proposed variable is the ability to attract more bank lending to the neighborhood.

**Networking.** Partnerships favor proxies for better collaboration among CDCs and propose sharing staff or contracting with each other for specialized services as ways to achieve greater efficiency. The number of joint-venture projects undertaken is also an element of capacity, along with information on whether these were of a larger scale or at a lower cost than were solo ventures.

*Quality-of-life and community impacts.* The CDPs acknowledge that quantifying the impact of CDCs on neighborhoods is difficult to do. However, respondents advocated a number of possible variables representing improved quality of life in the neighborhood or positive community impact because of CDC efforts (either direct or indirect). These include:

- Increase in percentage of homeowners in neighborhood
- New job creation in the neighborhood
- Workforce development enabling local residents to get jobs in the area/region
- Increase in businesses in the neighborhood
- Quality of child care available to residents
- Crime prevention and reduction in drug activity in the community
- Increase in civic organizations/services available to residents
- Increase in neighborhood development/investment with the CDC as catalyst
- Greater neighborhood pride, spirit, and identification
- Increase in community assets (derived by asset mapping of the neighborhood)
- Increased funding to the community development industry as a whole

Currently, few of the partnerships regularly collect data on the success indicators suggested above. Few CDPs count quality-of-life factors, and most have not yet developed a reporting system that requires the CDCs to collect this data either.

In sum, recommendations put forth by the CDCs and the CDPs for measuring CDC capacity and the impact of CDCs on their communities have many common themes. Both identify housing production (or other physical development projects) as an essential, quantifiable measure of capacity. They also recognize strength of CDC staff and finances as indicative of competence. Both acknowledge community participation and involvement as relevant measures of CDC ability.

The CDCs, however, have high expectations of themselves and propose measures that go well beyond the immediate output of their projects to include social and economic impacts on the neighborhood. The partnerships put somewhat more emphasis on the CDC's physical development and organizational estimates of capacity, including board development. The CDPs also identify a number of standards for financial strength and are anxious for CDCs to become more self-sufficient.

Our observations of the many community development partnerships make it clear that CDC capacity cannot be totally separated from the capacity of a city's entire community development system. Measuring changes in the capacity of one CDC may yield some information on the value of investments in the CDC's operations. However, CDCs operate in the context of resources, regulations, policies and priorities that are determined by the other public and private actors. Thus, the real gauge of CDC capacity, one that reflects the ability of community-based organizations to produce benefits for neighborhood residents, must include the levels of cooperation and support for neighborhood revitalization from the city, financial institutions, philanthropy, other institutions, and local citizenry.

Community development partnerships are in excellent positions to support systemic change for community improvement. Local-system community development capacity can be measured by the levels of:

- Government support for affordable housing, neighborhood revitalization, and for CDCs as the vehicle for community improvement;
- Bank financing programs for affordable housing, commercial development, and for neighborhood businesses;
- Local colleges and universities offering research assistance, training, and courses to CDCs and neighborhood residents;
- Corporate recognition and support for neighborhood development activities and CDCs;
- Philanthropic support for CDCs and community-based revitalization strategies; and
- Residents' attitudes about the opportunities for community improvement and their willingness to engage in community activities as volunteers, leaders, and activists.

If we can see changes and improvements in all these aspects of commitment to neighborhoods, and if there is support for CDCs and community-based organizations to lead the development of their own neighborhoods, then we can really expect to see significant transformation.

## V

### CONCLUSIONS

Community development partnerships and CDCs work together effectively to improve CDCs. *Largely, CDPs do what CDCs want them to do. Relationships are not perfect, but they are effective and improving.*

*CDC capacity cannot be totally separated from the capacity of a city's entire community development system*

*Community development partnerships and CDCs work together effectively to improve CDCs. Largely, CDPs do what CDCs want them to do.*

The CDCs and partnerships provided insights into the very useful results of these efforts. Most importantly, we see an effective alliance between CDCs and CDPs. The community organizations require help in building capacity, and the local partnerships provide the requisite funding, technical assistance, and other elements necessary to help them grow and serve their neighborhood constituencies. Table 1 summarizes this working relationship. Partnerships have attracted new donors and increased funding for CDC organizational development. Multiyear support from the intermediaries has helped community organizations by providing a reliable source of core operating funds, technical assistance, strategic planning, and capital support for housing. Training from the collaboratives has developed the skills of CDC staff. Partnerships have been key in helping CDCs develop working networks with the business sector and other nonprofits. Moreover, many CDPs also play important “behind the scenes” political roles with local governments on behalf of CDCs to improve the capacity of the system for neighborhood development.

Many of the CDCs we studied pursue elements of the five types of capacity building that we have discussed. CDCs operate programs in areas including housing and economic development. They are raising funds, both independently and with the help of the local intermediaries. CDCs are also doing more strategic planning than they did in the past, and they are working to improve their internal management systems. Through their planning, CDCs are discovering what they can do and – importantly – what they *cannot* do. Increasingly, community organizations are reaching out to others in the region for technical assistance, training, and job placement. They look for allies within their neighborhoods and elsewhere in their cities to provide services that individual CDCs cannot. Both CDCs and CDPs tell us that The Ford Foundation’s efforts at fostering community development are working well.

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**Notes**

1. Throughout this paper, we discuss “community development corporations” as they are commonly understood: CDCs are nonprofit, community-based organizations that work in geographically defined areas or neighborhoods with a high concentration of low-income residents. CDCs are community controlled and pursue a comprehensive vision of community change to revitalize the economic, physical, and social conditions to benefit local residents. CDCs pursue multiple strategies for change, mobilize public and private resources for development, and build community alliances. For pedagogical purposes, we also use the terms “community organizations” and “neighborhood groups” to refer to CDCs, although there are many such groups that are not CDCs.
2. For criticisms of CDCs, see, for example, Lemann 1994; Rohe 1995; and Stoecker 1997. Other analyses of community development corporations include Bratt 1997; Gittell, Newman, and Ortega 1997; Goetz and Sidney 1995; Keating, Rasey, and Krumholz 1990; Peirce and Steinbach 1987; Stoutland 1998; Vidal 1996; and Zdenek 1987.
3. See Senge 1990.
4. For a discussion of The Ford Foundation’s community development partnership strategy, see Ford Foundation 1996 and Nye and Glickman 1996. We use the terms “CDP,” “partnerships,” and “collaboratives” interchangeably in this paper.
5. There were 18 sites with partnerships that had received Ford funding at the time we carried out this research. Ford has since funded some additional places.
6. Partnership cities with LISC offices include Boston, Cleveland, Detroit, Los Angeles, Miami, New Orleans, Newark, Philadelphia, San Diego, Seattle, and Washington. Partnerships with Enterprise Foundation participation include Atlanta, Baltimore, Cleveland, Miami, and Portland.
7. We are in the process of carrying out five case studies (Cleveland, El Paso, Minneapolis, Philadelphia, and Portland). A survey is underway on the work of CDCs in 17 Ford CDP cities and some cities without CDPs.
8. The partnerships interviewed include the Boston Neighborhood Development Support Collaborative (NDSC); Cleveland’s Neighborhood Progress, Inc. (NPI); the Detroit Community Development Funders Collaborative (DCDFC); the Los Angeles Collaborative for Community Development (LACCD); the New Orleans Neighborhood Development Collaborative (NONDC); the Philadelphia Neighborhood Development Partnership (PNDP); Portland’s Neighborhood Partnership Fund (NPF); and the Washington (DC) Community Development Support Collaborative (CDSC).
9. We also have had discussions with staff and members of the board of the Camden Development Collaborative as part of another project and incorporated information from those discussions into this paper. In addition, we have taken advantage of information gleaned from the fieldwork related to case studies of the CDPs that we have begun in Cleveland, Philadelphia, and Portland.
10. See Glickman and Servon 1997.
11. See Rusk 1993.

12. See Glickman and Servon, *op cit*.
13. Some CDCs carry out joint development projects with for-profit firms; many others want to engage in joint ventures with private developers to increase the scale of development projects.
14. For example, in Portland, local banks were taken over by banks from California and Minnesota, so that there are no longer any substantial lenders with local bases. Bank mergers affected all of the cities we studied.
15. The HCDCI is managed by the National Congress for Community Economic Development with funding from The Ford Foundation.
16. More recently, NPI, arguing that there were still too many organizations in its neighborhoods, tried two additional consolidations during the mid and late 1990s. The results of these consolidations are not yet completely clear, but NPI has tried to continue to support the transitions for the CDCs.
17. For instance, it is difficult for the small neighborhood businesses the CDCs assist to obtain needed permits.
18. Stewart 1997. This article reports that an indicator of the positive impact of the neighborhood revitalization strategy is the increase in housing property values in the South Bronx that occurred after ten years.

