

**BUILDING
COMMUNITY
DEVELOPMENT
CAPACITY
IN
PHILADELPHIA**

A Report to the Ford Foundation

BY

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I

EXECUTIVE SUMMARY

The Philadelphia Neighborhood Development Collaborative (PNDC) was established by a group of Philadelphia-based foundations and intermediaries in 1991 with the goal of enhancing the capacity of Philadelphia's community development corporations (CDCs). PNDC is a community development partnership, an intermediary that provides CDCs with operating support, technical assistance, and training. It currently provides assistance to nine of the most productive CDCs in Philadelphia. Its program goals are to (PNDC 1995b):

- Build the capacity of nonprofit neighborhood-based development organizations to plan, develop, and manage affordable housing and other community revitalization projects;
- Increase the production of housing and community economic development projects for low-income populations and communities;
- Expand the financial and technical resources for CDCs and their neighborhood revitalization efforts;
- Provide opportunities for leadership and skill development for community development practitioners.

This report reviews PNDC's experience in building CDC capacity and attempts to understand the role of partnerships in neighborhood development. It examines the context in which PNDC emerged, and the ways that it has tried to address CDC needs. The report follows Glickman and Servon (1997) in organizing the discussion of CDC capacity around five interrelated categories: resource capacity, organizational capacity, networking capacity, programmatic capacity, and political capacity. This categorization allows for a more detailed and specific accounting of the capacity-building needs of CDCs and the ways partnerships help to address those needs. The intent of this analysis is to determine the effectiveness of partnerships in building CDC capacity and identify models that might be transferable to other contexts.

THE CONTEXT FOR COMMUNITY DEVELOPMENT IN PHILADELPHIA

PNDC's operating style and the role it plays in building CDC capacity have been influenced by the context in which it has emerged. This context is characterized by a large and growing number of CDCs—an estimated 65 CDCs currently operate in the city, and these organizations developed or rehabilitated 2,014 units of housing and 36,900 square feet of commercial space between 1990 and 1996 (Philadelphia Association of Community Development Corporations 1996a). Support for CDCs from public, private, and nonprofit organizations is also growing. However, there is a lack of coordination and direction in the community development industry.

Neighborhood organizations became a major force in Philadelphia during the 1960s and 1970s as communities mobilized to fight the effects of economic decline, disinvestment in inner-city areas, and urban renewal. In recent years, as a result of the continuing economic decline and the reduced availability of federal funding for neighborhoods, the city government has increasingly looked to CDCs to be major actors in efforts to deal with problems facing poor neighborhoods. Under the administration of Mayor Edward Rendell (since 1992), Community Development Block Grant (CDBG) money channeled through CDCs has increased, and city agencies concerned with community development have enhanced their cooperation with CDCs. In addition, there have been a number of private- and nonprofit-sector initiatives to provide funding and technical assistance to CDCs.

Thus, PNDC has emerged as part of an effort to prepare CDCs for an enhanced role in neighborhood revitalization. Yet, because there are many groups providing technical assistance and funding for CDCs, PNDC does not play a dominant role in the community development industry, as do partnerships in some other cities. The existence of a large number of groups working with CDCs has fostered a healthy diversity of approaches to community change—some favor using CDCs as vehicles for neighborhood revitalization whereas others seek to connect inner-city residents to jobs in the suburbs. However, this has also led to a lack of coordination of community development work in the city, and assistance provided by various groups sometimes overlaps, limiting the effectiveness and long-term sustainability of these efforts. Partially as a result of these systemic difficulties, many CDCs are organizationally weak, and large areas of the city are not adequately served. There is a strong feeling in Philadelphia that PNDC is in a good position to play a central role in coordinating assistance to CDCs and influencing the policies, procedures, and programs that set the context for their work.

THE ROLE OF THE PHILADELPHIA NEIGHBORHOOD DEVELOPMENT COLLABORATIVE

Being a newcomer to Philadelphia's community development industry, PNDC has had to work to gain the trust of CDCs and to establish its position in the city's community development support infrastructure. PNDC initially focused primarily on providing its organizations with performance-based operating support, training, technical assistance, and oversight. More recently, PNDC has been exploring ways to be a major player in coordinating the community development industry and influencing community development policy.

PNDC has several distinctive organizational features. It is governed by a board composed of funders, which are mostly foundations and intermediaries that have experience with PNDC's CDCs and the communities they serve. It has focused on assisting a small group of established CDCs (it initially chose 13, but later defunded four) rather than attempting to be comprehensive or to nurture emerging CDCs. Also, PNDC operates in an environment in which there are a large number of organizations and agencies, making it difficult for any one organization to have a predominant impact on the community development industry.

These characteristics carry with them both advantages and disadvantages. Almost all member CDCs express positive views about their relationship with PNDC, and many cite PNDC support as essential to their organizational growth. Because board members are knowledgeable of the needs of CDCs and the organization has focused on a select group, PNDC has gradually begun to play a more interventionist role in identifying issues faced by CDCs and attempting to address them. PNDC has assisted some of its CDCs in solving organizational problems that threatened to reduce their capacity. However, PNDC is not perceived as having a great deal of influence on overall community development policy and programs in Philadelphia. This is at least partially due to the limited interaction it has with other community development actors, particularly city government and the private sector.

Although PNDC's CDCs enjoyed substantial growth and organizational development after joining the partnership, they did not experience a significant increase in housing production during their first three years of support from the partnership. There were several reasons for this, most notably restructuring in the Office of Housing and Community Development's (OHCD) and the Redevelopment Authority's (RDA) housing programs, which caused delays in the release of funding and land disposition as these agencies went through a transitional phase. However, PNDC has projected a rise in housing production in the second cycle. In addition, PNDC projects a dramatic increase in the amount of commercial space developed, from 32,000 square feet prior to PNDC

and 26,750 in the first cycle to 174,416 projected by PNDC for the second cycle. However, these projections are based on a best-case scenario, which assumes that CDCs will encounter no significant obstacles in program implementation – actual production is likely to be somewhat lower. PNDC’s CDCs have also made progress in developing programs in economic development and open space management.

PNDC provides a range of services to CDCs. It provides funding for member CDCs to hire consultants to conduct strategic planning that influences CDC work plans. These work plans are intended to guide the activities of the CDCs and to measure their progress. PNDC funding also allows CDCs to hire consultants to conduct organizational assessments. These assessments have in many cases been used by CDCs to make important organizational changes. PNDC assists CDCs in conducting neighborhood strategic plans, which have often resulted in changes in CDCs’ programmatic focus and helped foster the development of neighborhood networks. These strategic planning and oversight functions are generally seen as very useful by CDCs. With regard to training, PNDC initially focused on the basics of real estate development, but more recent training has dealt with a number of areas of concern to CDCs, including homeownership marketing, economic development, and contractor selection. In addition, PNDC has provided technical assistance grants, which have been used for staff and board training, the upgrading of computer systems, and so on.

PNDC is also implementing three capacity-building initiatives:

- The Community Building Support Program, designed to help CDCs think strategically about ways to implement a comprehensive approach to community revitalization
- The Financial Management Support Program, geared toward helping CDCs develop more effective and sophisticated financial management practices and update software systems
- The Human Capital Development Initiative, intended to assist CDCs in attracting and retaining staff

PNDC is currently considering ways to increase its role in initiating or advocating for systemic change in Philadelphia’s community development industry. Specifically, it is examining ways to work with other community development supporters to create public policies that will expand financial resources available to CDCs, facilitate the flow of information between CDCs and other actors, and coordinate assistance to CDCs.

Below is a summary of the ways in which the forms of assistance mentioned above have affected five categories of capacity in PNDC’s CDCs.

1. **Resource Capacity.** PNDC operating support stabilizes member CDCs. PNDC membership is also seen as a sign of accomplishment, enhancing CDCs’ ability to access other sources of funding. In addition, PNDC has assisted

CDCs in developing fund-raising strategies and in networking with funders. However, some feel that the foundations that provide PNDC funding have subsequently closed off other sources of funding to CDCs, limiting access to resources for some CDCs. In particular, CDCs that are not members of PNDC face limited sources of core operating and project support.

2. **Organizational Capacity.** PNDC funding allows CDCs to attract and retain staff, and the training and technical assistance enhances their skills and allows them access to needed technologies. Assistance in neighborhood organizing and strategic planning strengthens relations among CDC staff, board, and community members. PNDC's organizational assessments help CDCs identify and address potential weaknesses. However, PNDC has had to defund four of its original 13 CDCs; it is theorized that this indicates a need for PNDC to do more to address organizational crises in its CDCs. However, it should also be noted that PNDC is purposefully designed to shed groups that do not meet performance goals and direct funding to organizations that are more capable. Moreover, PNDC has recently begun to intervene more effectively in cases where CDCs experience organizational instability due to loss of leadership or internal conflict.
3. **Networking Capacity.** PNDC has not concentrated on improving networking capacity. However, PNDC has disbursed information about its CDCs and acted as a forum for major funders of community development initiatives to coordinate their interests in communities. PNDC has assisted in community planning efforts that have often resulted in increased CDC cooperation with other neighborhood organizations.
4. **Programmatic Capacity.** PNDC training and technical assistance provide needed skills, particularly in real estate development and financial management. Its assistance in strategic planning, neighborhood planning, and organizational assessments helps CDCs increase the scale and scope of their activities.
5. **Political Capacity.** PNDC has generally had a limited impact on community development policy. However, PNDC raises the stature of its member CDCs, thereby facilitating their cooperation with other actors. It also enhances resident participation in CDCs by assisting them in community organizing and strategic planning. However, non-PNDC groups have not benefited as much from enhanced political capacity – city agencies are often more willing to work with PNDC groups because they are well established, and have not been as responsive to smaller, less-established groups.

CONCLUSIONS AND RECOMMENDATIONS

This examination of PNDC indicates that the role partnerships play is highly dependent on the context in which they emerge. PNDC has had to define a role for itself in Philadelphia's community de-

velopment industry, and it does not play the dominant role in community development that partnerships in other cities have assumed. Economic and political changes have also presented obstacles to a rapid increase in CDC capacity. Nevertheless, PNDC has managed to develop a strong working relationship with its member CDCs, and it is widely perceived by CDCs as a valuable resource.

Several themes emerge from this look at PNDC. The first theme is that capacity must be defined more broadly than by a measure of housing production alone. CDCs must be able to identify the needs of their communities and work in a manner conducive to filling those needs. Partnerships must therefore assist CDCs not only in improving project implementation, but also in community organizing, strategic planning, and networking. While PNDC CDCs have not shown a considerable increase in the production of housing and commercial space, they have experienced increased organizational strength that is likely to lead to an expanded role for them in community revitalization in the future.

Second, collaboratives may choose either a hands-on relationship with CDCs based on partnership or an arm's-length relationship by acting simply as a funder and technical assistance provider. The choice of what type of role to play is influenced by the partnership's organizational structure and the community development context. PNDC's organizational structure and its staff and board working styles have allowed it to establish a hands-on working relationship with CDCs. Because the foundation representatives who make up the PNDC board are familiar with CDCs and the communities they serve, they can share information about the CDCs and provide more appropriate assistance. This trust-based relationship has enhanced PNDC's work with CDCs, and has allowed PNDC to recognize potential crises and tailor programs to meet CDCs' needs.

Finally, PNDC's experience reveals the trade-off that partnerships must make in balancing their wish to maintain autonomy in their operations with their potential for influencing the overall community development agenda in their city. Specifically, in maintaining autonomy from government and private-sector interests, PNDC has been able to more accurately represent the interests of CDCs; however, this autonomy has deprived the organization of the resources and political clout it needs in order to have a major impact on policy issues. This lack of political influence has been the major criticism against the organization. PNDC must play more of a role in shaping policy, impacting bureaucratic issues, and coordinating assistance to CDCs if it is to reduce constraints on capacity external to CDCs. While the dominance of foundations in governing PNDC allows it some autonomy, it limits its ability to shape the larger community development agenda.

Staff and board members of PNDC and its member CDCs, as well as representatives of major public-, private-, and nonprofit-

sector actors in community development, discussed several potential new directions for PNDC that might increase the effectiveness of the organization:

- Explore ways to involve government and the private sector in decision making. Interacting more with city government and the private sector might enhance the partnership's role in the policy arena and help to overcome the political and financial constraints on CDC capacity.
- Enhance role as coordinator of community development industry. PNDC is in a good position to bring decision makers together to develop a coherent agenda for supporting neighborhood revitalization activities.
- Coordinate reporting requirements with other funders. CDC staff in particular want to decrease the reporting burden on CDCs, possibly by coordinating reporting requirements of funders.
- Expand the geographic scope of PNDC's CDCs. As PNDC considers bringing new CDCs into the partnership, it should think about selecting organizations from underrepresented areas.
- Increase efforts to set up a system for nurturing emerging CDCs. PNDC can play more of a role in increasing access to resources for emerging CDCs. One CDC staff member suggested partnering established CDCs with emerging CDCs to enhance their capacity.
- Act as a forum for discussions on the CDC industry. PNDC should explore ways to use its relationships with CDCs and funders to play a greater role in increasing the sharing of information among community development actors.

II

INTRODUCTION

The Philadelphia Neighborhood Development Collaborative (PNDC) was established in the fall of 1991 by a group of Philadelphia-based foundations and intermediaries with the goal of enhancing the capacity of Philadelphia's community development corporations (CDCs). PNDC is a community development partnership, an intermediary that provides CDCs with core operating support, technical assistance and training, and other types of as-

PNDC has established itself as a group that works closely with both CDCs and community development funders in meeting CDC capacity-building needs

Between 1990 and 1996, Philadelphia CDCs developed or substantially rehabilitated 1,967 units of housing

sistance in organizational development. Such partnerships first emerged nationwide in the mid-1980s in response to the need to build the capacity of CDCs to play a greater role in neighborhood revitalization (Nye and Glickman 1995). The Ford Foundation, a major sponsor of partnerships, has provided funding to 18 such organizations, among them PNDC (Glickman and Servon 1997).

PNDC's (1995b) goals, as stated in its 1995 Program Handbook, are to:

- Build the capacity of nonprofit neighborhood-based development organizations to plan, develop, and manage affordable housing and other community revitalization projects;
- Increase the production of housing and community economic development projects for low-income populations and communities;
- Expand the financial and technical resources for CDCs and their neighborhood revitalization efforts;
- Provide opportunities for leadership and skill development for community development practitioners.

Since mid-1992, when PNDC funding started, its member CDCs have produced 559 units of housing and 85,540 square feet of commercial space. In addition, many are undertaking promising initiatives in economic development, social service delivery, and open space management. PNDC provides assistance to nine groups:

1. Advocate Community Development Corporation (ACDC)
2. Allegheny West Foundation (AWF)
3. Asociacion de Puertorriquenos en Marcha (APM)
4. Greater Germantown Housing Development Corporation (GGHDC)
5. Hispanic Association of Contractors and Enterprises (HACE)
6. New Kensington Community Development Corporation (NKCDC)
7. Norris Square Civic Association (NSCA)
8. Ogontz Avenue Revitalization Corporation (OARC)
9. Women's Community Revitalization Project (WCRP)

This report reviews PNDC's experience in building CDC capacity and attempts to draw some conclusions regarding the role of partnerships in neighborhood development. It examines the community development context in which PNDC emerged, the challenges facing Philadelphia CDCs, and the ways that PNDC has tried to address CDCs' needs. Although Philadelphia has a large number of CDCs and community development support

groups, there is limited cooperation between the various city government, nonprofit, and private-sector entities that assist CDCs. In this context, PNDC has not been able to forge a role as a central force in community development, as has been the case with partnerships in some other cities. Nevertheless, PNDC has established itself as a group that works closely with both CDCs and community development funders in meeting CDC capacity-building needs.

Glickman and Servon's (1997) model is followed in organizing the discussion of CDC capacity around five interrelated categories: resource capacity, organizational capacity, networking capacity, programmatic capacity, and political capacity (Figure 1). Framing the analysis around these capacity types allows for a more detailed and specific accounting of the capacity-building needs of CDCs, and the ways partnerships have helped to address those needs.

The remainder of the report is divided into four parts. Section III will review the history of community development in Philadelphia and the current community development context in the city. Section IV will discuss the formation of PNDC, its role in community development in Philadelphia, and its current activities in working with CDCs. Section V will provide case studies detailing PNDC's impact on three CDCs. Finally, the report will conclude with a discussion of PNDC's overall contribution to CDC capacity, and to neighborhood revitalization in Philadelphia. Interspersed throughout the report are highlights of best practices undertaken by PNDC and some of its grantees.

III

THE CONTEXT FOR COMMUNITY DEVELOPMENT IN PHILADELPHIA

The establishment of the PNDC came at a time when CDCs were playing an increasingly central role in community development in Philadelphia. Under the administration of Mayor Edward Rendell, CDCs have enjoyed growing recognition from city government, philanthropic organizations, private-sector actors, and community development intermediaries. This is due partially to the emergence of established and capable CDCs and partially to the need for city government to find cost-saving ways

FIGURE 1.
FIVE TYPES OF CDC CAPACITY

Resource Capacity. Ability to attract, manage, and maintain funding in order to meet organizational objectives.

Organizational Capacity. Capacity to develop human resources through ongoing training and other mechanisms.

Networking Capacity. Ability to interact and work with other institutions, both within and outside communities, in order to be better able to undertake fund-raising for projects and programs, have better access to nonfinancial resources, and increase political power.

Programmatic Capacity. Proficiency at building and managing housing, providing human services, undertaking economic development, offering technical assistance to small businesses, and engaging in other roles in leadership development and cultural and educational activities.

Political Capacity. The capacity to mobilize support and demonstrate community concern about issues and policies, as well as to negotiate for the benefit of the neighborhood.

(Source: Glickman and Servon 1997)

BOX 1**BEST PRACTICE: OARC AND THE PHILADELPHIA JOBS INITIATIVE**

The vicious cycle of deindustrialization and depopulation has created a paradox in Philadelphia—while many inner-city residents lack access to jobs with decent pay, the manufacturing facilities that remain in the city and its surrounding suburbs lack qualified candidates for manufacturing jobs. Thus, many in Philadelphia feel that successful community development strategies must link neighborhoods to jobs in the regional economy. The Ogontz Area Revitalization Corporation (OARC), a CDC that operates in the West Oak Lane neighborhood of North Philadelphia, has taken the boldest step in this direction. OARC, a member of PNDC, is the lead community partner organization in the Philadelphia Jobs Initiative, a seven-year, \$7 million program funded by the Annie Casey Foundation. This initiative has brought together several educational, business, and nonprofit organizations and public officials concerned with job creation for residents of low- and moderate-income neighborhoods.

The centerpiece is Philadelphia Area Accelerated Manufacturing Education (PhAME), a nonprofit corporation that has been established by Crown Cork and Seal, the Delaware Valley Industrial Resource Center, Community College of Philadelphia, Lehigh University, and OARC. PhAME is modeled on Focus: HOPE, a Detroit-based job training program. Its mission is (PhAME no date):

- ❑ To help individuals, who are willing to help themselves, by offering a learning experience that uses an industrial model to develop the skills and attitudes necessary for success and provides opportunity for a rewarding career in industry.
- ❑ To help empower a community with the ability to control its own destiny, and build a stable, prosperous future by taking responsibility for its economic redevelopment.
- ❑ To produce a local workforce that meets the contemporary needs and requirements of industry and has the capacity for change and adaptation as the needs of industry continue to change and grow.

to stimulate neighborhood revitalization in the face of continued neighborhood decline and the decreasing availability of federal funding for housing and social services.

An estimated 65 CDCs currently operate in Philadelphia (Philadelphia Association of Community Development Corporations 1996b). Table 1 provides a summary of CDC production in the areas of housing, commercial and economic development, and greening and gardening. The numbers reflect the fact that, despite the increased interest in economic and commercial development and open space management, housing is still the main activity of CDCs. Between 1990 and 1996, Philadelphia CDCs developed or substantially rehabilitated 1,967 units of housing and did moderate rehabilitation of another 47. Most of the housing produced or rehabilitated has been for renters. Much of this housing required a substantial subsidy—while homeownership units have sold in the \$25,000 to \$50,000 range, production and rehabilitation costs have generally ranged between \$60,000 and \$100,000. There is likely to be an increase in nonhousing activities as new funding for other types of activities becomes available. There has been particular interest in economic development activities. Most significantly, the Ogontz Avenue Revitalization Corporation (OARC) has been selected by the Annie Casey Foundation to implement the Philadelphia Jobs Initiative (Box 1).

Although Philadelphia has a large number of CDCs, only a fraction of these are capable of implementing large-scale development projects. In general, CDCs that are recipients of one of Philadelphia's three main sources of core operating support are the most capable. These three funding sources are: the Philadelphia Plan, through which corporations provide core operating support and technical assistance to CDCs and receive up to a 70 percent credit on state taxes for their donations; the Targeted Neighborhood Initiative (TNI) of the Fund for Urban Neighborhood Development (FUND), which provides funding to four CDCs to implement intensive revitalization efforts in targeted areas; and PNDC. The 16 CDCs that belong to one or more of these pro-

TABLE 1
COMMUNITY DEVELOPMENT CORPORATION PRODUCTION, 1990-1996

Type of Project	Jobs	Units or Sq. ft.	Project Costs (\$)
Housing	1,069	1,967	153,469,649
Homeownership	403	424	26,771,814
Rental	603	1,138	96,965,335
Rental in Partnership w/Private Developer	N/A	333	26,600,000
Moderate Rehabilitation	42	47	3,005,000
Commercial Development	150	36,900	3,465,000
Facilities Development	113	116,700	4,517,000
Business Development/Incubation	157	350,000	2,506,000
Greening and Gardening	N/A	30 lots	201,577

(Source: Philadelphia Association of Community Development Corporations 1996a)

grams accounted for 64 percent of CDC housing production from 1990 to 1996 (Philadelphia Association of Community Development Corporations no date). PNDC's groups accounted for 46 percent of CDC housing production during this time.

PHILADELPHIA NEIGHBORHOODS: THE CONSEQUENCES OF ECONOMIC AND SOCIAL RESTRUCTURING

The growth of Philadelphia's CDCs comes after several decades of economic decline that devastated many of the city's old neighborhoods. Between 1970 and 1990, manufacturing employment declined 65.1 percent in the city of Philadelphia (Madden and Stull 1991). During the same period the population fell 18.6 percent — many whites fled to the suburbs and were replaced by poor, predominantly minority residents. Many old working-class neighborhoods suffered from increasing poverty, a deteriorating housing stock, housing abandonment, and social problems.

The city's neighborhoods also suffered from urban renewal. Beginning in the mid-1940s, city government undertook large-scale demolition of the decaying housing stock and consolidation of land for development by the private sector (Adams et al. 1991). This strategy failed, however, as the private sector was unwilling to invest in Philadelphia's poorer neighborhoods and the city government gradually returned its focus to downtown development. In response to this combination of destruction and neglect, neighborhood-based organizations emerged to fight urban renewal and the dominance of downtown interests in the political system, and to advocate for increased investment in neighborhoods. Community-based mobilization peaked during the administration of Frank Rizzo (1971-1979), an administration frequently accused of steering resources away from minority neighborhoods.

The area most severely affected by economic decline and urban renewal, and that experienced the greatest degree of community mobilization, was North Philadelphia, which lost 58.2 percent of its population between 1950 and 1980 (Kleniewski 1986). This is the area with the highest concentration of CDCs in the city, including all the PNDC groups. Table 2 provides a comparison between the demographic characteristics of this area and those of the rest of the city. Although these neighborhoods generally suffer from high rates of poverty, unemployment, and vacancy, the figures disguise the fact that many areas served by these CDCs contain pockets of concentrated poverty intermixed with moderate- and middle-income neighborhoods.

BOX 1 (continued)

PhAME targets minority men with math and reading skills below the tenth-grade level for training to enter the manufacturing workforce as skilled machinists. The goal is to provide them with opportunities to enter careers that pay a wage sufficient to support a family. PhAME's training center will be located at the Southeastern Pennsylvania Regional Employment and Training Center, which is being developed at the site of an abandoned factory that OARC is rehabilitating at a cost of \$7.4 million using a combination of state grants and public, private, and foundation funds. It will cost an additional \$3 million to equip the factory with industrial equipment. Once the facility is up and running, students will receive schooling to bring their math and reading skills up to the tenth-grade level and the training in manufacturing skills and life skills needed to succeed in a work environment. OARC has already identified 5,500 precision machinist shops that will be the market for PhAME graduates. The facility is expected to graduate 200 students in its first year of operation. Students who wish to continue their studies will have an opportunity to pursue associate, bachelor's, and master's degrees in manufacturing at Lehigh University or other partner institutions.

While CDCs throughout the country are considering ways to increase their activities in the areas of job training and economic development, such strategies are unlikely to succeed unless they are carefully planned and implemented. OARC's work on the Philadelphia Jobs Initiative shows great promise for several reasons. The initiative has gained support from a wide range of nonprofit, governmental, and private-sector actors, as well as educational organizations. It has also developed a training program that meets the needs of minority youth, and it has already identified job slots for graduates. The initiative promises to benefit both low-income neighborhood residents and Philadelphia industry.

TABLE 2
DEMOGRAPHIC CHARACTERISTICS OF AREAS SERVED BY PNDC CDCS, 1990

Neighborhood Characteristics*	Population	Median Family Income (\$)	Racial/Ethnic Composition**	Poverty Levels (%)	Unemployment Rate (%)	Units Vacant (%)
ACDC	22,013	12,922	African American	45.1	25.8	22.1
AWF	19,067	19,832	African American	27.8	15.9	12.1
APM	10,147	10,451	African American, Hispanic	58.2	28.7	20.9
GGHDC	39,272	21,508	African American, White	26.8	12.7	13.9
HACE	83,700	12,893	Hispanic, African American, White	51.2	19.9	12.5
NKCDC	26,262	21,459	White, Hispanic	22.7	10.8	13.3
NSCA	12,062	12,250	Hispanic, African American, White	56.6	21.0	13.3
OARC	43,322	33,316	African American	10.0	8.6	5.7
WCRP	57,782	12,499	Hispanic, White, African American	52.1	20.1	13.8
Philadelphia	1,585,577	24,603	White, African American, Hispanic	20.2	9.7	10.6

Source: 1990 US Census

* There is overlap between the areas served by several of these CDCs.

** Groups representing more than 5 percent of the population are listed, with the largest groups listed first.

TABLE 3
KEY PLAYERS IN PHILADELPHIA HOUSING AND COMMUNITY DEVELOPMENT

Technical Assistance Providers

THE COMMUNITY BUILDERS INC. (TCB). Provides CDCs with financing, development packaging, and project management assistance.

COMMUNITY DEVELOPMENT INSTITUTE (CDI). Part of the Delaware Valley Community Reinvestment Fund (DVCRF). Provides CDCs with training and organizational development assistance.

REGIONAL HOUSING LEGAL SERVICES. Provides CDCs with legal assistance on real estate projects.

Sources of Operating Support and Technical Assistance

PHILADELPHIA DEVELOPMENT PARTNERSHIP (PDP). Provides core operating support and technical assistance to emerging CDCs.

PHILADELPHIA NEIGHBORHOOD DEVELOPMENT COLLABORATIVE (PNDC). Provides core operating support, technical assistance, and training to CDCs.

THE PHILADELPHIA PLAN. Provides core operating support and in-kind contributions of services and supplies.

Short-Term Funding Sources

PHILADELPHIA LISC. Provides CDCs with high-risk, front-end working capital.

DELAWARE VALLEY COMMUNITY REINVESTMENT FUND (DVCRF). Makes low-interest loans to support community-based housing development.

PHILADELPHIA URBAN FINANCE CORPORATION (PUFC). Provides interim construction financing.

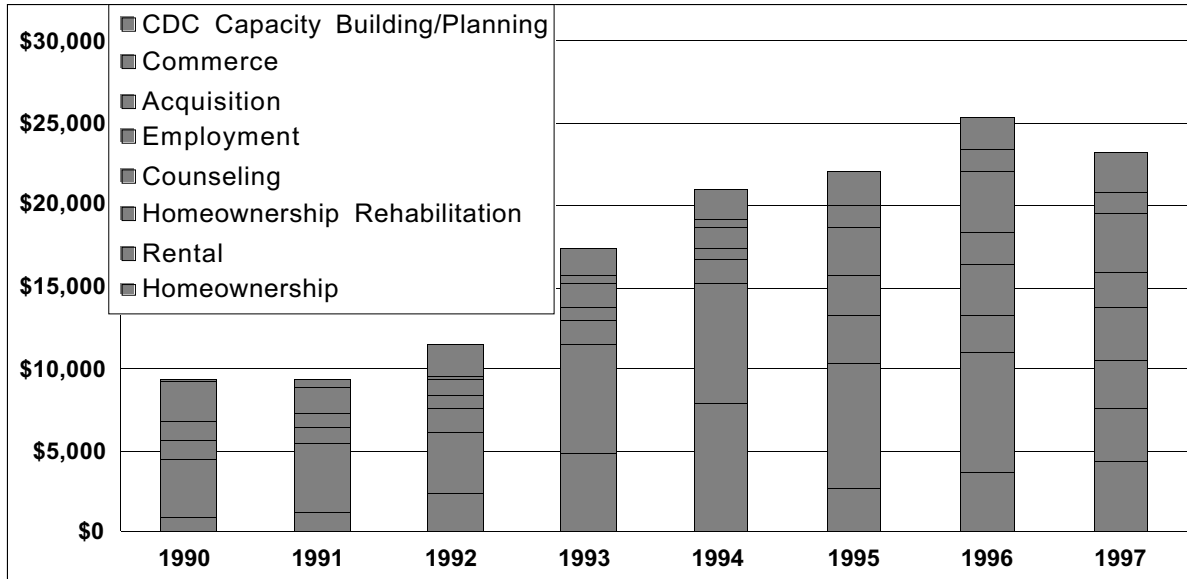
PHILADELPHIA-AREA BANKS. In conjunction with LISC, several area banks make project bridge financing available to nonprofit developers.

PHILADELPHIA'S COMMUNITY DEVELOPMENT INFRASTRUCTURE

As CDCs have begun to play a larger role in community development and have gotten more cooperation from city government, there have been a number of private- and nonprofit-sector initiatives to support them. Table 3 provides an overview of sources of assistance to CDCs, including several entities that provide core operating support and technical assistance and others that provide project funding and other types of support. The existence of a large number of groups working with CDCs has fostered a healthy diversity of approaches to community change—some favor using CDCs as vehicles for neighborhood revitalization whereas others seek to connect inner-city residents to jobs in the suburbs. However, this has also led to logistical problems with community development work in the city. CDCs often find that there is a lack of coordination between the availability of core operating support and project capital, or between the release of project capital and site control. There is also no consensus on whether there should be a consolidation of existing CDCs or a nurturing of new groups to increase the number of competent CDCs. In addition, resources available to CDCs continue to be insufficient for dealing with entrenched problems of neighborhood decay, and the assistance provided by various groups sometimes overlaps. Partially as a result of these systemic difficulties, many CDCs in the city are organizationally weak, and large areas of the city (particularly in South and West Philadelphia) are not adequately served by CDCs

The most important source of funding for CDCs is the Community Development Block Grant (CDBG) program. Figure 2 indicates that there has been a significant increase in CDBG money channeled through CDCs in recent years. However, funds increasingly have been allocated to capacity-building activities, commercial and economic development, and site acquisition costs, while

FIGURE 2.



allocations for rental and homeownership development have declined since 1994. Philadelphia has also been awarded \$79 million under the Empowerment Zone Program for community development in areas of Northeast, North-Central, and West Philadelphia (Department of Housing and Urban Development 1997a). Five PNDC groups are located within the zones.

The city agencies that work most closely with CDCs are the Office of Housing and Community Development (OHCD) and the Redevelopment Authority (RDA). Under the Rendell administration, both agencies have moved to enhance the role of CDCs in program implementation. OHCD is responsible for policy and planning in the areas of housing and community development and administers the housing budget (Office of Housing and Community Development 1997). Under the current housing director, John Kromer, OHCD has established a policy of working through CDCs in neighborhood development efforts. OHCD has also begun to make its funding to CDCs performance based – while it provides support for projects, technical assistance, and neighborhood planning, it no longer provides core operating support. The RDA is involved in neighborhood development through its control of the land acquisition and disposition process and is in charge of approval of architectural development plans, construction inspection, and disbursement of subsidy on a reimbursable basis.

Philanthropic organizations and corporations are important providers of core operating and project funding to CDCs. While major private-sector and nonprofit funders have cooperated in several instances in community development efforts, they have not combined to form a partnership. Thus, the PNDC is largely composed of foundations, whereas corporations provide core support primarily through the Philadelphia Plan. This is in marked contrast to the situation in many other cities, where partnerships rep-

TABLE 3 (continued)

Sources of Equity Investment

LISC. Provides investor equity investment through its National Equity Fund (NEF).
 CORESTATES BANK. Provides equity investment through its Delaware Valley Equity Fund.

Sources of Project Subsidies and Long-Term Mortgage Loans

PHILADELPHIA OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT (OHCD). Provides administrative and project support through the Community Development Block Grant and other sources.
 PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA). Oversees the allocation of Low-Income Tax Credits and, through its bond program, provides long-term mortgages for affordable housing projects.

Other Types of Support

PHILADELPHIA ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS (PACDC). Trade association of CDCs.
 TARGETED NEIGHBORHOODS INITIATIVE (TNI). Provides funding for both projects and operating expenses to CDCs for comprehensive development in targeted neighborhoods.

(Source: Expanded from Holt, Wexler and Merchant 1993)

resent a major effort to coordinate and combine the financial and political clout of private- and nonprofit-sector actors and to exercise influence on city policy. In both Cleveland and Portland, for example, many of the major corporate and foundation donors active in community development fund the partnerships and sit on their boards. These partnerships have played a major role in determining policy and program formation with regard to community development in these two cities.

Local foundations that have contributed significantly to community development efforts include the William Penn Foundation, the Philadelphia Foundation, and the Pew Charitable Trusts. Pew recently established the Fund for Urban Neighborhood Development (FUND), which has implemented TNI and other initiatives. Foundations have influenced the work that CDCs do—foundation interest in economic development and comprehensive approaches to neighborhood revitalization have led to increased CDC activity in these areas.

Twelve CDCs, including five PNDC groups, are receiving funding from corporate partners through the Philadelphia Plan. While participating corporations provide some services to CDCs, their lack of knowledge of CDC capacity-building needs limits their role in technical assistance. Seven of the participating corporations are banks, which use the program to increase their customer base and to conform with the requirements of the Community Reinvestment Act (CRA). Several Philadelphia banks also meet their CRA requirements by providing CDCs with loans for project implementation. However, there has been a decrease in the number of corporate headquarters in Philadelphia, partially due to bank consolidations. In the long term, this is likely to lead to a decrease in corporate involvement in philanthropic activity and in lending to CDCs.

While PNDC is but one of many CDC support groups operating in Philadelphia, it has filled a breach in the community development industry. It is a key provider of core operating support for CDCs, and is the only organization that provides a comprehensive range of capacity-building assistance to established CDCs. PNDC is therefore in a good position to play a central role in community development capacity-building efforts. The next section will document PNDC's efforts to play such a role.

IV

THE ROLE OF THE PHILADELPHIA NEIGHBORHOOD DEVELOPMENT COLLABORATIVE IN CAPACITY BUILDING

The formation of PNDC in 1991 grew out of the enthusiasm for CDCs that swept Philadelphia and other cities in the United States in the mid- to late 1980s. During this time, people working in community development saw a need for stable funding and technical assistance as a basis for the continued growth of CDCs. Several initial attempts were made at forming partnerships in Philadelphia. In 1984, the Urban Affairs Partnership (UAP), a local alliance of corporate and community leaders, emerged to act as such an intermediary. The UAP later formed the Philadelphia Fund for Community Development (now defunct) and then the Philadelphia Development Partnership to fill the partnership function. In the early 1990s, however, representatives of several foundations and intermediaries decided to develop a separate partnership. Initially this body was to provide not only capacity building but also project support. However, this idea was abandoned when it was realized its activities would overlap with the efforts of other organizations that provide project funding.

PNDC's founding organizations included the Pew Charitable Trusts, the Philadelphia Development Partnership, the Philadelphia Foundation, the Philadelphia office of the Local Initiatives Support Corporation (LISC), and the William Penn Foundation. The Ford Foundation joined this group in March of 1992; CoreStates Bank joined in 1995. Since PNDC's establishment, it has provided core operating support, assistance in strategic planning, organizational assessment, oversight, and training afforded in cooperation with the Community Development Institute (CDI). Support to CDCs has been provided in three-year funding cycles—PNDC completed its first cycle in mid-1995, and was approaching completion of its second cycle at the time this report was being prepared. In recent years, PNDC has gradually moved from focusing predominantly on providing technical assistance and training to playing a more central role in coordinating the community develop-

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ment industry and shaping Philadelphia's community development agenda.

Several aspects of PNDC's mode of operation are distinctive. The organization is governed by its funders, which are mostly foundations and intermediaries that have experience with PNDC CDCs and the communities they serve. It has focused on assisting a small group of established CDCs rather than attempting to nurture emerging CDCs. PNDC operates in an environment in which there are a large number of groups working with CDCs; it is difficult for one organization to have a major impact on the community development industry. These features have proven to have both advantages and disadvantages. PNDC has a reputation among its CDCs for being more helpful and responsive than other funders. Many cite PNDC support as essential to their organizational growth, and in some cases, their very survival. However, PNDC is not perceived as having a great deal of influence on community development policy and programs in Philadelphia, and this is at least partially due to its limited interaction and cooperation with other community development actors, particularly city government and the private sector. As one commentator noted, "CDCs are driven by subsidies from the public sector, but PNDC has not made a significant effort to work with the public sector or influence policy." Many in the community development industry feel that PNDC should use its position to influence the policy, procedural, and program areas that set the context for CDC operations.

PNDC supports a small number of CDCs; some believe a larger, more geographically diverse group of CDCs should have access to the type of support PNDC provides. However, any increase in the number of CDCs funded by the partnership will require an increase in PNDC's resources. In addition, bringing a larger number of groups into the partnership would likely mean working with CDCs that are weaker organizationally. Thus, PNDC, like all partnerships, faces a dilemma—accept more groups and face the possibility of having to defund some in the future, or accept a few and face criticism for not supporting emerging organizations.

Many in the community development industry feel that PNDC should use its position to influence the policy, procedural, and program areas that set the context for CDC operations

PRODUCTION OF PNDC MEMBER CDCs

While CDC staff believe that PNDC support has led to an increase in their capacity, they did not experience a significant increase in housing production during their first three years of support from the partnership (Table 4). An assessment of PNDC conducted in 1995 found several reasons for this lack of increase in production (Holt, Wexler and Farnam 1995). The main reason was the restructuring of the city government's housing program and the assignment of some OHCD housing functions to the RDA.

This resulted in delays in the release of project financing and in site acquisition. Other reasons cited were increased CDC interest in economic development and other nonhousing activities, turnover in development staff, and CDCs' efforts to build internal capacity. Despite this lack of growth in housing production, PNDC's funders generally feel that member CDCs have experienced an increase in capacity, and that PNDC's capacity-building efforts will eventually lead to greater productivity.

**TABLE 4
HOUSING PRODUCTION BY PNDC CDCs:
PRE-PNDC, FIRST CYCLE, AND SECOND CYCLE***

Type	Pre-PNDC (1989-6/92)	First Cycle (7/92-6/95)	Second Cycle (First Half) (7/95-12/96)	Second Cycle (Projected) (7/95-6/98)
Rental	300	331	105	324
Sales	158	73	50	128
Total	458	404	155	452

*Numbers for pre-PNDC and the first cycle of PNDC include the 13 CDCs that remained with PNDC during the first cycle, while numbers for the second cycle include the nine CDCs currently with PNDC.

(Sources: Holt, Wexler and Farnam 1995; Philadelphia Neighborhood Development Collaborative no date)

PNDC projected that its CDCs would produce 452 units of housing by the end of its second three-year cycle (July 1995 to June 1998). In addition, it forecast a dramatic increase in the amount of commercial space developed, from 32,000 square feet prior to PNDC and 26,750 in the first cycle to an estimated 174,416 square feet for the second cycle. However, these projections were based on a best-case scenario, which assumed that CDCs would face no significant delays in implementing projects. Given that delays often occur, actual production will probably prove to be somewhat lower than projected. In addition to housing and commercial development, PNDC groups have provided important social services and have been involved in major efforts at open space management (Table 5). They have also had an impact on their neighborhoods in the areas of political empowerment and local capacity building. For example, NSCA and ACDC were responsible for naming their neighborhoods, Norris Square and Diamond Park, respectively, and have increased awareness of the needs of these neighborhoods among other actors in community development.

Rates of housing production vary widely among CDCs. PNDC's assessment found that CDCs that were productive in housing tended to have a capable development staff, have successfully conducted a neighborhood planning process, and have a good working relationship with banks (Holt, Wexler and Farnam 1995). In addition, several CDCs that are major real estate developers are attached to larger organizations that provide them with valuable support services and are probably partially responsible for their good relationship with banks. For example, APM's CDC is part of

**TABLE 5
NONHOUSING PRODUCTION OF PNDC CDCs:
SECOND CYCLE (7/95-6/98)**

Activity	First Half (7/95-12/96)	Second Half (projected) (1/97-6/98)
Commercial and Facility Dev. (sq. ft.)	53,540	130,876
Open Space:		
Community Gardens (#)	10	10
Land Parcels (#)	50	100
Side Yards (#)	18	100
Community Murals (#)	1	0
Parking Lot (#)	0	1
Day Care (Children Served)	75	0

(Sources: Holt, Wexler and Farnam 1995; Philadelphia Neighborhood Development Collaborative no date)

one of the biggest nonprofit social service agencies in Philadelphia, GGHDC has a close relationship with a large settlement house, and AWF is affiliated with Tastykake Bakery, a sizable manufacturer in the neighborhood.

Significant barriers remain to CDCs' attempts to increase production of housing and commercial and recreational facilities. In particular, CDCs express frustration with the RDA's slow process of land acquisition and disposition, which can significantly delay projects. The RDA counters such criticism by noting that it is legally bound to certain procedures. Furthermore, the RDA states that many CDCs do not have their financing in order or do not properly prepare documentation prior to application. The agency therefore concentrates its limited resources on organizations that are familiar with the process. CDC staff generally feel that, while there are still significant problems at the RDA, there has been improvement under the current administration.

GOVERNANCE AND GOALS

PNDC is governed by a board consisting of participating funders (Table 6). The board, which meets monthly, is responsible for deciding how PNDC resources are allocated and for setting policy. There is a rotating board chair, a system that is intended to give each funder a chance to work closely with the PNDC staff and come to understand the day-to-day workings of the organization. The atmosphere on the board is quite cooperative, and decisions are generally made by consensus. All funders participate actively in the organization, with the exception of the national foundations (including the Ford Foundation). In addition, the director of the Philadelphia Plan is on the PNDC board in a nonvoting advisory role. The board's specific responsibilities include (Philadelphia Neighborhood Development Collaborative 1997):

- Selecting CDCs to participate in the program and awarding grants for operating support, technical assistance, and training;
- Setting policies to govern PNDC's work;
- Engaging in oversight of PNDC staff;
- Developing parameters for organizational assessments.

While the board is responsible for setting policy and making funding decisions, PNDC staff have latitude in the day-to-day operations of the organization. PNDC has limited organizational capacity – staff numbers have fluctuated between one and three during the history of the organization, and in July of 1997 there were two full-time staff in addition to a part-time program associate working on a temporary basis. The current executive director is John Taylor, who was formerly executive director of the Allegheny West Foundation (AWF). Susannah Cohan is the program officer;

**TABLE 6
FUNDING COMMITMENTS FOR THE SECOND
FUNDING CYCLE
(1995–1998)**

Funder	Amount
Pew Charitable Trusts Fund for Urban Neighborhood Dev.	\$2,500,000
William Penn Foundation	\$1,500,000
Philadelphia LISC	\$ 400,000
The Ford Foundation	\$ 350,000
The Philadelphia Foundation	\$ 250,000
The Philadelphia Dev. Partnership	\$ 150,000
CoreStates Bank	\$ 150,000
Anonymous Donor	\$ 100,000
Total	\$5,400,000

(Sources: Holt, Wexler and Farnam 1995; Philadelphia Neighborhood Development Collaborative no date)

she has been largely responsible for the day-to-day work with CDCs since she started in 1995.

The fact that PNDC is governed almost exclusively by foundation representatives and community development intermediaries (CoreStates Bank is the only corporate funder) has affected the way the organization operates. As board members have individual experience with and knowledge of the CDCs that PNDC funds, they are able to bring their resources and experience to bear on the problems they face. As a result, PNDC has gradually adopted a hands-on approach whereby the board and staff identify potential problems in CDCs and interact closely with them to find solutions to these problems. One PNDC board member stated:

PNDC is entering a new era, moving from interacting with CDCs at arm's length to a much more hands-on approach. The organization has come to recognize that it must work to ensure the longevity of its CDCs. The habit of having an intimate relationship with CDCs is becoming part of the culture of the organization.

Yet the absence of participation by city government and the private sector to some extent exacerbates problems of lack of coordination in Philadelphia's community development infrastructure and limits PNDC's ability to have an impact on policy. There has been some discussion among those in the community development industry of increasing the involvement of the city government in overseeing PNDC. Those who favor such a move see it as key to expanding the influence of PNDC in policy and bureaucratic matters. Opponents fear increased city government control of PNDC's work.

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CDC SELECTION, ASSISTANCE IN PLANNING, AND PERFORMANCE MEASURES

In selecting member CDCs for the first program cycle, PNDC used its limited resources strategically by concentrating on organizations that had a proven record of development and showed the greatest potential for growth. The intention was not only to enhance the capacity of these CDCs, but also to demonstrate what competent organizations provided with stable support could achieve. PNDC initially selected 13 CDCs that had developed 1,189 units of low-income housing and several commercial properties from 1981 to 1991 (Holt, Wexler and Merchant 1993). Funding allocations have been based on CDC performance, the size and diversity of their operating budgets, proposed production goals, management performance objectives, and available funding sources (Philadelphia Neighborhood Development Collaborative 1996). During the second program cycle, PNDC annual grants ranged from \$95,000 to \$130,000. After the first funding cycle, PNDC was closed to new groups. For the third cycle, beginning in

BOX 2**BEST PRACTICE: THE NEW KENSINGTON
2000 STRATEGIC PLAN**

In recent years, the New Kensington Community Development Corporation (NKCDC) has gone through a dramatic change in its programs and projects, its organizational development, and its relationship with its community. This change came about as a result of the New Kensington (NK) 2000 neighborhood planning process, which NKCDC undertook at the behest of OHCD, with support from PNDC. In bringing community residents together to define their visions for the future of the community, NKCDC not only helped to forge a commitment among residents to improve the community, but also saw its own role change to better suit the wants and needs of its constituents.

NKCDC began the planning process in the spring of 1994 in cooperation with New Kensington Neighborhood Action Committee (NKNAAC), a community organizing entity. In order to get the broadest public participation possible, the organizers sent invitations to 250 individuals and organizations in the neighborhood, and placed advertisements in local newspapers. At the opening convention, which was attended by more than 100 people, participants listed their images for a better and more livable neighborhood. Based on this input, committees were formed to address the major issues identified and develop specific program proposals. A steering committee, composed of members of the separate committees, coordinated this process. The program proposals were presented to the community at a meeting marking the end of the process. Altogether, more than 100 meetings took place during the process, and over 150 people participated. The resulting neighborhood plan had six components, each containing specific goals and plans of action. These were: 1) Housing and Land Use; 2) Business and Employment; 3) Education; 4) Recreation; 5) Public Safety; and 6) Human Services. The plan also included a "social contract" outlining the commitment of residents, businesses, community organizations, and government.

the middle of 1998, PNDC is opening the program through a competitive Request for Proposal (RFP) process to CDCs that have a track record in production and serve a specific geographic area. Most of these are likely to be recipients of funding from the Philadelphia Plan or the TNI.

PNDC provides funds for member CDCs to hire consultants to conduct a strategic planning process, during which CDCs assess their capacity, review their goals and objectives, and develop a work plan with performance benchmarks. Prior to their association with PNDC, many CDCs had done little systematic strategic planning. PNDC tracks their progress by requiring them to submit quarterly reports detailing production and finances. The collaborative develops individualized schedules for the release of funding to CDCs, and if an organization fails to make progress in meeting its work plan goals, operating support installments may be withheld. On two occasions, temporary suspension of funding has resulted in significant organizational improvement. CDCs generally feel that the strategic planning is useful, and that the benchmarks improve their performance by holding them accountable. However, some CDC staff believe that PNDC reporting requirements cut significantly into their work time, although they note that this is a problem generic to funders and intermediaries.

PNDC also provides funding for CDCs to hire consultants to conduct organizational assessments. Most CDC directors find these appraisals useful. Sometimes the assessments have resulted in important organizational changes, in one case leading to the first revisions in a CDC's organizational bylaws in more than 15 years. In addition, some new executive directors reported that the assessments helped them set a work agenda as they began their new jobs, thus helping CDCs make the transition to new leadership. One executive director suggested that it might be useful to have a "mini-update" to the assessments at which time the consultant could recheck the organization's progress and suggest future action.

PNDC has also helped many CDCs conduct neighborhood strategic plans. These plans were mandated by OHCD, which provided some funding for them. PNDC matched OHCD's commitment for several of its CDCs and provided some technical assistance in the planning process. Strategic planning has helped these groups establish a development agenda that enables them to focus their efforts (Box 2). However, some organizations' community planning efforts have resulted in unrealistic goals that CDCs do not have the capacity to reach, given the limited resources at their disposal.

RELATIONSHIP WITH MEMBER CDCs

Because it has good relations with both CDCs and other important actors in community development, PNDC occupies a unique role in Philadelphia's CDC world. As a channel for money from major private- and nonprofit-sector funders, the organization is able to perform oversight functions, to assist CDCs in overcoming difficulties that a traditional funder might be unaware of, and to act as an advocate on their behalf. PNDC's relationship with CDCs has gradually developed into one of closer cooperation and mutual understanding. CDCs view PNDC as different from other funders in that the partnership works closely with them and assists them in times of crisis. As one CDC director stated, "PNDC is a group to be trusted." While PNDC does hold them accountable, CDCs do not feel PNDC has imposed its agenda on them. "They do not impose any one method of working on us—they let us decide what is good for our community," one CDC director stated. Another director reported:

Our relationship with PNDC has become one of mutual respect and partnership. Because CDC staff are limited, we tend to overextend ourselves. PNDC helps by giving us technical assistance, or helping find others who can assist us. They also keep the pressure on us to get reports out, but they are understanding.

CDCs have generally responded positively to PNDC's move toward a more interventionist approach. In its early years, PNDC did not intervene where conflicts existed within CDCs or where organizational weaknesses threatened to lead to a crisis. Yet such problems have been a major issue—PNDC has had to defund four of its original 13 members due to organizational difficulties that reduced productivity. These difficulties included loss of leadership, conflicts between CDC boards and staff, and lack of clarity in organizational direction—issues that were not being addressed by PNDC. One PNDC board member characterized this as "monitoring without judgment." This experience has demonstrated the need for greater cooperation with and more rigorous monitoring of member CDCs.

The catalyst for the emergence of the interventionist approach was the leadership crisis experienced by the Advocate Community Development Corporation. Because the organization was the main CDC in a very low income area, and because it had been a presence in the community for 30 years, PNDC decided that it was worth making an exceptional effort to save ACDC. PNDC took a lead role in coordinating ACDC's major funders by setting a series of milestones for the organization to meet and providing assistance to help them meet these milestones. PNDC has since cooperated with two other CDCs to help them avoid impending fiscal crises. The directors of both CDCs feel that this intervention

BOX 2 (continued)

The NK 2000 planning process has transformed NKCDC's work, expanding its role in the neighborhood and allowing it to move beyond housing as its central focus of activity. NKCDC has developed a job placement program called JobNet in cooperation with area businesses. Plans are being made for the New Kensington Enterprise Center, a manufacturing site to be located in an 80,000-square-foot vacant industrial building the organization has acquired. In addition, NKCDC has been working with the school system to try to develop a new public school in the area. It is also helping to organize a Town Watch/Block Captain program to improve neighborhood security.

Perhaps the most remarkable new program NKCDC has undertaken, one that has helped the organization gain renown both in New Kensington and throughout the city, is the Open Space Management Program. The program addresses two of the major problems in New Kensington—the lack of recreational facilities in the area and the blight caused by abandoned properties. The plan is to acquire dozens of vacant properties and convert them to gardens or yards for recreational purposes and neighborhood beautification, and for use as parking areas. In order to accomplish this, NKCDC, working with the Redevelopment Authority, has acquired an urban renewal designation for the area, which allows the RDA to claim properties through eminent domain. NKCDC has also established a gardening center and has received funding to hire a horticultural instructor. This program has been very popular with neighborhood residents, who see it as benefiting the entire community.

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The organization is moving increasingly toward a more hands-on approach, using its healthy relationship with CDCs to identify their needs and design interventions, while also holding them accountable

was very beneficial to their organizations. However, it is unclear whether such an approach might cause friction in the future. In particular, CDC board members from the neighborhood often express concerns that funders will attempt to dictate the operations of CDCs. Consultation with CDC boards on major initiatives would help to offset such criticism.

In sum, PNDC's role is changing. The organization is moving increasingly toward a more hands-on approach, using its healthy relationship with CDCs to identify their needs and design interventions, while also holding them accountable. The experience the PNDC staff and board have gained from working with CDCs has made this move toward a closer working relationship with member CDCs possible. PNDC is at the same time beginning to use its stature and leverage to influence the community development environment that also affects the ability of its CDCs to work effectively.

TRAINING AND TECHNICAL ASSISTANCE TO CDCs

PNDC offers training and technical assistance to CDCs designed to increase the skill level of their staff, allow them access to technology, enhance their planning capacities, and expand their networks with other CDCs, foundations and other funders, and city agencies. PNDC has made two important adjustments in its training and technical assistance delivery. First, it is tailoring its assistance to CDCs to more adequately meet their individual requirements. Second, PNDC is working to increase the capacity of CDCs to respond to economic needs in communities brought on by issues of continuing disinvestment and compounded by welfare reform. This change reflects the prevailing view in Philadelphia that successful community development strategies must address the loss of jobs and the need for retail facilities.

PNDC has contracted with the Community Development Institute (CDI), an organization that provides CDCs with assistance in organizational development, to provide training programs for CDC executive directors and staff. Initially this consisted exclusively of "basic training" for real estate development conducted a few days a month over the course of six to eight months. However, as many of the city's CDCs have already gone through this training, and have expressed interest in moving into areas other than real estate development, this approach has become inadequate. In addition, some organizations already have extensive experience in real estate development and were not benefiting from the basic training. Since 1996, PNDC has been conducting a series of workshops emphasizing one-on-one training in areas of interest to CDCs, including homeownership marketing, contractor selection, economic development, and financial management

and controls. The training at CDI is followed up with training on-site. For example, after a session on financial management, a trainer will go to a CDC and help them through the steps of putting a budget together.

Technical Assistance Grants

PNDC's approach to awarding technical assistance grants has also changed. These grants originally were limited to \$10,000 and were made available to all CDCs on a competitive basis. However, some organizations failed to submit proposals, and others need more than the maximum amount. As a result, PNDC is considering changes in grant allocation whereby there would be no limit to the grant amount. Technical assistance grants have been used by CDCs for a number of purposes, including the hiring of consultants to upgrade computer systems and to conduct staff and board training in community organizing, fiscal management, and other areas.

Capacity-Building Initiatives

In addition to the technical assistance grants and training, PNDC has begun initiatives to increase CDC capacity in three areas: community building, human resources, and financial management.

The Community Building Support Program tries to help CDCs think strategically about ways to move beyond physical development to a more comprehensive vision of community revitalization. This wider view encompasses community organizing, social service delivery, and economic development. PNDC is targeting the program initially at "getting CDCs ready for community building" by providing workshops and training aimed at: 1) enhancing CDCs' capacity to organize communities; 2) increasing capacity to collaborate with other actors; and 3) integrating physical development with other types of activities. PNDC also put out an RFP for small grants for organizations that wanted to plan for community building. This was intended to assist CDCs in attracting additional funding for community building from Philadelphia LISC and other groups that were funding such initiatives. Half of the member CDCs took advantage of the grant.

The Financial Management Support Program was established in response to a need among CDCs to develop more effective and sophisticated financial management practices and update software systems. Several CDCs had software that was insufficient for their needs, and others did not have codified practices for financial procedures. In addition, while CDC boards are required to make budget decisions, many are inadequately trained in financial matters. PNDC has based its financial management support on four modules:

BOX 3**BEST PRACTICE:
FINANCIAL MANAGEMENT
SUPPORT PROGRAM**

As CDC financial operations have become increasingly complex and the variety of funding sources available to them has increased, financial management capacity has become an increasingly important need of CDCs. This has been particularly true of PNDC CDCs, which experienced an average growth in operating budgets of 67 percent between 1992 and 1995 (Holt, Wexler and Farnam 1995). Yet, while most CDCs need assistance in managing their resources more effectively, they have strong preferences in structuring their financial procedures and in choosing computer systems. In implementing its Financial Management Support Program, PNDC recognized the different needs of CDCs and worked with each to give them the assistance they wanted.

For the first phase of the program, the Accounting Software Applications Module, PNDC selected a local accounting firm that had experience in working with CDCs to conduct an assessment of each CDC's software needs, as well as their likes and dislikes. PNDC and the consultant then provided them with a range of software options, explaining the strengths and weaknesses of each. PNDC provided financial assistance for the installation of the new systems and for training on how to use them. This assistance has resulted in more efficient and effective financial reporting procedures and less staff time spent on financial management. For example, the Allegheny West Foundation now utilizes a coordinated financial management and property management computer system, which has saved staff time and pleased the organization's funders.

The Financial Management Support Program has been one of the most successful aspects of PNDC's technical assistance program. Staff and board members of PNDC and staff of CDCs feel that part of the program's success stems from the fact that, as financial management is something all CDCs need, the program is value neutral and does not involve a judgment of the CDCs by PNDC. In addition, PNDC has been careful to tailor the program to the specific needs of CDCs.

- *The Internal Controls and Procedures Module:* focuses on developing or updating CDCs' financial procedure manuals
- *The Accounting Software Applications Module:* aims to assess existing financial management software applications and update them as necessary
- *The Financial Benchmarks Module:* aims to provide training for CDC staff on how to better use financial information to monitor operation and production costs and manage time
- *The Fiscal Oversight Module:* intends to provide training to CDC boards of directors on the use of financial information to set organizational policy and monitor progress

PNDC has concentrated on the Accounting Software Applications Module, and has provided CDCs with new financial management software and training on the new systems (Box 3).

The Human Capital Development Initiative is designed to assist CDCs in attracting and retaining staff. PNDC has been studying reasons for high turnover rates and working with select CDCs to clarify and improve organizational structures, recruitment practices, and skills assessment. PNDC received a planning grant for human capacity building from the National Congress for Community and Economic Development (NCCED) and has recently finished the planning phase and applied for an implementation grant.

FIVE TYPES OF CAPACITY

This section will examine PNDC's impact on CDC capacity, breaking the discussion down according to five types of capacity. It will first review the issues that have arisen in each area of capacity in Philadelphia, then describe how PNDC assistance addresses these issues.

Resource Capacity

While Philadelphia has seen an increase in resources available to CDCs, these groups face a number of issues regarding resource capacity. First, Philadelphia funders are generally quite conservative in their investments, and are much more willing to assist established CDCs with a record of consistent production. Resource capacity is therefore highly dependent on a CDC's reputation in the community development field. Second, the resource base of CDCs remains unstable. Allocations of government money fluctuate yearly, both in the amount and type of funding. In addition, the loss of corporate headquarters in the region and bank mergers (including the recent takeover of CoreStates Bank, a major philanthropic force) call into question the future of corporate

funding for CDCs. Finally, many funders appear to lack vision or direction in their community development assistance, sometimes seeming more responsive to trends in community development emerging nationwide than to circumstances in Philadelphia neighborhoods. For example, the recent enthusiasm for economic development initiatives must be tempered by an understanding of what CDCs can accomplish and what it will take to enable them to play a role in community economic revitalization.

PNDC has enhanced its member CDCs' resource capacity in a number of ways. First, the core operating support stabilizes CDCs and frees up resources for other uses. Second, affiliation with PNDC is seen as a "seal of approval" in the community development industry, and other funders are more willing to work with member CDCs because they are perceived as being accomplished. Some CDC staff point to their affiliation with PNDC as key to their success in attracting other sources of funding, including the Philadelphia Plan, TNI, and project support from city government, banks, and intermediaries. The director of one non-PNDC CDC noted, "PNDC groups may not be aware that being in PNDC raises the willingness of city government to work on projects with you – you have to have a future for the RDA and OHCD to make a commitment to you." Third, PNDC assists CDCs in fund-raising efforts. This is done both formally through training and technical assistance in fund-raising and informally by linking them up with foundations and helping them network and learn from the fund-raising experiences of other CDCs. PNDC's close relationships with CDCs, foundations, and intermediaries are critical to its ability to play a facilitating role in identifying fund-raising needs and exploring ways CDCs can tap in to available resources.

The main criticism of PNDC with regard to resource capacity is that its creation has resulted in a "cartel of funders" that limits the range of funding options available to CDCs. Some believe that because major foundations and intermediaries feel that PNDC is their main community development obligation, they are less willing to provide funding outside their PNDC commitment. This has limited the sources of core operating and project support available to CDCs, particularly those that are not members of PNDC. In addition, as one non-PNDC CDC executive director noted, "PNDC helps generate public support [for its CDCs] by getting the word out about the organization in ways that the organization could not do alone." PNDC has thus focused attention on a core group of CDCs, making it more difficult for nonmembers to gain the attention of funders. In sum, while PNDC's overall impact on CDC resource capacity has been positive, the benefits have not been spread evenly. While this has allowed for the further growth and expansion of the more established CDCs, the absence of a systematic means to nurture smaller CDCs has meant that some areas of the city continue to lack the presence of a capable CDC. This issue needs to be addressed if CDCs are to play the central

The director of one non-PNDC CDC noted, "PNDC groups may not be aware that being in PNDC raises the willingness of city government to work on projects with you – you have to have a future for the RDA and OHCD to make a commitment to you"

Leadership is important both because small organizations need clear and consistent vision and because outsiders strongly prefer to interact with someone in an organization who is a known quantity

role in neighborhood revitalization that city government has outlined for them.

Organizational Capacity

The most important organizational issue facing Philadelphia CDCs is that of leadership – CDCs are generally organizationally fragile and dependent on the vision of an individual leader. This person may be the executive director of the CDC or someone else closely associated with the organization, as in the case of Germantown Settlement’s president Emmanuel Freeman’s association with GGHDC. Leadership is important both because small organizations need clear and consistent vision and because outsiders strongly prefer to interact with someone in an organization who is a known quantity. A second issue is the difficulty that CDCs face in attracting and retaining capable staff, particularly for positions in financial management and real estate development that require technical expertise and experience. Due to financial constraints, CDCs have a hard time competing with the private sector for human resources. In addition, some CDCs prefer to hire community residents or people with an interest in community development who may not have the expertise or experience required for their jobs. A third issue is relations between CDC staff, boards, and community members. Specifically, agreement on organizational objectives among these actors is key to a CDC’s ability to function effectively and address community needs.

PNDC has enhanced its member CDCs’ organizational capacity in several ways. PNDC core operating support enables CDCs to attract and retain staff, and its training and technical assistance enhances staff skills and allows them access to needed technologies. The basic training in real estate development has been especially useful to CDCs that hire staff who do not have these skills. The Financial Management Support Program has met a universal need of CDCs. In addition, PNDC’s assistance in strategic planning enhances participation from CDC staff, board, and community members, thus strengthening CDCs’ organizational structures by helping to establish a unified agenda for neighborhood development. PNDC organizational assessments have also helped CDCs identify organizational issues before problems emerge and have helped maintain stability during periods of growth or transition. The issue of leadership is more difficult to address through technical assistance. However, PNDC has begun to recognize that CDCs need assistance in making the transition during a change in leadership and now provide CDCs with the assistance they need to weather organizational difficulties. In addition, PNDC is exploring ways through its Human Capital Development Initiative to strengthen CDC leadership and help train new leaders.

A number of people active in community development expressed the opinion that PNDC's defunding of four of its original 13 CDCs indicates a need for PNDC to do more to address organizational crises in its CDCs. However, it should also be noted that PNDC is purposefully designed to shed groups that do not meet performance goals and direct funding to organizations that are more capable. Moreover, PNDC has recently begun to intervene more effectively in cases where CDCs experience organizational instability due to loss of leadership or internal conflict.

Networking Capacity

Philadelphia's most effective CDCs have strong networks within their communities. An example is GGHDC, which has affiliations with two local organizations—the Wister Neighborhood Council, an organizing entity, and the Germantown Settlement, a major social service provider. GGHDC's affiliation with these two organizations relieves it of the burden of trying to be comprehensive and allows it to concentrate on real estate development, and it has become very proficient at this activity. Networks external to the community are important for access to resources and political support. Some CDCs have influential leaders, or are affiliated with individuals or institutions that provide them with access to networks. Other organizations must work hard to establish such networks.

PNDC has not placed much emphasis on enhancing CDC networking capacity, although it has provided some informal assistance in establishing CDC networks external to their communities. More recently, the organization has begun to expand on its networking efforts through initiatives such as its establishment of a quarterly newsletter. PNDC has also played an indirect role in increasing CDCs' networks within communities. Specifically, the neighborhood strategic plans that PNDC helped to fund often led to the expansion of CDCs' networks with other community organizations that were involved in the planning process.

Programmatic Capacity

Programmatic capacity is closely linked to organizational capacity—well-functioning organizations are more likely to effectively implement programs. The keys to programmatic capacity are strong leadership and a capable staff. In particular, those CDCs that employ a capable real estate developer have higher rates of housing production. CDCs also benefit from having an agenda for neighborhood revitalization established through a neighborhood planning effort. Finally, while many commentators see a need for CDCs to address economic and social issues, many organizations lack the programmatic capacity to deal with such issues.

PNDC funding and training and technical assistance help to address many programmatic capacity needs by strengthening CDC staff. Although there has not been a major increase in housing production, many CDCs report significant increases in staff real estate development skills. This is perhaps partially responsible for the dramatic increase in commercial space production, and may yet lead to increases in housing development. PNDC's assistance in strategic and neighborhood planning processes has helped many organizations become more comprehensive, allowing them to expand the scope of their activities to include such areas as economic development and open space management. For example, APM has established a 10-year plan for developing commercial space and housing and made significant progress in implementing it. The Community Building Support Program is also beginning to address the capacity-building needs of CDCs in implementing more comprehensive community development programs. Workshops have been held for this program on community organizing, collaboration, and fund-raising.

Political Capacity

Political capacity is of critical importance to CDCs in Philadelphia. CDCs that are able to assert political influence, either through community organizing or through links with influential figures or institutions, are in a good position to access financial resources and gain cooperation from city government agencies in program implementation.

One of the major criticisms of PNDC to date, both from CDC staff and from other major actors in community development in Philadelphia, is that it does not do enough to advocate for systemic changes in the community development field. In recent months, particularly since John Taylor was named executive director, PNDC has begun to respond to this criticism by exploring ways that it can expand its role as a coordinator of the community development system and as an advocate for CDCs. Specifically, PNDC is considering its role in:

- Working in collaboration with other community development supporters to establish public policies designed to expand financial resources for community development and create a more flexible and coordinated community development system;
- Acting as a clearinghouse and resource for information pertaining to "best practices" in the field of community development among stakeholders and intermediaries;
- Sponsoring policy papers and participating in evaluation and research studies on matters related to community development.

The organization is meeting regularly with representatives of the OHCD and RDA to discuss community development issues

(Philadelphia Neighborhood Development Collaborative 1997). In addition, PNDC has recently begun to play a greater role in coordinating assistance to CDCs. For example, PNDC convened the funders of GGHDC, a CDC with a wide variety of funding sources for a complex range of projects, in order to coordinate their funding to the organization.

Non-PNDC groups have not benefited as much from enhanced political capacity resulting from PNDC's activities. PNDC has focused attention on a group of established CDCs, and city agencies have generally been more willing to work with these groups than with smaller CDCs.

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PNDC'S IMPACT ON CDC CAPACITY: THREE CASE STUDIES

Part of PNDC's learning process has been in recognizing that CDCs come from different backgrounds and have differing needs. Some CDCs are organizationally strong and have an established presence in their neighborhoods, or have grown out of large, diversified organizations that have experience in their neighborhoods or access to resources. They look to PNDC to provide them with targeted technical assistance, along with assistance in planning and in networking in the community development industry. Other CDCs were still in a very early phase of their organizational development or were organizationally weak when PNDC began funding them. For these CDCs, PNDC's operating support represented a major boon to their organizational development—some have expanded rapidly and now face issues of organizational growth as a result. Smaller CDCs require more technical assistance in building basic capacities in project development, financial management, and strategic planning, in networking in the community development industry, and in managing organizational growth.

What have been PNDC's impacts on its member CDCs? This section will examine three CDCs that represent different experiences with PNDC. They are:

- GGHDC, an established CDC
- WCRP, a CDC that has grown rapidly in recent years
- ACDC, a CDC that has recently experienced an organizational crisis that nearly destroyed it

GREATER GERMANTOWN HOUSING DEVELOPMENT CORPORATION (GGHDC)

GGHDC has established itself over the years as one of the most productive and professional CDCs in the city, and one that has had a visible and significant impact on the community it serves. While the organization was strong before PNDC came into existence, PNDC has played a key role in further enhancing its capacity. Specifically, PNDC has helped the organization in providing technical assistance in needed areas (particularly in financial management), in organizational development, and in networking with other actors in community development.

History and Description of GGHDC

The Germantown area has an attractive housing stock and a rich historic past. Much of the area, however, has experienced economic decline. Today, it contains a diverse range of poor, moderate-income, and middle-income residents. GGHDC was formed in 1977, a subsidiary of the Germantown Settlement, a large social service organization that has been serving the Germantown area since the late nineteenth century. GGHDC has benefited from organizational support and enhanced access to credit as a result of its association with the Germantown Settlement. In addition, GGHDC works with the Wister Neighborhood Council (WNC), which does community organizing for GGHDC projects. These two affiliations have allowed GGHDC to avoid many of the difficulties of organizational development and the contradictions inherent in trying to encompass real estate development, social service delivery, and community organizing and advocacy within one organization.

GGHDC initially concentrated on the Wister neighborhood, but gradually expanded its area of operation in response to requests from city government, moving into areas poorly served by CDCs. It has focused on housing and commercial development, and it is among the most productive CDCs in the city in these areas. GGHDC produced 97 units of housing during its first three years with PNDC, and it is expected to almost double that number during the second cycle to produce 188 units of housing. As mentioned earlier, however, it is uncertain whether this figure will be met. The housing it's produced in recent years has been predominantly rental units using tax credit financing. However, the organization is planning to move toward developing homeownership units in response to interest in such development from some community residents.

GGHDC's Relationship with PNDC

While GGHDC has always enjoyed good relationships with funders, including both financial institutions and government

agencies, PNDC has assisted the organization in further expanding its funding sources. PNDC has provided technical assistance to GGHDC to enhance its fund-raising strategy, and GGHDC's association with PNDC has enhanced its status in the eyes of funders. As a result, GGHDC has attracted a large amount of core operating support and project financing in the last several years, and is poised to significantly increase the scale of its activities. Most significantly, GGHDC has formed a partnership with Mellon Bank as part of the Philadelphia Plan, and has been selected to participate in the Targeted Neighborhoods Initiative of the Fund for Urban Neighborhood Development. Today, it has one of the largest operating budgets in the city — about \$1 million in 1997.

PNDC has enhanced GGHDC's organizational capacity through assistance in training and strategic planning. Most recently, PNDC has been working closely with GGHDC to upgrade the organization's financial management software system as part of PNDC's Financial Management Support Program. The new financial management software and training have resulted in improvements in and codification of financial management procedures and increased efficiency in the preparation of financial reports. Recently, PNDC's assistance in strategic planning and in conducting an organizational assessment helped GGHDC maintain focus despite the transition to a new executive director. PNDC is also helping GGHDC develop a personnel manual that should further enhance organizational capacity. PNDC assisted GGHDC in developing a neighborhood strategic plan, which has helped it to establish a development agenda. PNDC's technical assistance in strategic planning has improved GGHDC's program implementation. PNDC has recently begun boosting GGHDC's networking opportunities by convening many of GGHDC's funders in order to enhance cooperation and coordination among them. This initiative heralds a new role for PNDC, in which the organization plays a lead role as an assembler of various funders and providers of technical assistance.

In sum, while GGHDC had been a well-established CDC prior to its association with PNDC, it has experienced a major leap in organizational development since joining the partnership that promises to increase the scale and geographic scope of its activities. As it continues to expand its activities, GGHDC has the potential to be a model for other CDCs in the scale and comprehensiveness of its activities and its impact on its neighborhood.

WOMEN'S COMMUNITY REVITALIZATION PROJECT (WCRP)

WCRP clearly shows the influence and impact of PNDC support in its organizational development. A small, primarily volunteer CDC when it joined PNDC in 1991, it is today one of the largest

Since PNDC began funding it, WCRP has grown from a staff of three to 15 in 1997

and fastest-growing CDCs in Philadelphia. It is quickly establishing a reputation for developing and managing housing affordable to low-income people. It is also known for its efforts to incorporate resident participation in project planning and management. As the organization has grown, it has capitalized on the technical assistance and core operating support provided by PNDC.

History and Description of WCRP

WCRP was established by a group of women who had been doing volunteer work in social service delivery and community economic development at the Lutheran Settlement House Women's Program. Feeling the need to more directly address the housing and economic development issues that confronted the community they served, they established the CDC in 1987. The organization hired its first staff member, a half-time community organizer, in 1988. When WCRP joined PNDC, it had developed eight scattered-site units for rental and had conducted organizing and advocacy activities concerning lack of Section 8 subsidies, drug trafficking, and safety (Women's Community Revitalization Project 1995). WCRP produced 54 units of housing during its first three years with PNDC.

WCRP operates in a wide swath of northeastern Philadelphia, encompassing 12 census tracts and about five square miles. Hispanics constitute a slight majority, at 55 percent of the population, but the area also includes large white and African American populations. Many of the census tracts in the area are among the most impoverished in the city, and 56 percent of the area's residents live below the poverty level (Women's Community Revitalization Project 1995).

WCRP's Relationship with PNDC

Since beginning its association with PNDC, WCRP's operating budget has skyrocketed, from \$163,492 in 1991 to a projected \$1,599,717 for the 18-month period from the beginning of 1997 to the middle of 1998. Core operating support and technical assistance provided by PNDC were critical to this leap in resource growth. In addition, PNDC's commitment raised WCRP's stature in the community development industry and helped to attract additional funders—it is a member of the Philadelphia Plan and TNI. Due to its growing organizational strength, WCRP has established good relations with the RDA and OHCD, as well as other city agencies and offices. This has facilitated efforts to gain site release of properties and to seek funding from city government. PNDC also provided funding for technical assistance for WCRP staff to learn to put together development deals, thereby increasing the organization's capacity to attract and manage project funding. As a result, WCRP has moved on to generate a

series of larger developments while continuing its community organizing activities and moving into other areas of operation, such as open space management and the development of social service facilities.

PNDC has also been crucial to WCRP's organizational development. Since PNDC began funding it, WCRP has grown from a staff of three to 15 in 1997. This rapid growth has put a great deal of strain on the organization. WCRP has had to continuously reassess its organizational structure, the role of its executive director and other key employees, and its overall working philosophy. Its practice has been to hire people, preferably from the neighborhood, who have an interest in community development. These employees often have little or no experience related to the positions they fill, however, and require a great deal of training. PNDC assistance in the areas of strategic planning and training has played a key role in WCRP's ability to continue to expand.

WCRP has developed a strong community organizing element in its work. It participates in many outreach activities through its connections with local organizations such as churches, health centers, public schools, and other CDCs. The establishment of these community networks has played a key role in WCRP's success in its development efforts. WCRP received a PNDC grant to analyze how to develop partnerships as part of PNDC's Community Building Initiative.

ADVOCATE COMMUNITY DEVELOPMENT CORPORATION (ACDC)

The Advocate Community Development Corporation, incorporated in 1968, is one of the oldest CDCs in Philadelphia. For almost 30 years it has served an area that has experienced continuous disinvestment and physical and social decay. In recent years, ACDC went through a major leadership crisis that threatened to destroy the organization. It was only through the perseverance of its staff and board and some help from funders who remained faithful in their commitment to the neighborhood that ACDC has managed to continue as the only prominent CDC operating in its area. Many observers attribute much of the credit for the organization's continued existence, and its increasingly promising future, to the timely assistance of PNDC. Many also attribute PNDC's move toward a more interventionist approach in its work with CDCs to its experience in working with ACDC.

History and Description of ACDC

ACDC was founded in the late 1960s by Christine Washington, wife of the pastor of the Church of the Advocate, along with a group of neighborhood residents who were alarmed by the de-

It was only through the perseverance of its staff and board and some help from funders who remained faithful in their commitment to the neighborhood that ACDC has managed to continue as the only prominent CDC operating in its area

cline of their neighborhood. At its inception, ACDC attempted to address both housing and social issues in the community, but the emphasis later shifted to housing. The organization's years of peak capacity were from 1979 to 1995, when ACDC produced 149 units and did systems repair on another 50 (Holt, Wexler and Farnam 1995). In 1995, however, Mrs. Washington, who had been the driving force behind the organization, decided to step down from her position as chair of the board for health reasons. At the same time, the executive director quit.

This loss of leadership had a devastating impact on the organization. The board of directors, while committed to ACDC's work in the neighborhood, did not possess the skills or the time necessary to run the organization. The board first brought in a consultant who acted as interim executive director, then hired a replacement executive director who did not work out and left after several months. ACDC's programs began to suffer financial difficulty, many of its funders pulled out of the organization, and the number of staff dwindled.

Many in the community development industry felt that measures were needed to save the organization. ACDC was the only CDC with any capacity working in an area that requires the attention of a strong community-based development organization. The neighborhood is one of the lowest-income areas in the city; 48 percent of its population lives below the poverty line. The area has experienced dramatic population decline in the last several decades, losing about half of its population between 1970 and 1990 (Advocate Community Development Corporation 1995). Twenty-seven percent of the housing stock lies vacant.

ACDC's Relationship with PNDC

With ACDC on the verge of disbanding, PNDC decided to take unprecedented measures to help the organization through its crisis. First, PNDC hired a consultant to work out some of the financial problems that ACDC had been experiencing. Next, PNDC convened several of ACDC's key funders and set a series of benchmarks for ACDC to meet if funding were to continue. These conditions included the hiring of a new executive director and the development of an organizational assessment, a work plan, and a new neighborhood strategic plan. Finally, in collaboration with other major funders, PNDC worked closely with the ACDC board to recruit a replacement executive director, Jackie Pryor, who had previously been with the Redevelopment Authority. Mrs. Pryor has since provided the leadership needed at ACDC. She has put the organization's finances in order, restructured the board of directors, and is in the process of reassuming control of property management by bringing in a third-party provider.

The difficulties that ACDC has experienced due to loss of leadership in recent years are in many ways emblematic of the leadership situation at CDCs in general. ACDC was for some time an organization driven by the vision and leadership of one dynamic individual, who managed to inspire and direct the efforts of activists and concerned members of the community. Both funders and city officials strongly prefer dealing with one person who is a known quantity, whom they feel they can trust, and who can get things done in their neighborhood. The loss of such a person can have severe consequences for CDCs.

PNDC played a number of roles in ACDC's revival. It assisted in recruiting a new executive director, leading other funders to acquire a renewed sense of confidence in the organization. PNDC has also provided some informal help to ACDC in linking up with other CDCs to discuss their fund-raising experiences. It played a crucial role in providing technical assistance and grants to ACDC for basic needs such as a computer system. It also provided funding for ACDC to hire a consultant to develop a new strategic plan for the organization.

It will take some time and rebuilding before ACDC regains its ability to implement development projects. Currently, ACDC has only two staff members, and the executive director must devote a great deal of her time to tasks necessary for the revitalization of the organization, such as meeting with potential funders. The development of a neighborhood strategic plan is an important first step toward deciding what needs to be done and what ACDC can hope to accomplish. PNDC is assisting in the strategic planning process by paying for a retreat to engage the board in thinking about the goals of the organization. ACDC currently manages 25 units of housing for the homeless and a 39-unit rental development through an agreement with a contractor. In addition, the organization is working with other groups on issues of community organizing, public safety, and social service referral.

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CONCLUSIONS AND RECOMMENDATIONS

Community development partnerships are intended to build CDC capacity by increasing their financial resources, enhancing their technical skills, and expanding their access to networks. This examination of PNDC reveals some of the ways in which part-

nerships attempt to fill these roles, and the contextual opportunities and constraints that shape their work. This section will first review what is to be learned from PNDC's work in terms of how capacity is defined, the role of PNDC in working with CDCs, and PNDC's role in influencing the overall community development agenda in Philadelphia. It will then discuss some possible future directions for PNDC based on input from community development actors in Philadelphia.

PNDC AND CDC CAPACITY

As noted earlier, PNDC member CDCs have experienced only a modest increase in housing production, partially due to constraints caused by changes in city government. There has been a more significant increase in the production of commercial space, as well as promising beginnings to new projects in areas such as economic development, open space management, and homeownership counseling. Overall, there is little doubt that PNDC has had a significant impact on its member CDCs' capacity. CDCs are better able to evaluate the needs of their communities and plan to address them. They have achieved significant growth in number of staff members, size of operating budget, and organizational stability. Each CDC has been affected by PNDC assistance in different ways. PNDC has helped several CDCs through financial and organizational difficulties that, left unchecked, might have resulted in these CDCs having to scale down their activities or cease to operate altogether. Smaller organizations have grown and developed the capacity to become major forces in their neighborhoods, while larger CDCs have sought to increase the scale and scope of their activities. The increased organizational strength of these CDCs is likely to lead to an expanded role in their communities for them in the future. It has also provided neighborhoods with a focal point for their development aspirations, along with access to resources and political influence.

PNDC'S RELATIONS WITH CDCs

In working with CDCs, collaboratives may choose either a hands-on relationship based on partnership or an arm's-length role as a funder and technical assistance provider. The choice of what type of role to play is influenced by the circumstances under which the partnership emerges, the partnership's organizational structure, and the community development context. Because the partnership concept has only recently been introduced to Philadelphia, PNDC has had to work to establish a relationship of trust with CDCs in order to function effectively. However, it currently enjoys a good reputation among CDCs.

Because the partnership concept has only recently been introduced to Philadelphia, PNDC has had to work to establish a relationship of trust with CDCs in order to function effectively

The following lessons emerge from PNDC's experience in working with CDCs.

- ***PNDC's organizational structure and its staff and board working styles have allowed it to establish a good working relationship with CDCs.*** PNDC's approach to working with CDCs has been influenced by the fact that the organization is governed by funders who are representatives of foundations. Because these foundation representatives are familiar with CDCs and the communities they serve, they can share information about the CDCs and build on their experience to provide appropriate assistance. In addition, there is a perception among CDCs that the foundations on the PNDC board will try to work with CDCs that reveal their weaknesses if they show a willingness to address them. This is different from some other funders, such as public agencies and banks, which may be unwilling to extend additional resources if they discover the depth of CDC problems in organization and management. PNDC staff have also built a good relationship with CDCs by working closely with them in crafting programs and services and in monitoring.
- ***PNDC's ability to establish a trust-based relationship has had an impact on the success of its work with CDCs.*** CDCs have increasingly relied on PNDC as an organization that they can go to for advice or information when they encounter difficulty. This has allowed PNDC to recognize potential crises in CDCs and to tailor programs to the needs of CDCs and the communities they serve. It has also facilitated PNDC's monitoring and oversight functions.
- ***Attempts to hold CDCs accountable tend to impede their autonomy and therefore may lead to tension between CDCs and PNDC.*** Partnerships, for obvious reasons, are inclined to demand accountability from CDCs. This places a number of pressures on CDCs, which may include the need to move away from "empowerment" of the community as an organizational objective in favor of increasing the development of housing or other more easily quantifiable projects. CDCs also come under increasing pressure to professionalize their staff and board. Thus far, PNDC has done an excellent job in managing this tension. CDC staff report that, while they feel they are accountable, they do not believe that PNDC is dictating requirements to them. However, this tension is likely to become more of an issue in the future as many of the CDCs that PNDC works with become more established and professional.

THE ROLE OF PNDC IN INFLUENCING PHILADELPHIA'S COMMUNITY DEVELOPMENT AGENDA

PNDC has made some effort to influence Philadelphia's overall community development agenda. In general, however, this has been a weak point in PNDC's work. It has become increasingly apparent that, as city government is the main provider of subsidies for CDCs, changes in the community development policy

agenda will be necessary to bring about significant increases in productivity. The following lessons emerge from PNDC's experience in attempting to influence Philadelphia's community development agenda.

- ***PNDC must play a role in shaping policy and bureaucratic issues and coordinating assistance to CDCs if it is to affect constraints on capacity external to CDCs.*** PNDC staff and board, as well as other community development actors, increasingly agree that PNDC must play a greater role in the overall community development industry if it is to have a major impact on CDC capacity.
- ***PNDC's ability to influence the city's agenda has been hindered by the lack of participation of city agencies and private-sector actors in its activities.*** The dominance of foundations in PNDC's governing allows it some autonomy, but limits its ability to shape the larger community development agenda. In addition, the lack of participation by the private sector constrains PNDC's effort to mobilize financial resources on a larger scale. Indeed, some people in the community development industry believe that when the Philadelphia Plan was formed, it should have merged with PNDC to create a single organization. The lack of involvement of the city government has limited PNDC's ability to coordinate work with public agencies, and may well have limited its impact on policy matters.

SUGGESTED FUTURE DIRECTIONS

Discussions with staff and board members of PNDC and its member CDCs, as well as representatives of major public-, private-, and nonprofit-sector actors in community development, revealed several possible new directions for PNDC's work.

- ***Explore ways to involve government and the private sector in decision making.*** Interacting more with city government and the private sector might enhance the partnership's role in the policy arena and help to overcome the major political and financial constraints on CDC capacity. This could be done by having representatives of other organizations and agencies (particularly the OHCD and the RDA) on the PNDC board in an advisory role. In addition, increased coordination of assistance with the Philadelphia Plan, a major private-sector initiative providing core support to CDCs, would benefit the community development industry as a whole.
- ***Enhance role as coordinator of community development industry.*** Both PNDC staff and board members and other people in the community development industry see a need for PNDC to enhance its role in bringing decision makers together to develop a coherent agenda for supporting neighborhood revitalization activities.
- ***Coordinate reporting requirements with other funders.*** CDC staff in particular want to decrease the reporting burden on CDCs, possibly by coordinating reporting requirements with other funders.

- **Expand the geographic scope of PNDC's CDCs.** PNDC groups currently are concentrated in North Philadelphia and lower Northeast Philadelphia. Despite the existence of need, there are currently no funded CDCs in South, West, and parts of North Philadelphia. As PNDC moves toward bringing new CDCs into the partnership, it should consider selecting organizations from underrepresented areas.
- **Increase efforts to set up a system for nurturing emerging CDCs.** The establishment of a system for nurturing emerging CDCs is key to the continued growth of Philadelphia's community development industry. Several commentators believe PNDC should consider ways to increase emerging CDCs' access to resources. One CDC staff member suggested partnering established CDCs with emerging CDCs to enhance their capacity. Others feel PNDC should open its next round of funding to less-established organizations.
- **Act as a forum for discussions on the CDC industry.** PNDC should explore ways to use its relationships with CDCs and funders to play a greater role in increasing the sharing of information among community development actors. One CDC staff member expressed the desire to see PNDC establish a forum in which CDC executive directors and PNDC board members might meet to discuss the current situation of community development in Philadelphia and possible directions for the future.

Finally, with regard to the general question of the role of partnerships in CDC capacity building, three themes emerge from this study of PNDC. First, *it is necessary to define capacity building more broadly than by measures of housing production alone.* While studies tend to evaluate the achievements of CDCs in terms of number of housing units produced, such an approach is premised on the assumption that CDCs should focus on housing. CDCs must first identify the needs of their communities and then work in a manner conducive to filling those needs. Partnerships must therefore assist CDCs not only in project implementation but also in community organizing, strategic planning, and networking.

Second, *collaboratives must balance a relationship of trust and partnership with CDCs with their need to hold them accountable.* Partnerships must work closely with CDCs to set realistic and useful benchmarks, to understand the organization and identify issues to be addressed, and to structure technical assistance programs to meet CDCs' needs. However, partnerships must also be able to intervene where a CDC is not achieving its benchmarks and is not living up to its commitments to its community. These two roles are often in conflict, and this conflict is not easy to resolve.

Third, *partnerships must create a balance between their need to maintain autonomy in operations and their ability to influence the overall CDC agenda of the city.* Maintaining autonomy is critical to a partnership's ability to represent the interests of its constituent CDCs. Strong political or private-sector influence in governing the partnership may constrain its ability to define its mission in terms of the needs of CDCs. Public- and private-sector actors may have certain agen-

das that are antithetical to CDC autonomy, such as the desire to steer the resources of the partnership for political reasons, or to promote one type of program over another (e.g., homeownership over rental). In addition, partnerships may feel that a close association with public agencies will cause them to lose their credibility as objective funders with their CDCs. They may also feel that attempts to influence public policy might be interpreted as a violation of their charitable purpose. However, partnerships are unlikely to be able to surmount political or bureaucratic constraints on CDCs or mobilize important government and private-sector resources if they do not incorporate participation from key actors in community development.

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