

**BUILDING
COMMUNITY
DEVELOPMENT
CAPACITY
IN
EL PASO**

A Report to the Ford Foundation

BY

ELIZABETH J. MUELLER

CENTER FOR URBAN POLICY RESEARCH
RUTGERS—THE STATE UNIVERSITY OF NEW JERSEY
CIVIC SQUARE • 33 LIVINGSTON AVENUE • SUITE 400
NEW BRUNSWICK, NEW JERSEY 08901-1982
(732) 932-3133 / FAX (732) 932-2363



Report Four

DECEMBER 1998

We thank The Ford Foundation for the support of this research. The opinions expressed here are those of the author. Comments or questions about this report should be directed to Elizabeth J. Mueller at [<muellere@ix.netcom.com>](mailto:muellere@ix.netcom.com).

I

EXECUTIVE SUMMARY

In 1994, the El Paso Collaborative for Community and Economic Development (EPC) was formed, building on the work of the El Paso Affordable Housing Coalition and several other groups that raised interest in the issue of affordable housing among a broad array of actors. Around the same time, the University of Texas-El Paso (UTEP) established the Center for Sustainable Neighborhoods (CSN), and shortly afterward the two groups formed a partnership. By the fall of 1996, the EPC had hired its first executive director, and in May of 1997, it made its first round of grants to community development corporations (CDCs) and other housing organizations, offering support for home buyer assistance programs, project development needs, and organizational capacity building to 15 groups. These groups include established housing organizations wanting to expand, social service organizations wishing to move into housing, and new groups struggling to get under way. They address diverse housing and community needs in settings ranging from deteriorating city neighborhoods to hastily constructed *colonias* along the Mexican border south of El Paso. Finally, they run the gamut from community-based CDCs, rooted in the needs of particular neighborhoods, to citywide nonprofits, with boards whose members are professionals.

El Paso, Texas, has little history of community development; its community of CDCs is small and fragmented. While in other cities a collaborative can focus on providing some coherence or coordination among various funders, in El Paso its first task is to create a stable community of funders committed to a broad vision of neighborhood revitalization.

This study, undertaken on the heels of the EPC's first round of grants, focuses on the early steps of the El Paso Collaborative—it is too soon to judge the effects of its work. However, we can learn from the EPC's early experience what role such a group can play in laying the foundation for effective community development efforts in the future, as well as the challenges it must overcome.

We find that there are several key challenges the EPC must address:

- *Too few resources are available.* The EPC must expand the amount of financial and technical assistance available locally. New funders and technical assistance providers must be found.
- *Available resources are inflexible and do not fit local needs.* City-allocated funds go primarily to project costs. Yet groups need loans to cover other expenses, such as predevelopment costs. They need training and technical assistance that will strengthen their organization by institutionalizing sound basic operating procedures. And they need assistance with specific technical tasks involved in putting projects together.
- *The CDC community is weak and has no champions at city hall.* To build support, the EPC must show that CDCs can produce results in the short term and build capacity of groups for the longer term. The city and city council will be unwilling to increase funding to CDCs without evidence of increased capacity.
- *Community-based development is poorly understood.* While housing needs are well understood and accepted, a broader understanding of neighborhood revitalization and the role of community-based groups in this process must be developed. Without this, support for CDCs will always be precarious.

Our report begins with a discussion of the context for the work of the El Paso Collaborative. The poverty and isolation of the region, the scars left on city neighborhoods by urban renewal programs, and the current lack of resources (financial and technical) to support community development work are described. Next, we examine the formation of the EPC and its mission, then present information on the capacity of CDCs and other housing organizations at baseline. On average, groups tend to be small and of limited capacity; we discuss the EPC's possible strategies in light of these limitations. While the discussion of long-range goals and strategy is ongoing, a consensus has emerged about the need to increase production of affordable housing in the short run. The criteria used for selection of groups in the first round of funding reflect this emphasis on production over capacity-building needs. Yet, in the longer term, serious capacity-building needs must be addressed.

We use the framework provided by Glickman and Servon (1997) to discuss the key capacity needs of housing organizations and the EPC's early efforts to meet them. Five dimensions of capacity are outlined: resource, organizational, programmatic, networking, and political. With a few notable exceptions, housing organizations in El Paso—particularly those that are community based—are found to be quite weak in all five areas. They present a wide range of technical assistance and funding challenges that

might be addressed by an effective community development partnership.

To further illustrate these needs, we describe four very different groups funded under the first round of grants, emphasizing the capacity-building needs of each. The groups are: La Mujer Obrera, a neighborhood-based social service and advocacy organization seeking to integrate housing into its vision for the community; TVP Housing, a small, community-based housing organization struggling to expand its small staff and resource base and thus its production; Greater El Paso Housing Development Corporation, a chamber of commerce–led nonprofit focused on large-scale developments in partnership with for-profit developers; and Organizacion Progresiva de San Elizario, a *colonia*-based, state-designated self-help center, struggling to simultaneously create a new organization, absorb large amounts of funding, and rehab substantial numbers of housing units. EPC is supporting each of these groups in different ways.

KEY CHALLENGES, EARLY RESPONSES, AND RECOMMENDATIONS

After reviewing community development needs and EPC's work to date, we conclude by summarizing their responses to the key challenges identified above and recommending future steps.

- *Too few resources are available.* The EPC must expand the amount of financial and technical assistance available locally. New funders and technical assistance providers must be found.

As noted, CDCs in El Paso are heavily dependent on city-controlled CDBG funds. To date, the EPC has raised \$323,000 from board members to fund its own grants or loans to groups, leveraged additional funds by working with groups on funding proposals, and brought new funders (Enterprise Foundation, Bank of America, Fannie Mae) to the city. Representatives of these groups sit on its board of directors. In addition, EPC has linked local groups to new sources of technical assistance such as the Neighborhood Housing Services (NHS). These accomplishments represent important initial steps.

Recommendations:

1. Continue working to bring new funders (intermediaries, national foundations, banks) to the city and to increase funding dedicated to community development from local sources (banks, corporate foundations).
2. Press board members for substantial contributions; remove those unwilling to contribute.
3. Continue working to facilitate collaborations between home buyer counseling and services programs and banks to increase access to mainstream sources of finance.

4. Increase access to alternative financial products through NHS affiliates and other groups.
5. Continue to work to bring technical assistance providers to El Paso. Encourage more direct ties between these groups and local groups.

□ *Available resources are inflexible and do not fit local needs.* Groups need loans to cover predevelopment costs, for example. They need training and technical assistance that will strengthen their organization by institutionalizing sound basic operating procedures. And they need assistance with specific technical tasks involved in putting projects together.

EPC grants have been given to fund activities not previously supported by the city or other local funders, including predevelopment and administrative costs of project development and management. Fannie Mae's recent award of \$250,000 for a predevelopment revolving loan fund represented an important step.

EPC/CSN's training and technical assistance activities are extremely important, especially for groups needing help with basic organizational management. Groups beyond that stage had more diverse and highly technical needs that were less easily met with existing resources or CSN training.

Recommendations:

1. Develop criteria for use of the revolving loan fund. Help borrowers develop financial management plans to ensure repayment.
 2. Increase the portion of EPC grants aimed at capacity building and funding of administrative costs.
 3. Develop an emergency loan fund to handle unforeseen crises. Make technical assistance/organizational assessment a condition of acceptance.
 4. Develop a talent bank, where organizations can go for referrals to architects and other professionals able to perform technical tasks associated with project development. Solicit names for this bank by canvassing CDCs (and board members) for names of those they have found reliable in the past.
- *The CDC community is weak and has no champions at city hall.* To build support, the EPC must show that CDCs can both produce results in the short term and build capacity of groups for the longer term. The city will be unwilling to increase funding to CDCs without evidence of increased capacity.

At this early stage, it is difficult to know if funded groups will meet their production targets, although they seem on track. But capacity-building activities have been going on longer, thanks to CSN. Data collected as part of these efforts can be an effective tool in building confidence in CDCs. EPC grants have clearly added capacity to groups—capacity that should bear fruit by the end of the first funding cycle. Trying to demonstrate increased capacity also means broadening the focus of measurement efforts to include more than just the number of housing units produced.

Recommendations:

1. Develop production targets and publicize their attainment. This will develop confidence in the sector's ability to project and achieve goals.
 2. Publicize increases in output on the part of individual groups. Include all of their activities, not just housing. (See reports produced by Alex Schwartz for New York State's Neighborhood Development Organizations for examples of ways to document and present nonhousing activities.)
 3. Publicize work of productive groups elsewhere in the country. Solicit help from Ford and other national foundations funding community development in gathering evidence on productive groups.
 4. Develop capacity indicators, based on Glickman and Servon's categories and CSN data. Report on improvements in capacity.
 5. Maintain ties to local housing coalitions such as Transborder Shelter Network and housing and community development advocates such as EPISO. Feed evidence gathered on performance of CDCs to advocacy groups.
 6. Continue work on the Housing Forum. Share materials developed with local housing advocacy groups.
 7. Publicize concordance between the city's comprehensive planning goals and those of CDCs (infill housing in existing neighborhoods, for example). Continue to foster collaboration between city planning department and CDCs.
- *Community-based development is poorly understood.* While housing needs are well understood and accepted, a broader understanding of neighborhood revitalization and the role of community-based groups in this process must be developed. Without this, support for CDCs will always be precarious.

As block granting of funds and devolution of federal responsibility for housing begin, developing local support for CDCs is likely to become even more critical as a hedge against the loss of HOME and CDBG funds. A broader understanding of community development will also help generate support for its efforts in *colonias* among board members.

One of the key public benefits of relying on CDCs for housing and other services is their strong motivation to reach very low income residents. The formation of the EPC, building on the work of Affordable Housing Coalition and other groups, has raised awareness of affordable housing issues in El Paso. The next step is to broaden the focus to include other aspects of community revitalization, thereby raising the profile of community-based groups. EPC is funding several groups with broader community development missions, groups that are highly regarded. It is also funding several *colonia* groups and has encouraged partnerships between these groups and other organizations. These are good first steps.

Recommendations:

1. Document the ability of CDCs to reach those at lowest income levels.
2. Increase importance placed on targeting lowest income groups as a criterion for funding.
3. Increase preference for community-based groups in funding.
4. Continue to encourage partnerships between groups with complementary skills or the development of mentoring relationships.
5. Create a CDC advisory board to the EPC board of directors, with responsibility for canvassing groups to determine areas of need and to maintain contact among groups.
6. Encourage community planning efforts – especially those that can bring together city planning staff and several CDCs.

CONCLUSIONS

In conclusion, we find that the EPC is laying a solid foundation for expansion of CDC capacity in El Paso. However, the challenges remaining are substantial. The organization needs to act strategically in future funding rounds to address these challenges. Perhaps most fundamentally, the EPC needs to revisit the issue of capacity building and its relationship to its long-term goals. Which organizations should be the focus of EPC efforts? Does increasing community development capacity mean emphasizing community-based organizations? How do community-based groups differ in their operations and in their results from other nonprofits? Second, the EPC needs to consider how to distribute its funding to best serve its intermediate and long-term goals. How many groups realistically can be supported from a given amount of funds? And at what point should funding be withdrawn from nonperforming groups?

II

INTRODUCTION

In 1994, the El Paso Collaborative for Community and Economic Development (EPC) was formed, building on the work of the El Paso Affordable Housing Coalition and several other groups that raised interest in the issue of affordable housing among a broad array of actors. Around the same time, the University of Texas-El Paso (UTEP) established the Center for Sustainable Neighborhoods (CSN), and shortly afterward the two groups formed a partnership. By the fall of 1996, the EPC had hired its first executive director, and in May of 1997, it made its first round of grants to community development corporations (CDCs) and other housing organizations, offering support for home buyer assistance programs, project development needs, and organizational capacity building to 15 groups. These groups were established housing organizations wanting to expand, social service organizations wishing to move into housing, and new groups struggling to get under way. They address diverse housing and community needs in settings ranging from deteriorating city neighborhoods to hastily constructed *colonias* along the Mexican border south of El Paso. Finally, they run the gamut from community-based CDCs, rooted in the needs of particular neighborhoods, to citywide nonprofits, with boards whose members are professionals.

El Paso, Texas, is a place unlike any of the other cities included in the CUPR study of community development partnerships. It has little history of community development and has a small, fragmented community of CDCs. While in other cities a collaborative can fill an important role by providing some coherence or coordination among various funders, in El Paso its first task is to create a stable community of funders committed to a broad vision of neighborhood revitalization.

This report, coming so soon after the EPC's first round of grants, will focus on the early steps of the El Paso Collaborative – it would be premature to judge the effects of its work. However, we can learn a lot from EPC's early experience about the role such a group can play in laying the foundation for effective community development efforts in the future, as well as the challenges it must overcome.

While in other cities a collaborative can fill an important role by providing some coherence or coordination among various funders, in El Paso its first task is to create a stable community of funders committed to a broad vision of neighborhood revitalization

We find that there are several key challenges the EPC must address:

- ❑ *Too few resources are available.* The EPC must expand the amount of financial and technical assistance available locally. New funders and technical assistance providers must be found.
- ❑ *Available resources are inflexible and do not fit local needs.* City-allocated funds go primarily to project costs. Yet groups need loans to cover predevelopment costs, for example. They need training and technical assistance that will strengthen their organization by institutionalizing sound basic operating procedures. And they need assistance with specific technical tasks involved in putting projects together.
- ❑ *The CDC community is weak and has no champions at city hall.* To build support, the EPC must show that CDCs can produce results in the short term and build capacity of groups for the longer term. The city and city council will be unwilling to increase funding to CDCs without evidence of increased capacity.
- ❑ *Community-based development is poorly understood.* While housing needs are well understood and accepted, a broader understanding of neighborhood revitalization and the role of community-based groups in this process must be developed. Without this, support for CDCs will always be precarious.

The report is organized as follows: It begins with a discussion of the context for the work of the EPC, describing the poverty and isolation of the region, the scars left on city neighborhoods by urban renewal programs, and the current lack of resources (financial and technical) to support community development work. Next, we examine the formation of the EPC and its mission and present information on the capacity of CDCs and other housing organizations at baseline. On average, we find groups to be small and of limited capacity. We discuss the EPC's possible strategies in light of the limitations and needs of CDCs and other housing organizations. While the discussion of long-range goals and strategy is ongoing, a consensus has emerged about the need to increase production of affordable housing in the short run. The criteria used for selection of groups in the first round of funding reflect this emphasis on production over capacity-building needs. Yet, in the longer term, serious capacity-building needs must be addressed. In the next section, we use the framework provided by Glickman and Servon (1997) to discuss the key capacity needs of housing organizations and the EPC's early efforts to meet them. To further illustrate these needs, we describe four very different groups funded under the first round of grants, emphasizing the capacity-building needs of each group. We conclude by offering a summary of our observations and recommendations.

III

THE CONTEXT FOR COMMUNITY DEVELOPMENT IN EL PASO

El Paso offers a difficult environment for community development. The level of need is high, yet city government allocates relatively little of the federal funds it receives for community development to housing, and even less to CDCs. In addition, few other stable sources of funding for community development are to be found in the region. Similarly, there is a dearth of technical assistance available to El Paso's fledgling CDC community. National intermediaries historically have not been active in El Paso, and the city has no explicit program for building CDC capacity. In this context, the El Paso Collaborative for Community and Economic Development can fill a tremendous need.

SOCIAL AND ECONOMIC CONDITIONS

Demographics

The El Paso-Juarez metropolitan area is home to more than 2 million people, with 1.4 million in Juarez and 666,807 in El Paso County in 1994 (Bureau of Economic Affairs, no date). During the 1980s, the city's population increased 21.2 percent, and the county's grew 39.6 percent. Juarez has experienced even more phenomenal growth, increasing from 260,000 in 1960 to 1.4 million today.

El Paso is overwhelmingly Hispanic (69.6 percent in 1990); in the 1997 city election, a majority of the electorate was Hispanic for the first time. The city's small African American population (3.4 percent in the city, 8.6 percent in the suburbs in 1990) is mostly affiliated with Fort Bliss. El Paso ranked seventh among the nation's 100 largest cities in its share of foreign-born residents. Twenty-three percent of city residents and 27.8 percent of county residents were foreign-born in 1990, with most coming from Mexico. The population is also quite young, with 32.6 percent below the age of 18 in 1990, compared to 25.6 percent nationally (CUPR 1996).

Economic Structure

El Paso is defined in large part by its status as a border city. Its primary economic activities historically have been concentrated in labor-intensive industries, such as apparel, and in extraction of the region's natural resources — primarily copper. As a border city, El Paso attracts this type of low-wage, labor-intensive industry. Yet since passage of NAFTA, employment growth has shifted to the Mexican side of the border, where wages are lower. The apparel industry is increasingly reallocating production to Juarez (Opdyke and Barta 1997), a trend that has left El Paso with the largest concentration of certified displaced workers in the nation (EPWFD 1997). At the same time, employment in the primary metals sector has plateaued, and the sector is no longer a strong generator of new jobs for the region.

The most rapidly growing sectors of the regional economy include the electronics, fabricated metals, and service industries. In the past, local workers with little education could find employment (albeit at low wages); today, higher levels of skill are required for entry-level jobs. The low average educational attainment of the region's population makes attracting higher-wage industry difficult. Thirty-six percent of the region's working-age population lack a high school diploma, while 24 percent have not completed the ninth grade (EPWFD 1997).

Poverty

El Paso is a poor city within an even poorer county. Unlike many cities across the nation, El Paso is wealthier than its suburbs. While jobs and population are growing faster across the county, residential growth there is not of the typical suburban variety — much growth is due to expansion of unregulated settlements known as *colonias*, where developers sold residents plots of land without water and sewer services.

In 1990, close to 27 percent of the region's population fell below the poverty line — poverty was most pronounced in the suburbs, where 37.5 percent were poor. Close to one-third of county residents had annual incomes below \$15,000. Poverty rates for Hispanics were even higher: 32.5 percent of Hispanic city residents and 44.1 percent of suburban Hispanic residents were poor. In 1990, 36.1 percent of children in the metropolitan area were poor (CUPR 1996).

Low wages and high unemployment underlie poverty in the region. The median county income in 1990 was \$24,057, slightly less than 75 percent of the national median of \$32,142. Due to larger-than-average households, per capita income lags even further behind national figures: In 1995, the county's per capita income of \$13,702 was only 59.1 percent of the national figure and 64.9 percent of the state figure. During a period of record low

national unemployment, El Paso has maintained high rates of joblessness. In June of 1997, when the national rate had fallen to 5 percent, 12 percent of El Paso's population was unemployed. Over the past decade, unemployment in the region has averaged 10 percent, whereas the national rate has averaged 6.5 percent.

Although more recent poverty statistics are hard to find, program figures confirm El Paso's continued status as a high poverty area. In 1997, 166,427 county residents received food stamps—close to one-quarter of the county population (Bennett 1997). In 1993, the region ranked number one in the nation in the percentage of its population that received food stamps (CUPR 1996).

Housing and Neighborhood Development

Within El Paso, particular neighborhoods historically have housed the poorest segments of the population. Central (or South) El Paso, an area known as El Segundo Barrio that surrounds the historic downtown district, is one such area. This neighborhood contains the third-poorest zip code in the nation—79901. Another such area is the Lower Valley district of the city, a 20-minute highway ride from downtown along the Mexican border. The poorest areas, where the *colonias* (irregular settlements) are found, lie in the county to the south of the city line. According to the 1990 Census, 75 percent of households in rural *colonias* and 45 percent of households in *colonias* in urban areas were living in poverty (Wilson 1997, 232).

The struggle for decent housing has been a long-standing issue in El Paso, with powerful Anglo property interests standing in the way of reforms and supporting disastrous urban renewal efforts throughout the city's history. The Segundo Barrio neighborhood has been the primary battleground upon which the housing war has been waged. Located on land prone to periodic flooding by the Rio Grande and the subject of an ongoing border dispute between the United States and Mexico, developers historically have been reluctant to invest there. Many attempts were made to raze the substandard housing in the area, the first in 1915 when the United States Army removed 325 shacks.

One-third of the neighborhood was ceded to Mexico under the Chamizal agreement in 1963,¹ resulting in the demolition of 741 tenement units and 352 houses and the displacement of 2,935 families. In 1974, an urban renewal program—the Tenement Eradication Program—displaced 17,000 people. While some federal relocation assistance was provided, it was ultimately insufficient; some argue that this set the stage for the blossoming of the *colonias*, as residents sought affordable alternatives beyond the city limits (Marquez 1985, Wilson 1997).

Conditions in this area also provoked periodic attempts to create regulations that would set decent housing standards and en-

able their enforcement. Time after time, such efforts were blocked, however. The city finally established a housing code in 1968, in order to receive federal housing funds (Marquez 1985, 101). Enforcement, though, has always been problematic.

In the last decade, the lack of affordable housing has once again emerged as an important issue in the city and county. Under federal standards, households with 80 percent or less of the region's median household income are considered low income. In 1990, 51 percent of low-income households in El Paso (or 38,813 households) paid more than 30 percent of their income for housing. In addition, 23.7 percent of these low-income households were overcrowded, with more than 1.5 persons per room. The current shortage of affordable units is estimated at between 30,000 and 40,000 by demographers in the city's planning department (Lawrence 1997, A-10.)

Substandard conditions, high rents, and housing purchase prices beyond residents' means have driven people to suburban *colonias* in increasing numbers. An estimated 50,000 to 80,000 residents (between 8.5 and 13.5 percent of county population) live in *colonias*, which are attractive to residents because, for relatively little money down and with low monthly payments, they can purchase a tract of land and build their own homes as they are able to afford materials. There are many negatives, however. Plots are sold through "contracts for deed," a legal process whereby residents do not build equity as they make payments. Instead, they risk losing their entire investment (including the home they construct) if they miss a payment. In addition, these areas are not zoned, nor are they covered by housing codes. *Colonias* often lack adequate plumbing and sewage systems, as well as access to clean water. In 1995, the Texas Water Development Board estimated that 43,385 *colonia* residents in El Paso County lacked safe water supplies. Virtually all *colonias* had inadequate wastewater services (Wilson 1997, 231).

Almost all funding for community development in El Paso comes from the federal government; virtually none originates with the city, and little comes from the state

COMMUNITY DEVELOPMENT INFRASTRUCTURE

Public Agencies Concerned with Community Development

Almost all funding for community development in El Paso comes from the federal government; virtually none originates with the city, and little comes from the state. Even after the legislature recently nearly doubled its allocation to the state's Housing Trust Fund, it amounted to only \$5.2 million (to be spent over the next two years) (Texas Community Developer 1997). By comparison, Illinois allocates between \$13 million and \$18 million per year and New York \$25 million per year to their respective trust funds for affordable housing.

The largest sources of funds for community development activities are the CDBG and HOME programs. Last year El Paso

received approximately \$17 million from both sources and allocated \$5 million to affordable housing. This represented all of the HOME funds and \$2 million of the CDBG funds. The rest of CDBG funds went to infrastructure and general service needs in the city's many eligible census tracts.² Between 1978, when the city first spent CDBG funds on affordable housing, and 1995, \$64 million in CDBG and HOME funds produced 3,780 units.

Increased block granting of federal housing funds and devolution of authority for their allocation to state and local governments, combined with the lack of neighborhood representation, may jeopardize even the current level of funding allocated to housing.³ According to state housing advocates, devolution of housing funds in Texas is likely to result in less targeting and fewer regulations covering CDBG and HOME funds and lower levels of federal monitoring of compliance with regulations (Morgan and Henneberger 1997). If such predictions come true, attempts to shift block grant moneys to other needs are expected to increase. In the absence of strong advocacy by the CD community, these attempts are likely to be effective.

Texas counties are extremely weak entities, with few revenue-raising or administrative powers. This lack of capacity at the county level has contributed to the proliferation of *colonias* in El Paso County. Although county governments are responsible for approving subdivisions in unincorporated areas and can demand provision of roads and drainage in them, until recently, they could not hold noncompliant developers accountable. Nor can they provide these services if developers fail to do so, since they are barred from assuming debt for the construction of water and sewer systems and from receiving grants from federal agencies (such as the EPA) to provide such services. Provision of water services in rural areas of Texas has traditionally been the responsibility of agencies tied to the agricultural sector (such as water irrigation districts, water development districts, and water supply companies). These agencies have shown themselves to be uninterested in providing water to *colonias* unless forced to do so through organized efforts by *colonia* residents or their advocates (Wilson 1997).

In addition, El Paso *colonias* are often deemed ineligible for federal funding for water services through the Farmers Home Administration (FMHA – now USDA/Rural Development) since they are located in an MSA and thus are not considered rural areas. Similarly, HUD programs for small cities have not included urban counties such as El Paso in their programs. In the absence of federal money, an important source of financing for water projects in Texas is the Texas Water Development Board, which sells bonds and uses the proceeds to make loans to eligible local governments (again, not counties) for water development projects. Given these constraints, one of the few options available to *colonias* located in urban counties is to annex themselves to cities, thus gaining access to the protections of city regulations and enforcement and to city ser-

vices. Another option is incorporation (Wilson 1997, 233-34). Several El Paso *colonias* have now incorporated.

The most important state agency funding community development is the Texas Department of Housing and Community Affairs (TDHCA). TDHCA is the lead Texas agency responsible for affordable housing, community development and community assistance programs, and for regulation of the state's manufactured housing industry. It administers an annual budget of \$360 million (fiscal 1997), most of which derives from mortgage revenue financing and refinancing, federal grants, and federal tax credits. Finally, it administers the state's Housing Trust Fund grant competition.

TDHCA also administers Texas's "nonentitlement" CDBG program for nonmetropolitan cities and counties. In 1997, the total budget for this program was \$87 million, the largest in the nation. Funded activities focus on providing basic human needs and infrastructure to small communities in outlying areas. These funds are awarded competitively. Included in this program are several pots of money earmarked for *colonias*: the *Colonia* Construction Fund, the *Colonia* Planning Fund, and the *Colonia* Self-Help Center Fund. (Under Section 916 of the National Affordable Housing Act of 1990, Texas is required to set aside 10 percent of its CDBG funds for *colonias*). In 1997, it opened five border self-help centers, including one in San Elizario, El Paso County.

Philanthropic Support for Community Development

El Paso has a small philanthropic community. The city is not home to any corporate headquarters; many firms are attracted there primarily by low labor costs, and are fairly footloose and only weakly committed to the community.⁴ The El Paso Community Foundation (EPCF) is the only locally based foundation. It is small—in 1994, EPCF distributed about \$1.6 million. The EPCF was founded 20 years ago by current president Janice Windle to keep philanthropic dollars in the city. In recent years, the foundation has helped fund a number of policy reports on border development issues. It has also worked closely with the Ford Foundation on several projects of benefit to *colonia* residents. Nestor Valencia, senior staffer at the EPCF and formerly director of city planning for El Paso, is a strong housing and community development advocate, and a strong supporter of the EPC.

The El Paso Energy Foundation, part of a holding company for El Paso Natural Gas (no longer headquartered in El Paso), makes grants in the cities where it does business. Last year it gave out \$700,000 in grants in El Paso, most of which went to the United Way. Its grants to groups are small, ranging from \$5,000 to \$50,000, with a focus on social and educational programs and health care. The director serves on the EPC's board.

The El Paso Electric Company makes grants totaling approximately \$500,000 per year to local organizations that focus on children and families at or below the poverty line. The company's VP sits on the EPC's board and is strongly supportive of community development work and dedicated to building the capacity of community-based organizations.

Banks and Community Development

Banks in El Paso historically have not been interested in community development or affordable housing issues, but their interest is growing as the more affluent portion of the regional mortgage lending market shrinks. Banks are beginning to regard the lower end of the mortgage market as a viable sector for loan activity resulting in acceptable returns (Melendez in Farley-Villalobos 1997, A-8). Banks vary in the degree to which they are committed to lending for affordable housing; some banks see broader benefits to lending, whereas others see only individual deals. Because of mergers, virtually no locally based banks are involved in such lending; however, some nonlocal banks (e.g., Norwest) do provide loans for low-cost housing.

The Community Reinvestment Act of 1977 and the Home Mortgage Disclosure Act of 1975 enabled community-based groups to negotiate with banks to better serve particular neighborhoods or groups. In some cities, this process provided a rallying point for neighborhood activists and led to local ordinances that strengthened federal mandates (Goetz 1993). There is virtually no Community Reinvestment Act (CRA) activity in El Paso. None of the bankers interviewed knew of any local CRA challenges. While banks are aware that they need to satisfy CRA requirements, they are not engaged in negotiating agreements with local groups.

Bankers have a significant presence on the El Paso Collaborative for Community and Economic Development (EPC) board. The board chair and cochair are both bankers. The major banks in the city (Norwest, Texas Commerce, SunWest, NationsBank, Bank of the West) all have recent experience working with the Lower Valley Housing Corporation,⁵ underwriting mortgages on developments produced through a partnership between the Lower Valley and a private developer, Tropicana, with city support through HOME funds. In addition, the banking representatives on the board have gained experience in the issues facing the construction of affordable single-family housing through a nonprofit created by the chamber of commerce (the Greater El Paso Housing and Economic Development Corporation). Through this organization, especially through the difficulties encountered in its initial 10-unit project, EPC board members have learned a great deal about the problems of increasing the production of affordable units.

Their interest in underwriting affordable housing loans fits well with their institutional goals. To date, however, few banks have provided more than token financial support to the EPC (or to community-based organizations directly).

Investment in Tax Credits

The Low Income Housing Tax Credit program awards federal tax credits to investors in low-income housing. Between 1986, the year of its inception, and 1994, 710,000 units across the nation were built using the credits. Credits are allocated to states based on their population—\$620 million in credits were available nationally in 1994. Two tax credit projects have been funded recently in El Paso. One was an AFL-CIO pension fund-sponsored affordable housing development that combined tax credits with Section 8 funding to produce 100 units (recently completed). The El Paso Interfaith Sponsoring Organizations (EPISO), an Industrial Areas Foundation affiliate, was active in pushing for this project, working to bring the AFL to El Paso. Half of the units were funded with Section 8 money, making the project accessible to extremely low income families. The other tax credit development is a project backed by TVP Housing, a small CDC and community housing development organization (CHDO). Using the credits, TVP Housing will build a 64-unit multifamily rental complex targeted at families with incomes between 50 and 60 percent of area median. The city of El Paso supported both projects while applications were being completed. Local banks were not involved in putting these deals together.

Until the EPC, few national intermediaries were very active in El Paso and none had offices there

Role of National Intermediaries

Until the EPC, few national intermediaries were very active in El Paso and none had offices there. The only group with a presence was the National Council of La Raza (NCLR).⁶ Since the formation of the EPC, the Enterprise Foundation, a national intermediary, has decided to place a staff member in El Paso, and NCLR has increased the number of groups it is affiliated with in El Paso. The EPC is helping a local group become a chartered NeighborWorks affiliate, giving it access to the underwriting services of the Neighborhood Housing Services. The Housing Assistance Council, a national nonprofit corporation that provides loans and technical assistance to housing organizations in rural areas, now offers important financial resources to nonprofit housing groups in the *colonias*. They run a predevelopment loan program and have formed a community development financial institution—a bank able to offer loans with more flexible underwriting standards to *colonias* residents.

IV

THE ROLE OF THE EL PASO COLLABORATIVE IN CAPACITY BUILDING

Unlike other cities in this study, El Paso does not have a long tradition of community-based development. Many local CDCs and other nonprofits involved in the provision of affordable housing are young organizations with little experience. Many organizations lack core operating support and rely entirely on volunteers or on one or two staff persons and several volunteers to conduct all activities. With limited resources and experience, most CDCs have trouble maintaining staff and program continuity and planning for the future.

In this context, the EPC developed its overall approach for increasing local capacity and support for community-based approaches to neighborhood growth and revitalization. It had to balance the strong need for capacity building with the need to show short-term results in order to build confidence in the sector. Building confidence, in turn, is key to increasing the amount of resources available to the community development industry, from both public and private sources.

FORMATION OF THE EL PASO COLLABORATIVE

As the saying goes, "Success has many fathers, but failure is an orphan." In this sense, the EPC is a success—several of those interviewed claimed to have had a key role in initiating the planning process that led to the formation of the EPC. Several events appear to have converged to awaken interest in housing issues and to create a broad-based coalition of people dedicated to addressing the need for affordable housing in the region. First, several groups were formed for the purpose of studying the affordable housing problem and for recommending a course of action. The key groups were the Mayor's Housing Subcommittee (1989), the Greater El Paso Affordable Housing Coalition—under sponsorship of the EP Community College (1989), and the Greater El Paso Housing Development Corporation (1990). Second, key leg-

islation was passed at both the federal and state levels that focused attention and created mechanisms for resolving some of the problems of *colonias*. These included: the 1990 National Affordable Housing Act, which designated certain areas as *colonias*; the 1994 Texas Subdivision Reform Legislation, which stopped developers' worst abuses; and changes in the Community Reinvestment Act legislation, which sharpened enforcement. These changes came as local banks were absorbed by national banks through a series of mergers and shortly after the city and state had prepared new Comprehensive Housing Affordability Strategies (CHAS) and Consolidated Plans, as required by HUD, outlining their plans for producing affordable housing.

In this setting, the Ford Foundation's early efforts to generate interest in forming an organization to foster community development activity took root readily among key players, most of whom were already active in the Affordable Housing Coalition. Planning efforts were initiated and nurtured in Affordable Housing Coalition meetings, and the El Paso Community Foundation, with its history of ties to Ford, represented the culmination of these efforts.

Mission

The EPC describes itself as a group that "serves as a resource and advocacy organization, providing funds and technical assistance for diverse community development corporations. The [EPC] is designed to strengthen community development initiatives in the City and County of El Paso that are engaged in affordable housing development services and community building activities, by enhancing their long-term stability and production capacities." Its long-term goal is "comprehensive grass-roots revitalization through the support of community-based organizations." In the short run, EPC is focused on a more immediate goal—the production of affordable housing (El Paso Collaborative for Community and Economic Development 1997)

Governance

The EPC is governed by a board of directors currently composed of 17 members (listed in Appendix D). The board is responsible for setting policy for the organization, fund-raising to support the work of the organization, approving annual budgets and grants, and maintaining quality leadership. There are standing committees on administration, finance, grants review, and nominations, as well as an executive committee. Other committees are formed as needed to address problems or issues that arise. Board decisions are made by a majority of members at meetings at which a quorum (a simple majority) is present.

According to the EPC's bylaws, board members are selected by a majority of those serving at the time of any vacancies. Two "community-at-large" members are selected by the board, chosen for their expertise and experience in community development. Currently, these positions are held by one representative of the largest CDC in the region and one representative of a local antidiscrimination organization. Two ex-officio members are also designated, one from the city of El Paso and one from the county. At present, two city officials sit on the board—the director of city planning and the director of the city's Community and Human Development Department—there are no county officials, however. Additional ex-officio members may be designated by the board.

The remainder of the board is composed of funders who contribute a minimum of \$2,500 per year. Many of these positions are currently held by representatives of the banks operating in the city. In addition, there are three representatives of local nonprofit funders—the El Paso Community Foundation, the El Paso Energy Foundation, and the El Paso Electric Company, one representative of the community college, and two representatives of national intermediaries (National Council of La Raza, Enterprise), although these national groups have no local offices. Regular board members' terms are three years, and they may be reelected to serve consecutive terms. Community-at-large directors can serve multiple terms only if they are out of office at least three years in between—they cannot serve consecutive terms.

The EPC is staffed by an executive director (Rose Garcia), an administrative assistant (Grace Barcenas), and a capacity and technical assistance coordinator (Sandra Sanchez). The ED and AA positions are full-time and are entirely funded by the EPC. The third position is funded primarily by the Center for Sustainable Neighborhoods (CSN) at the University of Texas-El Paso. CSN is a key partner in the EPC's technical assistance activities, providing access to a pool of UT students who perform yearly organizational assessments of housing entities. Finally, the director of CSN (Dr. Patricia Fredericksen), while not paid from EPC funds, is also a key partner in its work.

Rose Garcia was selected as executive director (ED) in October 1996 after a yearlong search. She came to the EPC from her position as director of Tierra del Sol Housing Corporation, the largest, most productive CDC in the region. TDS, based in southern New Mexico, initially focused on providing affordable housing for the many Latino farmworkers in the region. In recent years, it has expanded into El Paso, producing the bulk of the affordable housing developed in the region in the last six years. As ED, Garcia is responsible for overall planning and for providing leadership for the EPC. She must perform functions as diverse as fund-raising, fiscal management and budgeting, and maintaining communication with the community of CDCs, city officials, and others inter-

ested in community development issues in order to ensure ongoing support for the EPC and its goals. Garcia's hiring was widely regarded as an important step forward for the EPC. Grace Barcenas provides administrative, clerical, and office management support to the executive director. She followed Garcia from TDS, where she performed similar duties.

Sandra Sanchez (capacity and technical assistance coordinator) is completing both her MBA and MPA at UT-El Paso. She acts as liaison to the university's Center for Sustainable Neighborhoods. Her responsibilities include working "with faculty, staff, students, and members of the El Paso community to assist designated CDCs develop the organizational capacity to address affordable housing issues...under the supervision and guidance of the directors of the CSN and the executive director of the EPC." She supervises student interns at the university, assists the ED at EPC with fund-raising, and provides training and technical assistance to CDC board members and staff.

As indicated above, the CSN plays a key role in the work of the EPC. Funded by a grant from the Department of Education, the CSN works with the city of El Paso and the EPC to assist local CDCs in meeting community needs for housing and economic opportunity by providing training and seminars to CDC staff and boards. The focus of this training is determined by the needs identified through CSN's annual assessment of CDCs and other local housing organizations. Training is conducted both at UT and at various sites in the community, at times convenient to participants. Since CSN was created before the EPC, it was able to conduct a first round of assessments and lay the foundation for the technical assistance activities of the EPC before the executive director was hired; she was then able to use the information already gathered to shape her priorities for the EPC. The CSN has two codirectors (Dr. Fredericksen of UT-El Paso and Gordon Cook of the El Paso Community College), a project coordinator (Ms. Sanchez), and four part-time student interns. In turn, the staff works with approximately 14 students each semester.

Unlike other partnership cities, the EPC board has few foundation representatives or other funders who have had experience with community development funding issues. Over time, Garcia has been able to bring in more representatives of national intermediaries and other groups with more experience. As this happens, shifts will necessarily occur in the focus of the board. To date, the board has not been very directive, providing Garcia with little guidance in setting priorities for the many demands on her time.

Strategy

Only in its second year of operation, the EPC is still forming its strategy. It made its first round of grants in May of 1997 – just

four months before this research was conducted—and, while the organization’s short-term goal was widely understood and shared, longer-term intentions and organizational strategy were not. In this section we lay out the key issues the EPC must address in order to achieve its short- and long-term goals, consistent with its self-described mission. We will then consider the various strategies presented by the participants we interviewed.

To achieve its goals of community-led revitalization and, in the short run, increased production of affordable housing, the EPC must accomplish two critical tasks. First, it must amass the capital—both financial and human—necessary to increase the scale of production of affordable housing. Second, it must build a constituency supportive of community development work, starting with housing and building toward a more comprehensive view of community development. While these goals are interrelated, we separate them here for ease of presentation.

Amassing the financial capital dedicated to the production of affordable housing means expanding the pool of resources available to CDCs for project development and production. The EPC has developed three specific strategies for accomplishing this goal. First, it hopes to raise \$200,000 per year over the next five years to support EPC-funded community development work, including affordable housing production. These funds are to be raised primarily from organizations represented on the board. Second, EPC will document financial methods or products that can be adapted by conventional lenders, thereby increasing access to mainstream sources of finance for homeownership or construction of rental units. Finally, the EPC will establish a flexible revolving loan fund (with a \$200,000 maximum loan limit) of up to \$400,000, to be loaned at low interest rates and used as project working capital, predevelopment financing, or to fund site development costs and other shorter-term needs. The Fannie Mae Foundation recently loaned the EPC \$250,000 toward the establishment of this fund.

It is interesting to note that these three strategies avoid directly targeting the city’s CDBG funds, the largest pot of money available for community development locally. Given the fiscal constraints facing the city, increasing the portion of these funds dedicated to producing affordable housing means increasing the political will to do so. The EPC board has not discussed this openly, but many board members volunteered that they favored increasing the amount of funding dedicated to housing by the city, although they held varied opinions regarding the best strategy for making this happen. Some favored demonstrating increased efficiency and capacity on the part of housing groups (not necessarily CDCs) as the most efficacious route. Others, while not downplaying the need for increased capacity, saw the problem primarily in political terms, requiring mobilization of the broad array of groups interested in the issue in order to press the city to act.

The primary strategies employed to increase capacity are, first, to fund community development activities directly – especially operating and predevelopment costs that are critical to expanding the scale of operations, and second, to offer groups training or technical assistance tailored to their particular needs

While the EPC has raised more than \$200,000 so far from board members, many have yet to make a contribution. Ironically, the largest contributors have not been institutions from the immediate community (see Appendix A for a discussion of the budget). Of the six groups that have contributed more than \$20,000, only the El Paso Community Foundation is locally based. This reflects, in part, the many recent bank mergers that have affected banks operating in El Paso. Several bankers on the board spoke of seeking funds from corporations and made clear that their bank was unlikely to contribute large sums. The national intermediaries represented on the board have made sizable contributions—NCLR gave the largest single contribution (\$95,000), and Enterprise has offered to pay for a staff person that the EPC will supervise in aiding CDCs on project development.

EPC has several strategies for increasing the organizational capacity of CDCs and other housing organizations. The primary strategies employed to increase capacity are, first, to fund community development activities directly – especially operating and predevelopment costs that are critical to expanding the scale of operations, and second, to offer groups training or technical assistance tailored to their particular needs.

Building a broad constituency for community development is a long-term project. It is clearly critical to the ultimate success of the organization and to its long-term goals. The first step toward building such a constituency was the formation of the board and the development of some degree of consensus around the EPC's priorities. Agreement on the importance of producing affordable housing was established during the planning process, when the Affordable Housing Coalition brought together a broad array of groups to discuss housing issues. While board members differed in their view of the role of organizing and coalition building across grassroots groups in constituency building, they were unified in their view that demonstrating increased production would be an effective way of bolstering support (public and private) for community development corporations.

The EPC proposed a strategy for constituency building in its proposal to the Ford Foundation's Human Capital Development Initiative: It will develop model or demonstration projects that will illustrate the barriers to achieving scale as well as the potential impact of physical development activities being pursued. For example, at the *Colonias* Summit, the EPC arranged for a CDC to present an idea for a model *colonia* project. (The *Colonias* Summit brought together funders from across the state and the country to learn more about the *colonias* situation in El Paso and how groups were addressing various aspects of their problems. Participants were invited by the Texas attorney general.)

Another strategy is to focus early funding on those few groups capable of producing a large number of units, building their ca-

capacity further through training and financial support. This issue was debated by the board: To maximize production, focusing on the most productive groups would likely yield the best result in the short term. On the other hand, some argued that increasing the capacity of the smaller groups was also an important goal of the EPC—one crucial to its longer-term agenda. This group also felt that funds should be more widely disbursed in order to build confidence in the EPC among the CDC community. Ultimately, funding was provided to 15 groups.

CDC PRODUCTION IN EL PASO AT BASELINE

In 1996, during the first year of EPC's existence, the Center for Sustainable Neighborhoods (CSN) obtained a list of all organizations identified by the city as involved in housing activities. The list included 60 organizations, among them some community-based programs, some citywide nonprofits, some focused solely on housing, and others with small housing programs as a sideline to larger social service agenda. (See Appendix A for a list of these organizations.) Approximately 12 from this list could be formally classified as CDCs; the rest do not have community representation on their governing boards (Kelly 1977).⁷ Of those that qualify as community based, three could be called mature CDCs; another three are stable. The remaining six are barely surviving financially. According to the local experts we interviewed, most CDCs are very small organizations with few staff members; they produce only a handful of units, on average, each year. Many were highly dependent on volunteers and existed from project to project, with no annual budget per se.⁸

A survey of housing organizations conducted for preparation of the EPC's original application for funding yielded information on 18 housing organizations (see Appendix E). The majority were quite small, with staffs numbering one to four. Five groups reported having no paid staff, relying instead on volunteers. Perhaps most indicative of the generally weak level of local capacity at the time, only eight groups reported having a full- or part-time bookkeeper. Thirteen reported having a strategic plan. All told, the groups had plans to construct 323 new units and rehabilitate an additional 29. Almost 44 percent of the planned units were to be constructed by one group—Tierra del Sol Housing Corporation. Three groups (TDS, Lower Valley Housing, and Northeast Community Development Organization) accounted for more than 76 percent of planned production.

The list includes a wide range of types of organizations. When only those that focus on particular low-income neighborhoods are considered, an even bleaker picture of baseline capacity emerges. Of the seven community-based neighborhood development orga-

nizations, five have budgets between \$10,000 and \$50,000 per year. The larger budgets of the other two—Project Vida and La Mujer Obrera—reflect their extensive nonhousing activities.

Several of the groups producing at a small scale also provide other types of services to their constituents, ranging from health services (Clinica La Fe, for example) to workplace advocacy (La Mujer Obrera) to child development (Project Vida), to cite only a few examples. For these groups, housing is a new activity, added to their existing services in response to the strong need they observed among residents. There is no good data on the overall scale of output of groups in all areas of operation. However, based on interviews with the directors of these organizations, it appears that groups operating in the areas of health and social services are better funded and able to maintain a more stable base of operations, facilitating their entry into housing production in the current local context. They are able to draw on operating funds to temporarily cover predevelopment costs for new projects in a way that small, housing-only groups cannot. These groups are very strongly committed to their neighborhood (or formal catchment area) and see provision of housing as an integral part of their work.

CDC SELECTION AND PERFORMANCE MEASURES

The EPC issued its first request for proposals (RFP) in February of 1997. In May, the first round of grants, totaling \$300,000, was made. The request for proposals listed three categories under which applicants could apply: home buyer assistance services (maximum grant: \$40,000), housing development and project support (maximum grant: \$30,000), and technical assistance and capacity building (maximum grant: \$20,000). Home buyer assistance services covered such activities as credit counseling, home buyer training, default prevention counseling, financing assistance, assistance in prequalifying, and obtaining financing for potential low- and moderate-income home buyers. Housing development and project support included predevelopment costs (needs assessments, land acquisition costs, architectural and engineering costs, etc.) and construction management and rental property management costs. Assistance could be in the form of loans or grants. Finally, technical assistance and capacity-building grants could cover organizational needs such as board and staff training, strategic or business planning, project planning and technical support, computer and other equipment needs, development of financial systems, and development of organizational procedures.

In funding the first round of projects, priority was placed on the first category—home buyer programs (see Appendix C for a list of grantees). Two grants of \$50,000 each were made in this category to the only two groups doing home buyer counseling in

El Paso. Rental housing development was the second priority; here funds were made as “recoverable grants” (loans) rather than outright grants in all but one case. Five grants were made, four of them in the \$20,000 to \$30,000 range. Capacity building was the final, and least emphasized, priority in this round. Seven relatively small grants were made in this category (\$5,600 to \$19,800). All told, these grants are expected to yield 250 units of affordable housing. By comparison, city-allocated CDBG funds supported the production or rehabilitation of 400 to 500 units last year (Hamlyn 1997).

Four broad and somewhat overlapping criteria were used to evaluate applications: First, did the proposal address the stated priorities of the EPC (50 points);⁹ second, was the applicant able to carry out the proposed project (20 points); third, would funds be used cost-effectively (20 points); and finally, would the proposed project target those at 50 percent area median income or below, and did it represent a creative or innovative response (10 points)? Bonus points could be earned by groups that provided comprehensive home buyer assistance services (identifying potential buyers, providing pre- and postpurchase counseling, prequalifying buyers, helping buyers obtain financing—5 points) and /or that had boards on which low- or moderate-income individuals represent at least 30 percent of the membership (5 points). Of the 15 funded groups, approximately eight had boards upon which low- or moderate-income persons were represented.¹⁰

Monitoring

When grants were made, organizations were notified that they would be expected to evaluate their own progress and were asked to describe the methods and measures they would use to do so. In addition, they were required to submit a project work plan detailing the objectives of their project, the particular activities to be carried out each month, and the milestones or benchmarks to be met at various points in time. However, the measures included in project proposals of groups ultimately funded varied greatly in their specificity and in the degree to which they could be operationalized. In some cases, groups were unclear about the difference between objectives and milestones. For example, one new organization listed “begin project” as its sole milestone. Other, more experienced groups have laid out specific objectives and measurable milestones. EPC and CSN staff had to work with a few of the most inexperienced groups to clarify their objectives and to set milestones.

Grantees are required to submit quarterly reports on their operations and progress toward their goals to the EPC. These reports are summarized and presented to the board. The first round of quarterly reports was submitted in early October. Only one

The EPC represents a substantial shift in the funding context and in the dominance of the city – a shift toward a broader view of community development based on a more diverse funding base

group did not comply. This group later submitted an oral report; EPC staff continue to monitor its progress.

Finally, applicants were informed that as a condition of accepting their grant, they were required to undergo an organizational assessment, conducted by the Center for Sustainable Neighborhoods of the University of Texas or the EPC. The assessment was to be used to identify the group's technical assistance needs.

EPC'S RELATIONSHIP TO THE COMMUNITY

The EPC is in a unique position in El Paso. Never before has there been such a group—a group able to bridge public, private, and CDC worlds. The need for such an organization is tremendous, and most participants in the EPC to date recognize this and view the EPC as an important asset for the community. By creating a coherent agenda for community development in the region and focusing public and funder attention on these issues, the EPC is advancing the industry considerably.

However, this process is not without tension. The city has been the uncontested funder of local efforts until now, and by some accounts, it has been content to maintain local groups at a low level of capacity. El Paso has no programs aimed at building CDC capacity to manage housing or improve their performance, as other cities do, and CDBG funds are not available for operating support. Several CDC directors interviewed spoke of past difficulties dealing with the city's Department of Community and Human Affairs. One group complained that the lack of funding for predevelopment or administrative costs left them struggling to complete their projects. On the whole, these groups felt the city was not interested in helping them succeed, although at least one group, with a more diverse funding base, reported finding the city's oversight quite responsible and reasonable.

Despite the city's limited commitment, local groups are highly dependent on city-controlled funds. According to one observer, national intermediaries historically were discouraged by the city from coming to El Paso. In this context, the EPC represents a substantial shift in the funding context and in the dominance of the city—a shift toward a broader view of community development based on a more diverse funding base.

At the level of individual organizations, the EPC is viewed differently according to the needs of the group. For some, the EPC is a new, more sympathetic funder. Many groups feel that executive director Rose Garcia, because of her experience as a practitioner, understands their needs better than other funders with whom they deal. For others, EPC is a source of sorely needed technical assistance and training. For more activist groups, the EPC is still too new to be judged—they are wary of its corporate board and ties to the city.

TRAINING AND TECHNICAL ASSISTANCE TO HOUSING ORGANIZATIONS

The EPC offers CDCs several forms of assistance that can be grouped under five broad headings: 1) organizational training/staff development; 2) brokering relationships; 3) project development/proposal packaging; 4) advising/crisis intervention; 5) information gathering/dissemination. In addition, EPC staff play a role in local advocacy and policy development efforts.

First, under the supervision of Sandra Sanchez of CSN, the EPC offers a range of types of training to staff and board members, based on needs identified in the assessments CSN conducted of 20 groups at EPC's inception and the follow-up assessment they conduct annually. To date, training has focused on board responsibilities and potential conflicts of interest, and financial management. Even groups with years of experience reported benefiting from the training—one organization substantially changed its operating procedures after learning about board responsibilities and conflicts of interest. EPC/CSN staff are also beginning to help organizations develop strategic plans, a process many groups are being exposed to for the first time. This process encourages groups to think in organizational terms, rather than moving from project to project without time for reflection. Finally, EPC/CSN staff have gathered information on staff salary and benefits and used this information to push for increases in salary and adequate benefits to ensure staff stability.¹¹

Second, EPC brokers relationships among CDCs, between CDCs and funders (including the city), and between CDCs and intermediaries. Many people commented that, although their groups did similar work, they had never met their counterparts in other organizations before the planning for the EPC brought them together. Since then, a few groups have begun to work together to share complementary skills. For example, two funded groups, Casas por Cristo and Sparks Housing Development Corporation, were partnered with EPC's help to work on a project in Sparks *colonia*. EPC has also brokered relationships between banks and CDCs, helping secure loans for a few groups. Through the *Colonias* Summit, EPC sought to link potential funders to Organizacion Progresiva de San Elizario and other *colonia* organizations. In addition, they are helping Guadalupe Economic Services become a NeighborWorks organization, which will allow them to underwrite mortgages through Neighborhood Housing Services.

Third, EPC helps CDCs develop project and package proposals to funders by assisting with technical elements of projects or with potential partners. For groups with limited experience, this help can be critical to their success. EPC has assisted with market surveys, feasibility studies, and other technical tasks that are difficult for some groups to carry out. EPC (especially Garcia) can be instrumental in negotiating with actors (such as the city or state) in

putting together various elements of proposed projects. For small groups that have limited experience with the particulars of land acquisition and site control, among other issues, this help is extremely valuable. Enterprise has recently agreed to fund a staff person who will perform this role in the future, allowing executive director Garcia to focus her efforts on management and fund-raising activities.

Fourth, EPC offers advice and assistance to groups that are in crisis, usually over financial issues. EPC has been able to help secure emergency funding for one group experiencing a cash flow crisis and to help others address management crises as they arise. Its presence and promise to work with groups in crisis can make the difference in securing help for them.

Finally, EPC closely follows changes in legislation, in financial products available, and in funding programs, conveying this information to CDCs by having outside groups offer training or by directing groups to such products or opportunities on an individual basis. For example, EPC recently brought in LISC's National Equity Fund to do a training session on tax credit and bond financing assistance.

FIVE TYPES OF CAPACITY

In a recent paper, Norman Glickman and Lisa Servon outlined five types of CDC capacity (Glickman and Servon 1997). In this section, we consider the strengths and weaknesses of El Paso's housing organizations in each of these areas. Our findings are based on information and documents gathered in interviews with funded groups, board members, and local experts. All sources confirm that capacity was very weak at the time of EPC's inception.

Resource capacity

"The ability to increase, manage, and sustain funding is central to a CDC's ability to build capacity: it is often the basis for capacity building in the other components we have identified. The resource aspect includes raising funds, managing them, and deploying them appropriate to various aspects of the community development process" (Glickman and Servon 1997, 8).

El Paso housing organizations are, on average, extremely limited in their fund-raising capacity and in their capacity to manage their finances. Of the 16 groups reporting budget information in 1995, two reported having no operating budget, five had budgets under \$30,000, two had budgets between \$30,000 and \$100,000, three more between \$100,000 and \$300,000, and four had annual budgets of more than \$300,000. Those without annual budgets distributed funds according to project demands. With more than

El Paso housing organizations are, on average, extremely limited in their fund-raising capacity and in their capacity to manage their finances

half of the groups reporting no staff member dedicated to accounting and finance, a limited capacity for documenting financial activity is clearly a serious impediment to fund-raising and expansion of resource capacity.

Groups were highly dependent on public funding. More than 70 percent of total funding available to these organizations was controlled by the city. Several groups interviewed reported receiving funds from private nonprofit organizations (usually churches). Few reported generating fee-based income. Without predictable sources of funding, groups found it difficult to plan ahead and easier to budget on a project basis.

Most CDCs survived project to project, with no real organizational budget. This meant no consistent operational support, let alone resources for stabilization or expansion. Over and over again, groups emphasized the need for predevelopment funds, driving home the point that they have no reserves to draw upon for even the next small project. Clearly, diversifying funding sources and increasing the portion of funds that are self-generated are necessary steps for most groups. In addition, they must develop financial management skills that will enable them to expand.

The EPC, through its first round of grants, has taken some small steps to increase the capacity of groups to administer funds raised. Casas por Cristo, a group that builds housing on both sides of the border with volunteer labor, received funds to hire a part-time bookkeeper. Christmas in El Paso, Inc., another largely volunteer organization with few paid staff, received funds to increase its marketing and financial management staff hours, enabling them to increase their rehabilitation production by 50 percent.

In addition, EPC grants were used to cover a portion of operating costs for some organizations. TVP Housing received funding to hire a project manager and to increase the executive director's hours, greatly expanding this tiny group's capacity to oversee its projects. The Greater El Paso Housing Development Corporation (GEPHDC) received funding to cover some administrative activities associated with current and future projects.

Finally, EPC grants were made to fund predevelopment costs for several projects. These costs, often crucial to the design of a feasible project, are not funded by the city, and local banks are not willing to make short-term loans to cover them. Such grants were made to La Familia del Paso, Inc., for its independent living project, to Project Vida CDC toward the rehabilitation of 27 units, and to Southside Low-Income Housing for construction of three single-family homes.

EPC also has had an effect on the financial resources made available to some groups by banks. For homeownership construction projects, most of the banks represented on EPC's board were eager to underwrite mortgages. EPC also facilitated this by funding ex-

*Most housing organizations in
El Paso have few paid staff
members*

pansion of two local programs aimed at counseling and preparing low-income families for homeownership (Guadalupe and the YWCA). These two groups received the largest grants during the first round of funding (\$50,000 each).

Organizational capacity

“Organizational capacity comprises the way that staff, boards of directors, and others carry out the functions of nonprofits. It also refers to the depth, skills, and experience of board and staff members. Without the ability to coordinate and work through problems strategically, CDCs can find themselves working inefficiently and without needed focus” (Glickman and Servon 1977, 13).

Small staff size seriously limits the organizational capacity of community development groups. Most housing organizations in El Paso have few paid staff members. Of the 18 groups providing information in 1995, five had no paid staff and relied entirely on volunteers; only three groups reported 10 or more full-time staff members. The few staff at small groups were responsible for all activities – fiscal management, board development, project management and monitoring. The workload is heavy and the rewards few. Several directors spoke about burnout and worried about the future of their organization.

With such limited staff, most housing organizations count heavily on volunteers. Three groups – Habitat, Christmas in April, Casas por Cristo – rely on volunteers consistently. These groups were structured to focus on the volunteer experience as a key feature of their work. Managing volunteers requires significant supervisory time. Most groups’ use of volunteers was due to necessity rather than their mission, and we can assume that the use of volunteers is somewhat of a hardship for groups with small staffs.

The smaller groups reported that a large portion of staff time was spent on operations and on preparing reports for funders, leaving them little time for fund-raising for future projects. (They complained, for example, about EPC’s quarterly reporting requirements.) When asked about training, they reported little or no formal training provided by their organization. Many came to their jobs with experience; others got it on the job.

While most groups have few staff, all have a board of directors. What groups lack in staff expertise or time may be compensated for by a strong and active board. EPC’s early emphasis on board training is a response to the limited role that many boards have played in developing organizational capacity of local groups. Many boards have operated without clear guidance regarding their roles and responsibilities.

Several groups are governed by community-based boards. These organizations focus on a particular city neighborhood or

zone where low-income residents are concentrated. Groups that rely heavily on volunteers have boards that represent them rather than the community receiving their services. Of the remaining housing groups, citywide nonprofits tend to have boards composed of professionals, while neighborhood-focused groups are more likely to include community members on their boards. Several groups are certified as community housing development organizations (CHDOs) by the city, requiring community representation on their boards (TVP, PV CDC, Southside Low-Income Housing, Project Bravo, Santa Lucia CDC). By this criterion, the number of groups that could be considered CDCs is small.

In this context, the training provided by the EPC/CSN takes on added importance. Many groups interviewed cited the board training as extremely valuable in increasing the support that staff received from board members. In some cases, however, short-term turmoil resulted as practices were reformed or adjusted. The most frequently mentioned areas of need were financial management and responsibilities of board members. The groups that already possessed basic skills indicated that they wanted help in identifying professionals to do predevelopment work, with technical skills for project packaging (feasibility studies, for example), and support in identifying additional funding sources and in grant writing. In a few cases, EPC-funded groups have begun to collaborate in project development, sharing their expertise with groups having similar interests. While there is still plenty of “turfism,” some new relationships have developed since the planning process began. For example, Casas por Cristo worked with Sparks Housing to build a self-help center in Sparks *colonia* where residents could borrow tools and learn building techniques. Currently, Sparks Housing is receiving volunteer technical assistance on a rehabilitation project. TDS has collaborated with several groups since the start of the EPC, including GEPHDC and La Familia del Paso, Inc., among others.

Networking capacity

“The ability to build networks with other organizations is among the most important aspects of capacity building among CDCs, particularly given the shift to a more comprehensive approach...[Community Development Partnerships] often play important roles in helping CDCs to create these networks—partnerships, by definition, are linking organizations” (Glickman and Servon 1997, 18).

The inability to build and work through networks has been a key weakness of housing groups in El Paso, as indicated by their overwhelming dependence on city-controlled funds. They have had too few links to other significant funding sources and to sources of technical assistance. The city’s dominance in funding has contributed to the divisions between groups and made them fearful both of working together and of mobilizing to challenge city policies.

The formation of the EP Coalition for Affordable Housing and, subsequently, the EPC represent important positive steps toward building bridges among groups. The planning process for the Ford Foundation's Human Capital Development Initiative was another important step in this process. With the formation of the board, direct contact between CDCs and other housing groups declined, as few are represented on the board. A proposed CDC advisory group to the board might help reconnect some of the more active groups.

The hiring of Rose Garcia was another important step in this process. Her work at TDS provided Garcia with a vast network of contacts and connections to other funders and technical assistance organizations in the region and the country. She has started putting these connections to use at EPC by bringing in some of these groups to sit on the board and by helping to connect local groups to funders and national organizations such as Neighborhood Housing Services.

While the EPC can play only a limited role as an advocate for CBOs in the region, a new organization has recently formed that can continue the networking among groups and take up this role. This group is the Transborder Shelter Network, a Ford Foundation-supported organization created to address housing and other community development issues on both sides of the border. EPC, through its director, maintains contact with the Network.

Programmatic capacity

"Community development corporations try to build their programmatic capacity so that they can continue to respond to the growing and changing needs of the communities they represent...Capacity building in ...diverse fields requires great organizational dexterity, and successful CDCs take on new programs only after extensive strategic planning and careful deliberation" (Glickman and Servon 1997, 21).

There is tremendous variation in the comprehensiveness of activities carried out by El Paso housing organizations. Even focusing on CDCs alone, we find a large degree of variation, reflective of the origins of many of these groups. Many CDCs in El Paso began as advocacy or social service organizations that, because of their comprehensive view of neighborhood problems, decided to form CDCs in order to produce housing or other economic development projects. One such group is Project Vida, a church-based organization that offers child care, education, health care, and other social services to residents of its neighborhood. Similarly, La Mujer Obrera, a group with origins in the struggle for workplace rights for women in the garment industry, has formed a CDC in order to develop affordable housing and foster economic development in its neighborhood. Finally, Clinica La Fe, a well-established organization providing health care services

and advocacy to residents of South El Paso, is expanding into housing. These groups are comprehensive by mission and have achieved a degree of financial and organizational stability foreign to the smaller, housing-oriented groups.

Many other groups, focused primarily on housing, are less comprehensive by design and by capacity. The smaller groups, in some cases, are taking steps forward that may allow them to expand their services through partnership with other groups. One example is the informal collaboration between Southside Low-Income Housing Development Corporation (a small housing organization) and La Mujer Obrera. In several cases, groups we interviewed mentioned meeting each other and learning of each other's work for the first time during the planning process leading to the formation of the EPC or during the meetings held when EPC applied for funding under Ford's Human Capital Development Initiative (HCIDI).

In terms of output, with few exceptions, the comprehensive groups offering an array of services are larger and serve more people than the housing-focused groups. For example, Clinica La Fe now operates four clinics in the region, serving more than 15,000 people between January and November of 1996. These groups also have more experience working with other groups and are better "networked." For example, Project Vida CDC, a sister organization to Project Vida, is a broad-based social service organization. Project Vida has worked with the Case Management Collaborative, the Family Pride Parenting Program, and has contracts for coordinating services with the YWCA for child care, Thomason Hospital, University of Texas–El Paso student and preceptor programs, city/county health district, Texas Tech University, and the city's collaborative in social services. PV is also a contractor with AmeriCorps, Texas Department of Health, and the federal Maternal and Child Health Bureau.

In the area of housing, the most productive group by far is Tierra del Sol Housing Corporation, an organization accounting for an overwhelming majority of the housing produced by surveyed groups. Between 1980 and 1996, under Rose Garcia, TDS produced 3,000 units of affordable housing in the region, including single-family and multifamily new construction, housing rehabilitation, subdivisions, and water and sewer development. While still a relative newcomer to El Paso, TDS already had two projects under way in the region, both with more than 50 units. In addition, Lower Valley Housing Corporation has been steadily increasing its productive capacity. Between 1998 and 2000, it will produce 250 units of affordable owner-occupied units.

To date, EPC has given priority to housing production. This was a strategic decision. In the future, it is likely that the focus will expand as the capacity of groups to broaden their work is strengthened.

In terms of output, with few exceptions, the comprehensive groups offering an array of services are larger and serve more people than the housing-focused groups

Most groups are too small and lack the base to effectively push for change

Political capacity

“...political capacity refers primarily to two elements...First, it refers to CDCs’ influence with government officials at all levels. Second, political capacity reflects a CDC’s legitimacy within the community it serves. Both types of political capacity help a CDC obtain resources and build other types of capacity” (Glickman and Servon 1977, 26).

While many of the housing groups are dissatisfied with the current policies of the city’s Department of Human and Community Affairs, few have tried to do anything to change these policies. Most fear that they will lose contracts or face increased scrutiny by the Department if they try. Indeed, most groups are too small and lack the base to effectively push for change. Despite these limitations, and the weak role of neighborhood groups in city politics, a few are quite vocal in opposing specific plans for their neighborhood (e.g., Southside) or in pressing for increased attention to particular issues of importance to their community (e.g., La Mujer Obrera’s NAFTA initiative).

Many of those interviewed noted that the EPC must be careful in advocating for the needs of CDCs or low-income residents. It is trying to forge a coalition among actors that have not traditionally been allied (bankers, CDCs, city officials) and cannot be seen as favoring one group. At the same time, to be effective, EPC must be independent of city or financial interests of CDCs and other housing groups. Based on the consensus that has emerged over time around the need for affordable housing, the EPC’s executive director has begun meeting with the mayor to discuss housing issues and to urge him to give them priority. Shortly after his election, the mayor announced that affordable housing would be a focus of attention during his term in office. Since that time, he has begun to act on this promise, traveling to Washington to meet with HUD officials. How these activities will translate into changes at the city level is not yet clear.

To bolster his resolve, EPC has begun to plan a housing forum where an analysis of housing needs in the region and prescriptions for amelioration would be presented to city council members and the mayor. As of this writing, the forum had not yet been scheduled. EPC hopes to use it as a vehicle for increasing understanding of housing issues and the importance of community-based approaches to addressing them in outlying communities as well.

Overall, housing organizations in El Paso are severely constrained in political capacity on several levels. Much of this problem can be traced to the CDCs’ isolation from each other and their high level of dependence on city-controlled funds, which come with many strings. This dependence has hindered CDCs’ ability to become financially stable and thus to expand the scale and scope of their work.

V

EPC'S IMPACT ON CDC CAPACITY: FOUR CASE STUDIES

In this section, we present profiles of four groups chosen to represent the diversity of organizations operating in El Paso. All four participate in EPC activities and received funding under the first round of grants. All but one (GEPHDC) would be classified as CDCs. La Mujer Obrera is a strong, community-based advocacy group that, while inexperienced in housing, embodies an approach in tune with the community development ideals of integrating neighborhood needs into a comprehensive strategy. TVP Housing is a small CDC, struggling with many of the issues common to understaffed, undercapitalized groups in the city. In spite of its small size, it has recently received tax credits enabling it to pursue a large development. Next, the Greater El Paso Housing Development Corporation, a subsidiary of the local chamber of commerce, is a relatively new group, formed by members of the business community who wanted to demonstrate how to produce affordable housing for the homeownership market. GEPHDC's experience with its two projects to date demonstrates the importance of mastering the whole process of development—from preparing buyers to completing and occupying the homes. Finally, we discuss a group working in an El Paso County *colonia*—the Organizacion Progresiva de San Elizario. This group is tackling a very different set of issues and working with different public agencies. It is charged with developing one of the state's five self-help centers in border *colonias*. Organizacion Progresiva's struggles highlight the difficulties faced by a new organization with little experience to build on in the context of tremendous needs. It is also challenged by the sudden influx of a large amount of funding

LA MUJER OBRERA

La Mujer Obrera (LMO—also known as Centro del Obrero Fronterizo) is one of the most strongly community-based organizations participating in the EPC. The organization is governed by a board composed entirely of its low-income members, primarily Latina garment workers. Established in 1981, La Mujer Obrera's mission is to improve the standard of living of low-income His-

panic women workers and their families in the El Paso area. Its focus has been the region's garment industry. La Mujer Obrera takes a comprehensive view of community development and sees access to "housing, employment, education, health care, nutrition, and political participation as necessary conditions for a quality of life with dignity, peace, and security" (Centro del Obrero Fronterizo 1997). A membership organization, it currently has approximately 400 member families, representing about 2,000 people. La Mujer Obrera estimates that it reaches more than 10,000 people annually through its educational programs.

Since its formation, LMO has focused primarily on providing education and leadership support for garment workers in their battles for workplace rights. Its achievements include the Escuela Popular, a free adult education program that provides classes in English, citizenship, women's issues, and legal rights; the Texas Rural Legal Aid's Garment Workers Program, which provides free education, counseling, and representation; Project Vida's primary health center, providing low-cost services to the residents of the Piedras-Alameda neighborhood; the Fashion Development Center, a training and technical assistance center for the El Paso apparel industry, especially the small contractors; the Pay Day law, which made the repeated nonpayment of wages a crime in Texas; a \$4.2 million vocational training pilot project for workers displaced by NAFTA; and its own headquarters, which includes child care and kitchen facilities as part of its Community Economic and Social Development Center. It has a strong record of fund-raising from public, philanthropic, and corporate sources.

Over time, the organization has become more focused on neighborhood issues, particularly as the effects of NAFTA are felt in the Piedras-Alameda neighborhood where most El Paso garment workers live. Known as El Paso's garment district, the neighborhood historically has been the residential, education, and shopping center for low-income Hispanic families working in the apparel factories. Seventy percent of area housing units are renter occupied (versus 42 percent citywide) and 74 percent of local residents earn less than 80 percent of the regional median income. Neighborhood residents are among the least educated in the city; fewer than half possess a ninth-grade or higher education.

The area's proximity to international bridges and its five access points to the interstate have made it a focus for developers, and it is the site of numerous warehouses and suppliers for businesses. At the same time, with the advent of NAFTA, the district has seen many of its garment businesses move across the border. According to LMO staff, residential property owners interested in selling to property developers are allowing their buildings to deteriorate. Finally, as the area has declined as a residential neigh-

borhood, several homeless services centers have moved in. In this context, LMO has developed a long-term strategy for neighborhood-based community and economic development. Drawing upon leadership resources from past initiatives, a committee of 18 members was established to consider local needs and set priorities. Together with the board, this group identified decent affordable housing, jobs, and training as top priorities for the neighborhood. In pursuit of these objectives, it designed the Displaced Workers Community Economic Development Initiative. Included as part of this comprehensive strategy is the formation of a CDC (El Puente) to facilitate development of affordable housing for neighborhood residents. In the longer term, LMO hopes that its CDC will also develop job creation strategies for displaced garment workers. It plans to work with other groups in order to learn more about housing development, and has sought counsel from another CDC with a strong history of advocacy for mentoring.

The EPC granted LMO's request for funding to develop an affordable housing plan for its neighborhood as part of its overall strategy. While generally supportive of the EPC, LMO sees it as too strongly focused on housing production at this point and hopes that it will expand its focus to be more comprehensive in the future. LMO serves a very low income constituency — a community for which homeownership, especially within its neighborhood, is generally impracticable. Its leadership feels strongly that NAFTA is a community development issue in El Paso and would like to generate broader support for this view in the community development community. In many ways, LMO resembles CDCs elsewhere in the country in its desire to merge job training, economic development, and housing.

TVP HOUSING

TVP Housing (also known as Mission Housing) is a small operation, with a part-time executive director and one part-time student intern. The organization was founded in 1988 and became a city-designated CHDO in 1992 and a state CHDO in 1997. It serves the Lower Valley district of El Paso. In spite of its small staff, TVP has successfully produced decent, affordable units, and its volume of work is increasing dramatically. TVP renovates or reconstructs existing structures (both single-family and multifamily) and has developed special-needs housing. The organization has developed or rehabilitated units for 35 families to date, and it recently received tax credits to construct a 64-unit project, thereby tripling its total production with a single project. The challenges that TVP has faced in carrying out several of its projects point to the types of assistance many groups in El Paso need. With the dramatic increase in its workload, TVP's capacity is being stretched to the limit.

In spite of its small staff, TVP has successfully produced decent, affordable units, and its volume of work is increasing dramatically

TVP manages mortgage contracts for 19 families under two city-run programs. Under the Replacement Housing Program, TVP reviews low- to moderate-income residents' applications for rehabilitation of homes. If renovation would cost more than \$20,000, TVP works with the homeowner on reconstruction plans, acting as the developer, handling all architectural, engineering, and contractor negotiations, providing homeownership counseling, and walking the owner through the closing. TVP then administers the mortgage account after occupancy and keeps the payments. Similarly, it holds nine mortgages through the city's Aetna-Infill Housing Program. TVP acts as developer and offers services similar to those described above to the homeowners, acting as second lien holder on the mortgages.

In 1994, under HUD's Home Investment Partnership Program, TVP rehabilitated and now retains ownership of a building for homeless, mentally disabled, or handicapped single persons. Residents of the Magoffin Home receive daily supportive services through TVP's contract with the Life Management Center (a state agency). Rents cannot exceed 30 percent of tenants' annual incomes. A resident manager lives on the premises and a resident association convenes once a month to reassess daily activities and building rules. This project, which cost a total of \$522,308, is highly regarded by many in El Paso.

Under the same HUD program, TVP is also developer and administrator of an apartment complex on San Antonio Street in the city's historic district. This building is being renovated from a seven-unit condemned building into a four-unit low-income family building. While funding was approved by the city council in May of 1995, the project has hit many snags and was still unfinished as of September 1997. The total project cost was anticipated to be \$213,200. The target population for the building is families at 50 to 60 percent of area median income.

The problems TVP has faced in carrying out the two development projects described are instructive, seeming to confirm complaints made by several groups about the indifference of the city to their needs. In the first example, the Magoffin Home's development costs substantially increased during the course of the project due to a higher than anticipated cost for relocating displaced residents. Although the city council approved an increase in funding for the project to cover the increased costs, the city did not give TVP the money as a grant but instead raised the amount of funding considered a loan.¹² This greater debt burden resulted in higher monthly debt service payments. Given the portion of income TVP must pay Life Management for supportive services each month and the amount it must hold in reserve under its by-laws (10 percent), it is not able to cover all its own costs and thus runs a monthly deficit. The city, however, was unwilling to renegotiate its contract to lower monthly costs. In the long run, then,

although this project provides important services to the community, it is depleting the limited resources of TVP.

The San Antonio project faced similar problems. The project was delayed in part because of the care with which development in historic districts must take place. In addition, TVP had unanticipated staff turnover when the original architect left the area late in 1996. Finally, bids were requested in January 1997. The lowest bid received was \$15,000 more than the budget's projected figure. The city council approved the additional funding and the bid was accepted. However, the city then reallocated the \$8,000 included for overhead and staff costs to cover construction costs and contingency, so TVP received no compensation for the time it had spent in predevelopment for this project. Keep in mind that at the time the organization had only a 20-hour-per-week (\$12/hour) executive director who was forced to donate many additional hours of her time.

The cumulative effect of these projects has been to increase the workload of the director with no increase in hours paid. This is an organization operating on a shoestring. During the first half of 1997, TVP had a net income of only \$946, or \$158 per month. With the completion of the San Antonio project, monthly income will rise \$220—still not enough to provide for additional staff or office equipment.

Many of these issues could have been avoided. For example, city staff could have provided feedback or assistance on proposal preparation to ensure that realistic costs were projected. Once the project was under way, they might have helped identify affordable professionals who would provide services at budgeted cost. Finally, once it was clear that initially estimated costs could not be met, and the council had approved increased funding, they could have restructured the project funding in a way that supported rather than threatened the organization's financial viability.

TVP's executive director views EPC as an important resource for its own organization as well as other CDCs in El Paso. Through EPC and CSN, she has had a student intern 10 hours per week to help with accounting. In addition, EPC fully funded the salary of a part-time project manager to oversee the San Antonio project in addition to five extra hours per week of her time. Her one complaint was that capacity building was a separate category on the grant application, and that funding for this category was limited to \$20,000.

GREATER EL PASO HOUSING DEVELOPMENT CORPORATION

GEPHDC, a relatively young organization, embodies the emphasis on homeownership that many of its board members favor. It is a 501 (c) 3 subsidiary of the Greater El Paso Chamber of Commerce. Its board members are members of the chamber—it is not a com-

GEPHDC, a relatively young organization, embodies the emphasis on homeownership that many of its board members favor

The fundamental lesson it learned was that buyers must be identified before construction takes place

munity-based organization. GEPHDC's early experience has increased board members' awareness of the barriers to large-scale projects and the importance of effective home buyer assistance services. This case shows that successful development of low-income housing projects challenges the capacity of organizations with significant development experience in the private sector.

GEPHDC was formed in 1990 and was awarded \$125,000 in CDBG funding shortly afterward. However, its initial project did not get under way until a few years later. The project, Caribe Estates, resulted in 10 units of single-family housing affordable to low- or moderate-income families. Although EPC did not contribute funds for this project, Rose Garcia provided ongoing consultation. GEPHDC is currently completing work on its second undertaking, a 64-unit, new construction, single-family development known as Pecan Grove, for which it received a \$20,000 "recoverable grant" (i.e., a loan) from EPC.

In its projects, GEPHDC acts as a contractor. In the Caribe Estates project, it used the CDBG funds to purchase 10 fully developed lots, hired a builder to construct the homes, obtained construction financing from a consortium of area banks, accessed buyers through an existing community-based nonprofit, and sold homes to low- and moderate-income families using area banks' existing affordable mortgage products.

As a new group, with no direct experience in producing and marketing affordable housing, GEPHDC ran into a number of problems. It published a brief report on its experience, laying out its recommendations for procedures to follow in future projects. The fundamental lesson it learned was that buyers must be identified before construction takes place. This will ensure that the homes are built to meet their needs and not overbuilt, and that the homes will not sit vacant, inviting vandalism and raising costs. This means developing an ongoing relationship with a homeownership counseling nonprofit (in this case, Guadalupe Economic Services) and working with them to find and prepare buyers for the homes. It also means working with local banks to underwrite mortgages for buyers. Finally, it means learning how to take advantage of nonprofit status to lower construction and other costs by carefully timing the purchase of inputs and final sales of homes. In short, it means developing a coordinated set of ties to the key players in this process in order to ensure that the process flows smoothly and costs do not escalate, raising the price of the homes and cutting off potential buyers.

As a result of this experience, GEPHDC board members learned firsthand of the problems that confront affordable housing producers, including the difficulties of using public funds. Although initially its emphasis was on production and achieving scale, with experience it shifted its attention to integrating the parts of the process. GEPHDC's second project, Pecan Grove, reflects the lessons learned from its earlier experience.

ORGANIZACION PROGRESIVA DE SAN ELIZARIO

Organizacion Progresiva de San Elizario (Progresiva) is a nonprofit, community-based organization within the recently incorporated *colonia* of San Elizario in El Paso County. Its board is composed entirely of local residents, all low to moderate income. Its mission reflects the problems facing many *colonias*. Progresiva aims to improve physical conditions in the *colonia* through outreach, advocacy, and comprehensive training programs that enable residents to rehabilitate their own homes. In addition, it seeks to increase access to basic infrastructure (electricity, potable water, natural gas), health and other services (including recreation), and to employment.

San Elizario (which includes approximately 29 separate *colonias*) exemplifies the problems that come with *colonia* development. Of the approximately 1,200 households identified in the 1990 Census, 71 percent lacked complete plumbing facilities, and 63 percent lacked complete kitchen facilities. A substantial portion of the housing stock (estimated at 40 to 50 percent) does not meet city building codes or *colonia* housing standards. Most residents have built their own homes, with no knowledge of construction techniques and no oversight by the county. Finally, with an average income of \$6,576 per household, residents lack access to conventional financing to rehabilitate their homes. All homes rely on septic systems, cesspools, and outhouses, since no public sewer system is yet available. Virtually all households depend on private wells or hauled water. Improvements to water infrastructure are currently taking place under the Economically Distressed Areas Program (EDAP) through TDHCA and through their CDBG program. The Texas Water Development Board has also committed \$1.6 million for the construction of water system improvements to San Elizario. Water and sewer service will be provided by the El Paso County Lower Valley Water District Authority (LVWDA).

Progresiva has been awarded two housing grants to address these problems. First, in partnership with Centro San Vicente (its fiscal sponsor), Progresiva was awarded \$500,000 in March 1997 by the state of Texas. As part of a pilot housing development program, it was designated one of five self-help centers funded by Texas Senate Bill 1509. Progresiva's contract calls for it to provide technical assistance training (including preparation of funding proposals, construction workshops, operation of a tool-lending library, and property inspections) in the San Elizario *colonias* as a catalyst for housing development. It also received a TDHCA HOME program grant for housing rehabilitation. These funds are being used to identify, inspect, and rehabilitate to *Colonia* Housing Standards an initial group of homes within one year.

The funding, provided in recognition of the tremendous need in the *colonia*, represents a challenge to such a new, inexperienced organization. The self-help center is expected to initiate a pro-

Progresiva aims to improve physical conditions in the colonia through outreach, advocacy, and comprehensive training programs that enable residents to rehabilitate their own homes

gram to rehabilitate 102 homes, convert 34 contracts for deed into conventional mortgages, submit 15 proposals for funding for rehabilitation work, operate a tool-lending library, start a program to install 40 septic tanks, and conduct 161 technical assessment visits to homes.

Although the organization has adequate clerical and accounting staff, it has few staff experienced in housing rehabilitation. EPC recently provided funding for a construction specialist to supervise and carry out many of the tasks required under the self-help center grant. However, the organization is still under a great deal of pressure. *Colonia* residents have high expectations of the self-help center, and it is important that results begin to become visible to them.

In sum, the four organizations briefly profiled here represent the diversity of groups operating in the El Paso region. All face different challenges. The groups present a challenge to the EPC as well, in that each requires a different package of technical assistance and faces different barriers in its work.

VI

CONCLUSIONS AND RECOMMENDATIONS

El Paso, Texas, is a city unlike any of the others included in this study. It has little history of community development, and its community of CDCs is small and fragmented. Although in other cities a collaborative can concentrate on providing some coherence or coordination among various funders, in El Paso its first task is to create a stable affiliation of funders committed to community-based neighborhood revitalization. This report, undertaken so soon after the EPC's first round of grants, has focused on the early steps of the El Paso Collaborative.

In this section, we review the key challenges facing the EPC, note the ways in which it has begun to respond to these challenges, and offer a series of recommendations for future work.

KEY CHALLENGES, EARLY RESPONSES, AND RECOMMENDATIONS

- *Too few resources are available.* The EPC must expand the amount of financial and technical assistance available locally. New funders and technical assistance providers must be found.

As noted, CDCs in El Paso are heavily dependent on city-controlled CDBG funds. To date, the EPC has raised \$323,000 from board members to fund its own grants or loans to groups, leveraged additional funds by working with groups on funding proposals, and brought new funders (Enterprise Foundation, Bank of America, Fannie Mae) to the city. Representatives of these groups sit on its board of directors. In addition, EPC has linked local groups to new sources of technical assistance such as the Neighborhood Housing Services (NHS). These represent important initial steps.

Recommendations:

1. Continue working to bring new funders (intermediaries, national foundations, banks) to the city and to increase funding dedicated to community development from local sources (banks, corporate foundations).
 2. Press board members for substantial contributions; remove those unwilling to contribute.
 3. Continue working to facilitate collaborations between home buyer counseling and services programs and banks in order to increase access to mainstream sources of finance.
 4. Increase access to alternative financial products through NHS affiliates and other groups.
 5. Continue working to bring technical assistance providers to El Paso. Encourage more direct ties between such groups and local groups.
- *Available resources are inflexible and do not fit local needs.* Groups need loans to cover predevelopment costs, for example. They need training and technical assistance that will strengthen their organization by institutionalizing sound basic operating procedures. And they need assistance with specific technical tasks involved in putting projects together.

EPC grants have funded activities not previously supported by the city or other local funders. Such activities include predevelopment costs and administrative costs of project development and management. Fannie Mae's recent award of \$250,000 for a predevelopment revolving loan fund represented an important step.

EPC/CSN's training and technical assistance activities are extremely important; they have been especially useful for groups needing help with basic organizational management. Groups beyond that stage have more diverse and technical needs less easily met with existing resources or CSN training.

Recommendations:

1. Develop criteria for use of the revolving loan fund. Help borrowers develop financial management plans to ensure repayment.
2. Increase the portion of EPC grants aimed at capacity building and funding of administrative costs.

3. Develop an emergency loan fund to handle unforeseen crises. Make technical assistance/organizational assessment a condition of acceptance.
 4. Develop a talent bank, where organizations can go for referrals to architects and other professionals able to perform technical tasks associated with project development. Solicit names for this bank by canvassing CDCs (and board members) for names of those they have found reliable in the past.
- *The CDC community is weak and has no champions at city hall.* To build support, the EPC must show that CDCs can both produce results in the short term and build capacity of groups for the longer term. The city will be unwilling to increase funding to CDCs without evidence of increased capacity.

At this early stage, it is difficult to predict if funded groups will meet their production targets, although they seem on track. Capacity-building activities, however, have been going on longer, thanks to CSN. Data collected as part of these efforts can be an effective tool in building confidence in CDCs. EPC grants have clearly added capacity to groups—capacity that should bear fruit by the end of the first funding cycle. Trying to demonstrate increased capacity also means broadening the focus of measurement efforts to include more than just number of housing units produced.

Recommendations:

1. Develop production targets and publicize their attainment. This will develop confidence in the sector's ability to project and achieve goals.
2. Publicize increases in output of individual groups. Include all of their activities, not just housing. (See reports produced by Alex Schwartz for New York State's Neighborhood Development Organizations for examples of ways to document and present nonhousing activities.)
3. Publicize the work of productive groups elsewhere in the country. Solicit help from Ford and other national foundations funding community development in gathering evidence on productive groups.
4. Develop capacity indicators, based on Glickman and Servon's categories and CSN data. Report on improvements in capacity.
5. Maintain ties to local housing coalitions such as Transborder Shelter Network and housing and community development advocates such as EPISO. Feed evidence gathered on performance of CDCs to advocacy groups.
6. Continue work on the Housing Forum. Share materials developed with local housing advocacy groups.
7. Publicize concordance between city's comprehensive planning goals and those of CDCs (infill housing in existing neighborhoods, for example). Continue to foster collaboration between city planning department and CDCs.

- *Community-based development is poorly understood.* While housing needs are well understood and accepted, a broader understanding of neighborhood revitalization and the role of community-based groups in this process must be developed. Without this, support for CDCs will always be precarious.

As block granting of funds and devolution of federal responsibility for housing begin, developing local support for CDCs is likely to become even more critical as a hedge against the loss of HOME and CDBG funds. A broader understanding of community development will also help generate support for its efforts in *colonias* among board members.

One of the key public benefits of relying on CDCs for housing and other services is their strong motivation to reach very low income residents. The formation of the EPC, building on the work of Affordable Housing Coalition and other groups, has raised awareness of affordable housing issues in El Paso. The next step is to broaden the focus to include other aspects of community revitalization, thereby raising the profile of community-based groups. EPC is funding several groups with broader community development missions, groups that are highly regarded. It is also funding several *colonia* groups and has encouraged partnerships between these groups and other organizations. These are good first steps.

Recommendations:

1. Document the ability of CDCs to reach those at lowest income levels.
2. Increase importance placed on targeting lowest-income groups as a criterion for funding.
3. Increase preference for community-based groups in funding.
4. Continue to encourage partnerships between groups with complementary skills or the development of mentoring relationships.
5. Create a CDC advisory board to the EPC board of directors, with responsibility for canvassing groups to determine areas of need and to maintain contact among groups.
6. Encourage community planning efforts – especially those that can bring together city planning staff and several CDCs.

In conclusion, we find that the EPC is laying a solid foundation for expansion of CDC capacity in El Paso. However, the challenges remaining are substantial. The organization needs to act strategically in future funding rounds to address these challenges. Perhaps most fundamentally, the EPC must revisit the issue of capacity building and its relationship to EPC's long-term goals. Which organizations should be the focus of EPC efforts? Does increasing community development capacity mean emphasizing community-based organizations? How do community-based groups differ in their operations and in their results from other nonprofits? Second, the EPC needs to consider how best to dis-

tribute its funding to serve its intermediate and long-term goals. Realistically, how many groups can be supported from a given amount of funds? And at what point should funding be withdrawn from nonperforming groups?

REFERENCES

- Armendariz, Yvette. 1997. Cost of living lower than U.S. average. *El Paso Times*, September 28: 1A.
- Bennett, David. 1997. 24,000 in El Paso lose food stamp benefits. *El Paso Times*, September 27: 1.
- Bureau of Economic Affairs, Regional Economic Information System. No date. [Retrieved at website <http://Govinfo.Kerr.Orst.Edu/Reis-Stateis.html>]
- Business Frontier*, 1997: 1.
- Center for Urban Policy Research (CUPR), Rutgers University. 1996. *State of the nation's cities*. Washington, DC: HUD, Office of Policy Development and Research.
- Centro del Obrero Fronterizo. 1997. *Building capacity for low-income workers' housing in Piedras-Alameda neighborhood*. Proposal to the EPC.
- City of El Paso, Department of Community and Human Development. 1995. *Consolidated plan for the city of El Paso, Texas 1995-2000*. June 29.
- City of El Paso, Department of Community and Human Development. 1997. *Annual plan for the city of El Paso, Texas 1997-1998*. June 24.
- El Paso Collaborative for Community and Economic Development. 1997. Application to the Ford Foundation's Human Capital Development Initiative.
- El Paso Workforce Development (EPWFD). 1997.
- Farley-Villalobos, Robbie. 1997. Federal law pushed banks into affordable housing. *El Paso Herald-Post*, September 20: A8.
- Fredericksen, Patricia, and Rosanne London. 1997. *Sustainable neighborhoods: examining asymmetrical capacity in public, private and nonprofit partnerships in affordable housing development*. Paper presented to American Society for Public Administration National Conference, Philadelphia, PA, July 26-30.
- Glickman, Norman, and Lisa J. Servon. 1997. *More than bricks and sticks: what is community development capacity?* New Brunswick, NJ: Rutgers University, Center for Urban Policy Research.
- Goetz, Edward. 1992. Local government support for nonprofit housing. *Urban Affairs Quarterly* 27, 3: 420-435.

- Goetz, Edward. 1993. *Shelter burden: local politics and progressive housing policy*. Philadelphia: Temple University Press.
- Holguin, Robert Salz. 1997. Hispanic clout strong, growing in El Paso. *El Paso Herald-Post* (date unknown): 1A.
- Kelly, Rita Mae. 1977. *Community control of economic development: the boards of community development corporations*. New York: Praeger.
- Kolenc, Vic. 1997. A house of their own: special report. *El Paso Herald-Post*, September 20: A1.
- Lawrence, Guy H. 1997. Supply vs. demand: need for affordable housing outpaces government resources. *El Paso Herald-Post*, September 20: A10.
- Lee, Larry. 1997. Some families invest sweat in their homes. *El Paso Herald-Post*, September 20: A8.
- Marquez, Benjamin. 1985. *Power and politics in a Chicano barrio: a study of mobilization efforts and community power in El Paso*. New York: University Press of America.
- Morgan, Andrea, and John Henneberger. 1997. *Housing*. Paper presented at Devolution: An Interactive Forum Concerning the Impact on Texas Communities.
- Opdyke, Jeff D., and Patrick Barta. 1997. El Paso struggles to attract jobs for a large, unskilled work force. *Wall Street Journal*, February 25.
- Rubin, H. J. 1993. Understanding the ethos of community-based development: ethnographic description for public administrators. *Public Administration Review* 53, 5: 428-437.
- Texas Community Developer. 1997. *Housing trust fund doubles*. Vol. 2, No.1, Summer.
- U. S. Department of Housing and Urban Development (HUD). 1996. *State of the nation's cities*.
- Wilson, Robert (ed.). 1997. *Public policy and community: activism and governance in Texas*. Austin: University of Texas Press.

INTERVIEWS

- Tony Araujo, Organizacion Progresiva de San Elizario
- Cindy Arnold, La Mujer Obrera
- Salvador Balcorta, Clinica La Fe
- Norberto Barcenas, Executive Director, Guadalupe Economic Services
- Wesley Bell, Casas por Cristo
- Sharon Bentley, SunWest Bank
- Angie Briones-Sosa, Coordinator, RFP Process, EPC

Sharon Busch, TVP Housing
 Salvador Bustillos, Clinica La Fe
 Gordon Cook, El Paso Community College
 Mary Alice Drolte, La Familia del Paso, Inc.
 Patricia Fredericksen, CSN, UTEP
 Rose Garcia, Executive Director, El Paso Collaborative for
 Community and Economic Development
 Terry Garcia, Texas Commerce Bank
 Lesley Gosling, El Paso Energy Foundation
 Deborah Hamlyn, Director, Department of Community and Human
 Development, City of El Paso
 Steve Helbing, NationsBank
 Jerry Levy, Montwood National Bank
 Joy Martin, National Conference of Christians and Jews
 Don Melendez, Vice President and Chief Operating Officer, Norwest
 Bank
 Larry Patton, Vice President, Bank of the West
 Victoria Perea, El Paso Electric Company
 Irma Perez, Sparks Housing Development Corporation
 Joe Rubio, EPISO
 Sandra Sanchez, El Paso Collaborative/Center for Sustainable Neigh-
 borhoods
 Rev. William Schlessinger, Project Vida
 Teddy Trujillo, EPISO, Tour of Sparks
 Elizabeth Valdez, EPISO
 Nestor Valencia, Vice President, El Paso Community Foundation
 Celia Vasquez, Habitat for Humanity El Paso
 Connie Vasquez, Tierra del Sol Housing Corporation
 Jorge Villa, EPISO

Notes

1. The agreement settled a long-standing dispute over land adjacent to the Rio Grande, whose shifting path was set in concrete with the agreement. Neighborhoods on both sides of the border were affected.
2. It is estimated that over the last 21 years, public funds (from all sources) have produced a total of 13,000 affordable units, or approximately 620 per year, on average.
3. Although council members represent districts, in such a low-density, sprawling city, the vast districts do not really correspond to "neighborhoods."

4. Levi Strauss has been a major employer in the area and has a corporate foundation headquartered in San Francisco. However, this foundation has been downsizing and tends to make grants around yearly themes. Any long-term commitment to housing or community development in El Paso is unlikely.
5. LVHC is a nonprofit, community-based housing organization located in Fabens, Texas. It is highly regarded for its development of self-help housing and its ability to successfully partner with private developers to produce affordable housing.
6. Habitat for Humanity, while not usually included in the list of intermediaries, is a national housing organization active in El Paso and has received funding from the EPC. In spite of the small scale of Habitat's production, it is regarded as one of the most effective groups in the city.
7. To distinguish between the two groups, we will call the community-based groups "CDCs" and the others "housing organizations."
8. According to data on 18 housing organizations presented in EPC's original funding application.
9. Is the organization's mission or purpose consistent with the development of affordable housing or the provision of related programs and services (10 pts.)? Does the organization and/or project address the stated objectives and priorities of the Collaborative (10 pts.)? Does the project strengthen the organization's capacity to develop affordable housing or related programs and services (10 pts.)? Does the project address critical housing needs, i.e., serve underserved populations or address unmet needs (10 pts.)? Does the project encourage collaboration and partnerships or respond to a unique opportunity (10 pts.)?
10. While there was broad consensus on the homeownership focus, there was debate over whether funding should be limited to groups that were community based, e.g., that were governed by boards with significant community representation. Several effective groups in El Paso (e.g., GEPHDC, Habitat) would not qualify under this criterion. In the end, it was not a requirement, but preference was given to such groups.
11. Unfortunately, summary information from these assessments was not available from CSN.
12. Technically, they were able to do this since the original contract had made 60 percent of funds a grant and 40 percent a loan. By maintaining this ratio, the debt and grant amounts each rose proportionally.
13. While not a board member at the time of this research, Bank of America has since joined the board. It has no local offices but is interested in border issues.
14. Fannie Mae only recently joined the board.
15. A variety of groups donated money to make this summit happen: the Texas Attorney General's Office, the Federal Home Loan Bank, SunWest Bank, and NationsBank.

**APPENDIX A:
HOUSING ORGANIZATIONS IN EL PASO**

Academy of Science and Technology
Aliviane
Alzheimer's Association
Annunciation House
Anthony Housing Authority
Casa Blanca Therapeutic Communities
Casas por Cristo
Catholic Charities
Centro de Mujeres de la Esperanza
Centro San Vicente
Child Crisis Center
Christian Home
Christmas in April-El Paso, Inc.
David L. Carrasco Job Corps
El Paso Coalition for the Homeless
El Paso for Jesus
El Paso Interfaith Council
EPISO—El Paso Inter-Religious Sponsoring Organization
El Paso Preservation Alliance
El Paso Shelter for Battered Women
Greater El Paso Housing Development Corporation
Greater El Paso SER
Group Work Camps Foundation
Grupo DIO (Dignidad, Igualdad, Oportunidad)
Guadalupe Economic Services Corp.
Habitat for Humanity of El Paso
Help Resources
House of Cornelias
Housing Authority—City of El Paso
Jesus is Lord Ministries
The Knights of Columbus Council 4497
La Familia, Inc.
La Fe Clinic
La Mujer Obrera
Los Exes de la Bowie and Friends
Lower Valley Housing Development Corporation
LULAC Housing
Lutheran Services
Mission Trail Association, Inc.
National Conference of Christians and Jews
Northeast Community Development Organization
Organizacion Progresiva de San Elizario
Project AYUDA

Project BRAVO
 Project VIDA
 Rio Valle Rainbow
 Rescue Mission
 Salvation Army
 Santa Lucia Community Development Corporation
 Shaeffer Halfway House
 Sin Fronteras
 Southside Low-Income Housing Development Corporation
 Sparks Housing Development Corporation
 Tierra del Sol Housing Corporation
 TVP Nonprofit Corporation
 VEDC – Vision Economic Development Corporation
 Victory Inner-City Ministries
 VOLAR (formerly Disabled Ability Resource – DARE)
 YMCA
 YWCA – Homeownership Center

APPENDIX B: FUNDING SOURCES

As of December 1997, the following contributions had been received by the EPC from organizations represented on the board:

NCLR	\$ 95,000
Norwest Bank	\$ 45,000
EPCF	\$ 80,000
TCB	\$ 7,000
NationsBank	\$ 2,000
Montwood Nat'l	\$ 2,500
Bank of the West	\$ 2,550
Bank of America ¹³	\$ 2,500
Fannie Mae ¹⁴	\$ 55,000
TOTAL:	\$291,550

In addition, several other organizations made contributions:

Federal Home Loan Bank of Dallas	\$ 1,000
Cooperative Housing Foundation	\$ 10,000
Grand Total:	\$302,550

The EPC also received funding for programs it ran directly. EPC received \$40,000 from the Ford Foundation for its work as part of the Ford Foundation–sponsored Transborder Shelter Network (total budget for this group was \$150,000). EPC received \$8,000 for its work in setting up the *Colonias* Summit.¹⁵

Finally, the EPC helped raise funds for use by specific projects. The state of Texas (TDHCA) contributed \$200,000 toward the development of a YWCA project known as the Hueco project. The YWCA plans to develop 2,000 units (including some for commercial and industrial uses) on a 430-acre land site donated by the El Paso Gas Foundation. More recently, the Fannie Mae Foundation loaned the EPC \$250,000 (at low interest for two years) toward capitalization of a revolving loan fund that will finance predevelopment costs for CDCs.

In addition, the EPC benefits greatly from the Department of Education–funded Center for Sustainable Neighborhoods, which pays the majority of Sandra Sanchez’s salary as well as the student interns used for EPC’s assessment and technical assistance work.

Finally, the EPC receives in-kind contributions of office space and equipment from Norwest Bank valued at \$18,656 per year. Norwest is likely to expand this contribution if CSN moves to the offices adjacent to the EPC, in the Norwest building. EPC has also received donations of equipment from Art’s Photographic (computer equipment worth \$250) and Texas Commerce Bank (computer equipment valued at \$850).

APPENDIX C: 1997-98 GRANTEE LIST

TECHNICAL ASSISTANCE AND CAPACITY-BUILDING GRANTS:

Casas por Cristo – \$5,617

The organization provides housing for the poor along the U.S.-Mexico border through a partnership with community and church leaders in El Paso/Juarez, volunteer teams from North America, corporations, and governmental agencies. The grant will go toward hiring a bookkeeper to help increase the organization’s financial management capacity.

Centro del Obrero Fronterizo, Inc. (La Mujer Obrera) – \$15,000

This organization operates a variety of programs to improve the standard of living of low-income Hispanic women workers and their families by providing access to employment, education, health care, and housing. The grant will be used to conduct a housing needs assessment and develop a specific plan and proposal to address the housing needs of area residents.

Centro de Salud Familiar La Fe, Inc. – \$10,000

The organization’s mission is to improve the quality of life of low-income Hispanics by operating programs that enhance health and human services for the community. The grant will be used to conduct a housing needs assessment and develop a spe-

cific plan and proposal to address the housing needs of La Fe's south, central, and southeast service areas.

Christmas in El Paso, Inc. – \$12,100

This program recruits more than 1,000 volunteers each year to renovate the homes of low-income elderly and disabled at no cost to the homeowner. The grant will be used to increase the organization's marketing and financial management capacity, thereby enabling it to expand its home repair project from 20 to 30 homes per year.

Habitat for Humanity of El Paso, Inc. – \$15,000

This is a volunteer organization that provides adequate, decent housing for low-income families who purchase the home through "sweat-equity" and a modest cash down payment. The grant will partially support the hiring of an executive director to increase the organization's capacity to manage its current and future housing projects, including rehabilitation of three and construction of two single-family homes.

Organizacion Progresiva de San Elizario – \$15,000

The organization's mission is to address quality-of-life issues such as safe drinking water, health care, jobs, education, transportation, recreation, and adequate housing for low-income residents of the *colonias*. The grant will partially support the hiring of a construction specialist to increase the organization's capacity to manage its current and future housing rehabilitation contracts, including rehabilitation of 40 homes in five target *colonias*.

Sparks Housing Development Corporation – \$10,000

This community-based, volunteer advocacy organization promotes citizenship, education, health care, social services, and housing for low-income residents of Sparks, the largest *colonia* in El Paso County. The grant will be used to increase the organization's capacity to manage its current and future housing rehabilitation contracts, including rehabilitation of eight homes in Sparks *colonia*.

TVP Non-Profit Corporation – \$19,783

The mission of this neighborhood-based organization is to provide adequate housing for low- and moderate-income families. The grant will be used to hire a project manager to increase the organization's capacity to manage its current and future housing development projects.

HOUSING DEVELOPMENT AND PROJECT SUPPORT:

Adults and Youth United Development Association – \$7,500

This community-based organization advocates for quality housing, health care, education, and economic development for *colonia* residents. The grant will be used to purchase materials for "Manos

de Cristo," a joint project with Group Workcamps to repair the homes of San Elizario residents with the help of volunteer labor, mostly youth.

Greater El Paso Housing Development Corporation – \$30,000

A subsidiary of the Greater El Paso Chamber of Commerce, this organization develops housing for low- and moderate-income families within the city of El Paso. The grant will be used to partially finance the cost of administration for current and future housing development activities.

La Familia del Paso, Inc. – \$20,000

The organization promotes safe and sanitary living environments for the mentally ill in order to facilitate independent living. The grant will finance predevelopment costs for construction of a 30-unit independent living facility.

PV Community Development Corporation – \$20,000

The primary mission of this neighborhood-based organization is to develop affordable housing for very low income families. The grant will be used to finance predevelopment costs for rehabilitation of 27 multifamily housing units.

Southside Low-Income Housing Development Corporation – \$20,000

This organization develops affordable housing for residents of the Segundo Barrio utilizing a holistic neighborhood development strategy. The grant will go toward predevelopment costs for construction of three single-family homes for low-income families in South El Paso.

HOME BUYER ASSISTANCE AND SERVICES:

Guadalupe Economic Services Corporation – \$50,000

This HUD-certified counseling agency provides home buyer education services, default counseling, and matches prospective home buyers with mortgage lenders. The grant will be used to strengthen the organization's capacity to provide comprehensive and cost-effective services to low- and moderate-income families in order to facilitate homeownership.

YWCA El Paso del Norte Region – \$50,000

This agency provides a variety of recreational, educational, child care, and social service programs, including consumer credit counseling and housing counseling for prospective home buyers. The grant will be used to strengthen the organization's capacity to provide comprehensive and cost-effective services to low- and moderate-income families in order to facilitate homeownership.

**APPENDIX D:
BOARD OF DIRECTORS (AS OF SEPTEMBER 1997)**

Ms. Sharon Bentley
Senior VP – Community Reinvestment Officer
SunWest Bank

Mr. Nat Campos
Director of Planning
Department of Planning, Research and Development
City of El Paso

Mr. Gordon W. Cook
El Paso Community College

Ms. Cynthia Gamez
Economic Development Market Researcher
El Paso Electric Co.

Ms. Terry Garcia
Texas Commerce Bank

Ms. Lesley Gosling
President
El Paso Energy Foundation

Ms. Deborah Hamlyn
Director
Department of Community and Human Development
City of El Paso

Mr. Steve Helbing
President
NationsBank

Mr. Jerry Levy
Vice President
Montwood National Bank

Ms. Joy Martin
Regional Director
National Conference of Christians and Jews

Ms. Ginger Brown McGuire
Southwest Director
Enterprise Foundation (Dallas)

Mr. Don Melendez (Chair)
Executive Vice President/Chief Operating Officer
Norwest Bank of El Paso

Mr. Larry Patton
Executive Vice President
Bank of the West

Ms. Victoria Perea
Director of Economic Development
El Paso Electric Co.

Ms. Frances Jimenez Teran
Senior Community Development Specialist
National Council of La Raza

Mr. Nestor Valencia
El Paso Community Foundation

Ms. Connie Vasquez
Tierra Del Sol Housing Corporation

APPENDIX E:
SURVEY OF NEIGHBORHOOD HOUSING ORGANIZATIONS 1995

GROUP	SERVICE AREA	NEIGH. FOCUS?	STAFF SIZE	BUDGET	STRATEGIC PLAN?	BOOK-KEEPER?	NEW UNITS PLANNED?	HSG/PHYS. DEV. MAIN FOCUS?
AYUDA, Inc.	Lower Valley, east of Americas, south to border	Yes	0 (2 vol.)	\$23,000	Yes	No	14 new 25 rehab	Yes
El Paso Coalition for the Homeless		No	1	None	No	No		
Casas por Cristo	El Paso and Juarez <i>colonias</i>	No	5	\$325,000	Yes	No	2	Yes
El Paso Historic Preservation Corp.	countywide	No	0 (3 vol.)	None	Yes	No		Yes
EPISO	countywide	No	3	\$150,000		No		No
El Paso Interfaith Council	central El Paso	Yes	0 (2 vol.)		Yes	Yes		No
Los Exes de la Bowie	citywide	No	1	\$20,000	No	No	10	
Grupo DIO		No	0	\$400-450	No	No		
Habitat for Humanity		No	0 (vols)	\$97,000	No	No	3	Yes
Lower Valley Housing Corp.	eastern county and east side of city	Yes	3 FT 2 PT		Yes	Yes	40	Yes
La Mujer Obrera	garment neigh.	Yes	6	\$150,000	Yes	Yes		No
Northeast Community Dev. Org.	northeast portion of city	Yes	2	\$50,000	Yes	PT	66 new 4 rehab	Yes
Project Vida	79905 zip code area	Yes		\$550,000	Yes	PT	20	No
Rio Valle Rainbow	countywide	No	4	\$130,698	Yes	Contractor	10	Yes
Santa Lucia CDO	so. of I-10, w. of Yar., no. of N. Loop	Yes	1	\$10,350	Yes	No	4-5	Yes
Tierra del Sol Housing Corp.	West Texas and Southern NM	No	13	\$300,000	Yes	Yes	60 new 82 rental	Yes
TVP/Mission Valley	lower valley area of city	Yes	1 PT	\$20,000	Yes	No		Yes
YWCA Consumer Credit Counseling	countywide	No	10	\$500,000	Yes	Yes		No