

Building the Organizations That Build Communities

**Strengthening the Capacity of Faith-
and Community-Based Development Organizations**



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AND COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS**

ROLAND V. ANGLIN, EDITOR

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CONTENTS

Foreword	v
Introduction	1
Section I. Defining the Issues	9
Limitations to Organizational and Leadership Progress in Community Development: An Overview	
Roland V. Anglin and Rolando D. Herts	13
Religion's Investment and Involvement in Community-Based Economic Development: An Overview	
Elliot Wright	27
Faith and Mortar: Religious Organizations and Affordable Housing Strategy in Urban America	
Xavier de Souza Briggs	43
Supporting the Community Development Movement: The Achievements and Challenges of Intermediary Organizations	
Roland V. Anglin and Susanna C. Montezemolo	55
Strengthening the Street Saints: Intermediaries Providing Capacity-Building Assistance to Faith-Based Organizations	
Amy L. Sherman	73
Section II. Current Research on Building the Capacity of Community Development Organizations	89
Replacing Passionate Leaders: The Current Challenge for Community Development	
Aida Rodriguez and Nina Herzog	93
Building the Capacity of Community-Based Development Organizations: The Case of Community Development Partnerships	
Norman J. Glickman	117

Capacity Building: The Case of Faith-Based Organizations Michael Leo Owens	127
Expanding Organizational Capacity: The Human Capital Development Initiative Norman J. Glickman, Donita Devance-Manzini, and Sean DiGiovanna	165
The Role of Employee Benefits in Building a High-Impact, High-Performance Community-Based Development Organization Roland V. Anglin and Joseph McNeely.....	175
Learning From Adversity: The CDC School of Hard Knocks William M. Rohe, Rachel Bratt, and Protip Biswas	193
Section III. Training and Capacity	201
The Leadership Challenge: Creating an Enduring Organization Robert O. Zdenek and Carol Steinbach	205
The History and Future of Training and Education for Faith-Based and Community Development Joseph McNeely	211
Urban Ministry Training and Capacity-Building Programs of Faith-Based Organizations David J. Frenchak	235
Education and Training for Community Development Neil S. Mayer	249
Section IV. The Role of Performance Measures in Expanding Capacity	271
Organizational Capacity: Issues and Concerns Regarding Performance Standards Rikki Abzug and Mary R. Watson.....	275
Participatory Outcomes-Based Evaluation: The Success Measures Process and Data System Virginia Seitz and Margaret Grieve	285
Compendium Summary	293

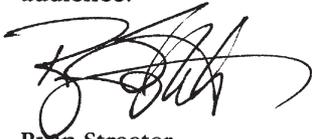
FOREWORD

Faith-based and community organizations have accomplished a great deal in building affordable housing, expanding economic opportunity, and revitalizing their communities—but we know remarkably little about how these organizations grow, become more effective, and reach the point of long-term viability. This lack of knowledge became evident as we sought to identify effective, workable models for building the capacity of faith-based and community organizations.

To address this knowledge gap, in June 2003 HUD's Center for Faith-Based and Community Initiatives and Office of Policy Development and Research jointly convened a landmark symposium: the *Building the Capacity of Faith- and Community-Based Organizations Summit*. We invited practitioners and academics in the grassroots community development sector to share experiences, exchange knowledge, and shed light on the complex issues involved in building the organizational capacity of community development organizations. Invited panelists presented important information and engaged in lively discussion with summit participants on the evolution of faith-based and community development.

This volume presents the papers commissioned for the summit. In many ways, these papers are at once seminal and state of the art: they document current practices, and they ask questions. They also acknowledge that we have much more to learn about what it takes to effectively undertake faith-based and community development. As such they represent a solid basis for growing our knowledge about how best to support community development organizations.

I know that those who attended the summit came away with new perspectives on issues relating to supporting faith-based and community organizations. My hope is that this collection of papers will help us extend these perspectives to a wider audience.



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INTRODUCTION

The ability and capacity of community-based development organizations (primarily community development corporations) to socially and economically develop poor communities have come under greater scrutiny (Anglin 2000; Eisenberg 2000; Lehman 1994; Rohe et al. 2003). This scrutiny relates, in part, to how the community-based development movement has evolved.

The community development corporation and similar community-based development organizations evolved in the 1960s to provide voice and agency to the unorganized poor (Kelly 1976; Faux 1971; Simon 2001). CDCs provided a way for representatives of poor communities to articulate demands and redress problems such as redlining, deteriorating housing, and lack of economic development and jobs. CDCs were not conceived as a replacement for government; they evolved as an intermediary force playing much the same role as other “associations”—such as trade unions, manufacturing associations, and teachers unions (Faux 1971; Simon 2001).

In large part, their mission evolved into building a socially and economically vibrant community that attracted economic investment and created jobs, economic opportunity, and social mobility. An adjacent and no less important function was building, along with economic institutions, parallel democratic institutions in poor, distressed communities. In fact, CDC leaders thought the evolution of both economic institutions and democratic institutions was inseparable and bound to the larger project of community development (Faux 1971).

Critics now say community-based development, while interesting as a niche model, is not an effective antipoverty strategy because it has become specialized and focused on housing development and misses the focus on market forces driving development (Lehman, 1994). Others point out that community-based development is not a particularly good model for building democratic participation in poor communities. These critics contend that reliance on community-based development organizations siphons attention and resources from mass organizing to directly press government for attention and resources to help poor communities (Stoecker 1997). To still other critics, the model represents a near anachronism, given the decentralization of markets that render urban neighborhoods less important in a nation now characterized by metropolitan settlements and regional markets (Rusk 1999; Orfield 1997). Better, some say, for urban distressed neighborhoods, communities, and cities to build new coalitions with settlements on the

urban fringe to secure spatial mobility along with public resources and investment for development from federal and state governments (Rusk 1999; Orfield 1997).

More narrowly, the past 40 years have seen significant investment by government, philanthropy, and the private sector. If the community-based development model works effectively, then why do many communities in which such organizations labor remain marginal (Eisenberg 2000)? The answer remains elusive and complicated. Supporters of community-based development respond that asking such organizations to repair the failings of the market and government is unfair and ignores the limited, often Byzantine, and episodic resource infrastructure available to community development organizations (Hoereth 2003; Mott 2000; NCCED 1999; LISC 1998, 2002; Yin 1998; Walker 2002).

The present questioning of the community-based development model takes on added significance because a theoretical logic makes it an attractive tool to policymakers of many ideological stripes (U.S. House 1995). The emergence of faith-based community development as a policy tool provides a new reason to ask if organizations and institutions in poor communities can play a part in revitalization.

For policymakers, the questions and critiques of community-based development must seem an unsorted jumble. A recent book argued that community development organizations resulted in “Comeback Cities,” yet policymakers can legitimately ask why poverty and decay keep growing in distressed communities (Grogan and Proscio 2000). From another standpoint, one can ask whether community-based development has the capability to successfully transform whole communities or if it merely represents one strategy among a number of antipoverty approaches (Shabecoff and Brophy 1996; Harrison et al. 1995; NCCED 1999).

Those who believe in the fundamental nature of community-based development do not see it as free from weakness (Weinheimer 1999; Zdenek and Steinbach 2000, 2002). The problem rests with the lack of strong institutional and organizational elements, preventing the growth of the model’s ability/capacity to fulfill its potential as an antipoverty strategy on anything other than an idiosyncratic basis. Specifically, many of the organizations that perform much of the work of community-based development suffer from unclear staff and leader-recruitment structures and no accepted performance standards to characterize high-performance organizations (Weinheimer 1999; Zdenek and Steinbach 2000, 2002; Glickman and Servon 1999, 2003; Devance-Manzini, Glickman, and DiGiovanna 2002). Other limitations exist, but the larger issue is that the field is more underdeveloped, from an institutional standpoint, than other parts of the nonprofit sector and certainly the private sector. In

short, community-based development and its constituent organizations must build their sector and internal organizational capacity to be a disciplined, effective antipoverty strategy (Weinheimer 1999; Zdenek and Steinbach 2000, 2002).

Where do we start any effort to overcome these limitations? What literature or research can aid understanding and possible intervention? In the case of HUD, faith-based development and emerging organizations within the sector are increasingly a focus. What better way to assist this emerging sector than to look at the successes and challenges of a similar sector that has tenure and many lessons learned?

As HUD sought models to help build the organizational capacity of faith-based institutions, the limited documentation and analysis of the community development field surprised senior officials. Community-based development organizations form a core vehicle for many of HUD's grant programs, including the HOME program.¹ Recognizing the large gap in knowledge, documentation and analysis of capacity building in community-based development organizations became a larger institutional interest for HUD.

Realizing that the faith community follows its own evolutionary trajectory, HUD conceived of a research and documentation effort to achieve the following:

- Specify critical evolutionary points in the CDC and faith-inspired community development sector and glean points of convergence and divergence as they impinge on the ability of both to assist poor communities.
- Specify and examine the meaning and reality of the term *capacity* and what it means for the community-based community development movement and specifically the CDC and faith-based sectors.
- Examine core issues of capacity building, such as leadership, recruitment, and training, and the appropriate institutions to help community-based development grow in impact.
- Examine the possibility of establishing performance and productivity measures for the community-based development sector as a whole.

Any piece of this agenda requires a complicated research and documentation project. Rather than construct research projects based on initial impressions of the knowledge gap, HUD staff opted for a deliberate approach by commissioning a set of research and policy papers designed to explore the question of growing the

capacity of community-based organizations to impact the various facets of community-based development.

HUD did not intend for the commissioned papers to be exhaustive. The goal focused on providing documentation of great thinking and reflection on the issue and providing policymakers and the public a clearer view of the operational and research gaps facing community development.

The authors, practitioners, and academics provided much-needed analysis of the history and current working of the faith-based and CDC sectors. The reader should review the essays as an initial attempt to fill the gaps in what we know about strengthening the basic working of a field. Many questions did not get asked and many questions did not get answered. The authors achieved what HUD asked them to do: start a dialogue about the capacity-building issues facing the community-based development field. We hope that others—not just HUD—will use this compendium as an impetus for a much richer dialogue on the future of community-based development.

Roland V. Anglin, Editor

NOTES

¹ For a description of the HOME program see <http://www.hud.gov/offices/cpd/affordablehousing/lawsandregs/laws/home/homelaws.pdf>.

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SECTION I
DEFINING THE ISSUES

EDITOR'S NOTE

Defining the organizational and external factors that challenge both the broad community-based development field and faith-based development is a significant undertaking. The papers in this section present a cross-section of themes, ideas, and trends current to discussions of evolution and impact by community-based development organizations. No effort is made to synthesize and distill a set number of factors. For much too long, community economic development has suffered from not discussing challenges broadly. The papers pose questions about commonly held beliefs that may or may not be true, and the papers hold one thing in common: the authors' realization that more examination and research are needed to answer some of the questions they rightly pose.

LIMITATIONS TO ORGANIZATIONAL AND LEADERSHIP PROGRESS IN COMMUNITY DEVELOPMENT: AN OVERVIEW

Roland V. Anglin and Rolando D. Herts

From many different views, the modern community development movement is making strides as a community-based effort to revitalize distressed urban and rural places (NCCED 1991, 1999; Vidal 1996; Briggs et al. 1996). Born from the civil rights and antipoverty movements, the community development movement and its reliance on community-based development institutions to revitalize communities has accomplished much (Faux 1971; Pierce and Steinbach 1987). But even praising its successes reveals one of the prime weaknesses of community development: we do not know much about what we know. Community development corporations (CDCs)—a dominant community development force that has evolved over the past 40 years—now rank as the largest producers of affordable housing in the United States. Beyond that basic fact, we lack information regarding not only the impact but also the evolution of these entities as organizations (Berger and Kasper 1993; Ferguson and Dickens 1999).

Evidence exists that CDCs play a strong role in revitalizing neighborhoods across the country, but as a society, we have scant measure of benefits and costs associated with the dominant community development model. We know little about when and where the model should be used to assure the best and most effective intervention. We know little about the optimal organizational size for community development impact (Blakely 1990; Bratt 1997). We know little about recruiting and training patterns (Local Initiatives Support Corporation 2000; McNeely 1993, 1995). We know even less about staff tenure. In short, for a field that performs a significant function in our society, we do not have much information regarding the important aspects of how it functions (Rodriguez and Herzog 2003).

Recent community development research explains this lack of empirical knowledge as a by-product of a field that is more art than science (Zielenbach 2000). Far from being an academic argument, if community development is more art than science, it cannot make a compelling case to resource providers that it offers a dependable, effective revitalization strategy. Indeed, the state of limited empirical knowledge suggests that the field lacks a core set of principles and, further, the ability to replicate processes and outcomes from one period to the next. While these inferences seem logical enough, they are contestable and, therefore, should

be examined fully. It seems possible that community development's efficacy can be made clear to resource providers. To make this case, however, we must look at community development in a much different and more critical way. We also must establish a base of basic research that, arguably, should have been established some time ago (Keating, Krumholz, and Star 1996; Ferguson and Stoutland 1996).

This paper asserts a need for increased rigor and critical examination of the community development field. Many distinct community development problems benefit from critical examination, but none stands to benefit more than the current discussion regarding the crisis in human capital and building the capacity of CDCs (LISC 1999; Schwartz et al. 1996; Clay 1990; Glickman et al. 2000). There is a growing sense that a human capital crisis in community development limits the organizational capacity of CDCs (Bratt et al. 1994). The demands and expectations placed on CDCs by funders, intermediaries, and community residents grow at faster rates than can be satisfied. CDCs provide a variety of services ranging from real estate and economic development to family services such as day care and workforce development. This range of services leads to expectations that CDCs continually should expand their reach even with the reality of thin revenue streams and difficulty obtaining resources for operating support—the base for real organizational development. The prevailing hypothesis laments the creation of a significant number of undercapitalized, weak organizations. Further, the proliferation of new CDCs diverts resources away from existing organizations with management and capacity challenges (Rohe, Bratt, and Biswas 2003).

Aging leadership provides still another component of this crisis (Rodriguez and Herzog 2003). Many assert that the leadership structure in community development is aging and nearing a natural transition point. They fear that over the next few years many empty leadership positions will need to be filled from a shrinking pool of individuals. These commonly held assertions are not supported by a study that looks at the age structure and makes empirical judgments. If aging leadership is a problem, then through the use of data we can calibrate the extent of training needed to increase the talent pool without a scattered approach to the support of training programs (Rodriguez and Herzog 2003).

This paper argues the affirmative: a crisis of human capital confronts the community development field, but the crisis results from the manner in which the field has evolved (or not evolved). Specifically, after nearly 40 years, there has not been a transition from the art of community development to the science of community development (The Urban Institute 1996). In part, an internal limitation fears any movement away from the field's social-activist roots (Stoecker 1997; Dreier 1996; Bratt 1997). Supporters of this view see themselves combating the development of

a creeping technocracy and bureaucracy that renders community development impotent at the community level. They point to the perceived dominance of professionals and intermediaries with expertise in real estate and economic development instead of those with acute knowledge of, and passion for, the community. Many critics see community organizing as the only hope for revitalizing neighborhoods (Stoecker 1997). Community organizing, they maintain, empowers residents to hold the political system accountable for improving social services, housing, and other public policies that support a viable community. This extreme argument leads to circular reasoning. Progress, defined as the institutionalization and growing impact of a field, comes with knowledge and the development of field-specific tools, concepts, and practices. Without progress, community development remains at an unacceptable level of high passion and low impact. This argument also paints community development and community organizing as mutually exclusive. In reality, they are not.

At a macro level, community development has failed to evolve into a clearly defined field because of an uneven support base by all levels of government and society at large, tied to the dominant governing ethos (Ferguson and Stoutland 1996; LISC 1999). This ethos alternates between expansive and limited government. Without a consistent commitment, community development support and development activity resembles an ad hoc process that alternatively propels the field and limits stabilization and impact (Millennial Housing Commission 2002).

The rest of this paper examines some of the major organizational and leadership development faultlines in community development and argues for more analysis and rigor. No claim is made for the inclusion of all the faultlines. Rather, this paper distills major discussions central to the operational and intellectual life of community development.

THE ASCENDANCY OF TECHNICAL SKILLS

The modern community development movement can be traced to a number of social movements and what can be called the spirit of the times. If there is a “ground zero” in the community development field, it must be the events leading to the formation of the Bedford Stuyvesant Restoration Corporation in Brooklyn, New York. In early 1966, Senator Robert Kennedy took a tour of the predominantly African-American community that, like so many American communities in the mid-1960s, had gone through a period of community unrest linked to poverty, race, and political exclusion (Carlson and Martinez 1988; Schlesinger 1996).

During the tour, local African-American leaders challenged Kennedy to do something substantive about their problems. From this experience, Kennedy and his staff pursued a strategy combining self-help and linkage to power and capital structures beyond the community. They struggled to break the isolation of the community by linking it to centers of power and prestige that the community ordinarily would not have accessed (Perry 1973).

This experiment captured the attention of the nation as a way to address not only poverty but also social and political exclusion through community residents taking the lead in rebuilding their communities. The experiment received backing from foundations and the political, social, and economic elite in New York. Replication of this model across the country was not far behind.

The Brooklyn experiment, while unique in the measure of support and backing it received, was embraced by rural and urban communities, where marginalized people sought to change their circumstances. Senator Kennedy later sponsored and got federal legislation passed to support not only the Brooklyn experiment but also other such experiments (Carlson and Martinez 1988; Schlesinger 1996).

The leaders of the movement—in both devastated and privileged communities—realized that CDCs, like small businesses, need individuals who not only are able to capture the entrepreneurial spirit but also are capable of administering with a solid grounding in business principles. An impressionistic look at the early experiments indicates that CDCs led by these social entrepreneurs lasted longer than CDCs with leaders with other types of skill sets (Carlson and Martinez 1988; Halpern 1995).

A fair amount of failure marked early efforts. Community development was a new experimental wrinkle on traditional themes of community self-help and action. As Seessel (2003) argues, the foundation community—with the Ford Foundation in the lead—was a guiding force in supporting the research and development of this nascent field. The Ford Foundation helped formalize the infrastructure of the field by supporting the development of regional and national intermediaries. These intermediaries provide consistent technical support and limited core support (Seessel 2003).

The work of these intermediaries—some not created by Ford—has molded a promising experiment into a powerful example of how communities can refashion their circumstances. The birth of Neighborhood Housing Services, the Local Initiative Support Corporation, The Enterprise Foundation, and others presaged a move toward consolidation and institutionalizing the best of the early programmatic experiments (Seessel 2003).

The early movement struggled with economic development efforts. Much like the broader economy, shifting economies troubled the fragile efforts of small- to medium-sized efforts of CDCs. Many CDC workforce development efforts did succeed, but these efforts became specialized, transformed by the availability of federal funds into solely workforce development organizations. CDCs did perform well in the area of housing development (Carlson and Martinez 1988; Halpern 1995). With the advent of the Community Reinvestment Act and the Low Income Housing Tax Credit, coupled with the reduction of government support that came in the 1970s and early 1980s, housing development became the significant area of work for CDCs and their support organizations (Millennial Housing Commission 2002).

The often arcane field of housing development requires a great deal of background knowledge and skill to navigate. The “art of the housing deal” captured the attention of the community development field in the late 1980s to the mid-1990s. Critics point to a concurrent lessening of community development passion and the ascendancy of technical skill. In some quarters, critics state that the passionate, committed resident in a distressed community no longer can rise to leadership of a CDC and assist in community development (Stoecker 1997).

THE SEARCH FOR COMPREHENSIVENESS

The question of passion and direction in community development led to a range of foundation-sponsored efforts in the 1990s to put the community back in community development (Sviridoff and Ryan 1996; Brown 1996). The comprehensiveness movement purported to bring residents back into the equation by supporting their place as leaders of a wide range of planning and programmatic activity, all focused on comprehensive community development. Its base assumptions can be distilled in the following:

- Residents, not professionals, must drive community development.
- Residents know the problems of a community and will demand a comprehensive, integrative approach to community development.

The comprehensive community development movement proceeded along a path littered with undistinguished results (Sviridoff and Ryan 1996). Its experiments showed no particular benefit to community residents, regardless of the level of their involvement, if the residents do not possess the skills and experience to guide the community development process. A successful development process relies on professional skills and knowledge. Moreover, small, unorganized bands of well-

meaning individuals are of little use in the development process. Effective community development requires an organization with a paid staff devoted to forwarding the development process (Vidal and Gittell 1998; Sviridoff and Ryan 1996).

The limitations of trying to implement comprehensive community development present an important lesson, indeed, but this lesson was learned in the early days of the modern community development movement (Sviridoff and Ryan 1996). The problem today is unwillingness on the part of many to acknowledge that community development, if it is to succeed, cannot be viewed only as a social movement. Rather, community development, as it has evolved, mirrors representative democracy for all its negative and positive aspects. The evident difference in this analogy is that CDCs do not possess the same types of accountability functions (such as voting) that characterize representative democracy (Anglin 2000).

Does that mean community development success is predicated on development professionals the way political success in a representative democracy now is predicated on professional politicians? The evidence, diffuse as it is, indicates that community organizations using a representative model of governance are more likely to foster community improvement. The level of accountability and representation of a community's interest and voice is tied to normal elements of organizational life such as a strong board, competent leadership, and a clear mission and organizational values (Anglin 2000).

Community control and direction always will be a source of tension in community development, as they should be. But the idea of pure resident control of the community development process limits the effectiveness and impact of CDCs as agents of change and the reality that they must become enduring institutions to make a difference over time.

WEAK GOVERNANCE AND ORGANIZATIONAL STRUCTURES

Because CDCs subsist mainly on project support, they find it difficult to invest in human capital development activities such as developing professional staff, providing a defined benefits structure that covers retirement, devising strategic planning procedures, and putting in place organizational policies and procedures (LISC 1999, 2000; LISC's Organizational Development Initiative, 2000). Many CDCs still do not have written job classifications and crucial documents such as a personnel manual. Cash-flow statements and other financial information are critical to effective decisionmaking and organizational sustainability. If asked to produce monthly statements

of cash flow, many CDCs would not be able to do so in a timely fashion. If statements were produced, they likely would not be understood and grounded in fiscal reality (Clay 1990; Bratt et al. 1994; Millennial Housing Commission 2002). Weak and ineffective boards, operating under limited external accountability, also represent a continuing challenge (Anglin 2000; Bratt et al. 1994).

National intermediaries and local community development partnerships have invested much in addressing these weaknesses. Some voices assert that CDC proliferation dilutes the limited resources available to the field. A recent study examined the phenomena of CDC mergers and the benefits accruing to consolidation. Further work is necessary to discover if the CDC field is too large and is spreading resources too thin (Rohe et al. 2003). Beyond examining the question of consolidation, future studies must address the policy implications of choosing between groups if opting for consolidation.

RECRUITMENT, RETENTION, AND PROFESSIONALIZING THE FIELD

The field faces substantial challenges in attracting and retaining a strong workforce. Practitioners often cite the low prestige and visibility associated with the field. They speak of the field's identity crisis: do community development practitioners include real estate developers, entrepreneurs, community organizers, and bankers? As happens in other fields of practice, CDC practitioners express a significant desire to define the scope and standards of their practice, a crucial step in defining a profession. Community development lacks professional definition, resulting in the loss of talented people to professions with clearer identities. The field experiences difficulty in attracting new talent for the same reason.

Other factors in turnover include limited career ladders. The average CDC is small, with staff size totaling fewer than 10 individuals. Small organizations do not leave much room for career advancement. Combine this with CDC operating environments that often are hierarchical, socially isolating, and thinly capitalized, and the resulting workplaces are difficult to sustain for any considerable length of time (McNeely 1993, 1995). Although this latter point is speculative, the experiences of practitioners and funders provide its basis. An extensive search of the literature reveals that there are no studies on CDC organizational culture and its direct bearing on organizational capacity (Rodriguez and Herzog 2003). Lack of such studies can be traced to reticence on the part of funders to invest in "soft studies" when important work must be done in poverty-stricken communities. Nevertheless, we have reached an important juncture in community development. Studies of organi-

zational culture can assist all parts of the community development ecology learn to overcome some of the limits of organizational culture that now exist (Rodriguez and Herzog 2003).

AGING OUT: THE FIRST GENERATION OF CDC LEADERS

The idea that a layer of leadership is still in place, dating to the beginning of the CDC movement, has gained prominence in recent years, especially in the funding community, which fears a wave of retirement would limit the gains made by the CDC sector (Rodriguez and Herzog 2003). Coupled with a perceived lack of entry points for new CDC professionals, many observers voice concern that the CDC field faces a significant leadership crisis.

Another set of voices argues that some overstate the aging out of CDC leadership, saying observers who worry about the age of CDC leadership focus on a set number of visible CDCs with founding leaders. Important as some of those organizations are in their communities, they do not represent the majority of the field. Indeed, some would argue that they represent no more than a small percentage of the total organizations working in community development.

CDCs formed after 1980 may exhibit different tendencies in terms of tenure than their older colleagues. Born at the time of the major intermediaries, these organizations attracted a type of leader different than the charismatic leader during what might be termed the first phase of community development. Leaders in the first phase learned economic and housing development skills on the job, while in many cases, leaders of organizations after 1980 came to the field after careers in law, banking, the foundation world, and other allied fields. Better prepared for leadership, they possessed more career mobility than did their predecessors. If this line of thinking holds, the leadership crisis will be abated by a steady stream of career changers.

The continuing availability of career changers cannot be relied on. Career changers arrive in cycles and have options to go to other positions. Further, we do not know the number of career changers who opt for positions other than those at the executive level.

PEOPLE OF COLOR IN LEADERSHIP POSITIONS: IS THERE A SPECIAL PROBLEM?

The question of people of color in leadership positions has been bundled into the community development field's human capital crisis. On one side, critics say not enough people of color lead CDCs, an important problem given that CDCs operate

in distressed communities where people of color predominate. These voices also point to intermediaries and foundations that do not have people of color in significant leadership positions and ask the question: how can these institutions make decisions and implement strategies for these communities without representation from these communities?

The assertion that community development institutions need to reflect the communities they serve cannot be disputed, though some question remains regarding the extent of the problem. Though not documented in any study, some claim there is not much of a problem in the number of people of color leading CDCs. Those who do not see a problem argue that Whites lead many CDCs, but this is not representative of the field. Again, our state of knowledge renders this question unanswerable. If an imbalance in CDC leadership exists, then we need to understand the issue, though any such reality brings the very real question of what to do to introduce balance (Rodriguez and Herzog 2003).

Apart from the relevant question of representative CDC leadership is the related question of skills transference. Earlier, we argued that dilettantes have no place in community development, no matter how well meaning. Do CDCs and their support agencies, however, create opportunities for neighborhood residents to acquire development skills if they want to play an active role in community development? If they do not provide such opportunities in current practice, then they must develop strategies to help residents acquire the skills necessary for community self-help (Anglin 2000). Community colleges might provide this service. If a problem exists with lack of CDC leadership of color, one way to get more candidates into the pipeline would be through a ground-up skills-development strategy.

LEADERSHIP AND STAFF DEVELOPMENT

The CDC field prides itself on developing leaders through actual practice. Staff often learn development skills as they complete actual housing units or economic development projects. While necessary and valuable as a human capital development tool, on-the-job training neither produces leadership that can build strong, competent organizations nor, necessarily, leadership with programmatic innovation and vision (Glickman et al. 2000). Despite the field's near 40-year existence and the presence of intermediary organizations, leadership and staff development are random propositions.

The field could benefit from a level of standardization and rationalization of training efforts. In many cases, practitioners avail themselves of multiple training opportunities, but no standard exists from which to judge the relevance of training (LISC 1998).

CONCLUSION

Community development has evolved into a fairly mature field characterized by institutions and organizations that perform a solid service to low-income communities needing development. Community development has yet to demonstrate to funders and the general public that it has progressed from a social movement to a field that can articulate rigorous development principles undergirding the work of CDCs and intermediaries. Remarkably, community development still lacks a solid base of research knowledge that could clarify some of the organizational and leadership limits now facing the field.

Research on organizational challenges to the field is limited. Apart from philanthropy commissioning a few studies, a sustained research agenda has not examined the specific capacity challenges facing the community development field. In part, the field has been in growth mode, limiting research. Growth often clouds underlying problems. To date, funders have placed their resources in actual projects or programs, not research. Now that community development has reached a stage of maturity, the capacity challenges facing CDCs no longer can go unexamined by stakeholders in the field. Not addressing the capacity challenges means losing the gains made by this important part of the nonprofit sector.

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RELIGION'S INVESTMENT AND INVOLVEMENT IN COMMUNITY-BASED ECONOMIC DEVELOPMENT: AN OVERVIEW

Elliot Wright

The role of religion in promoting the social and economic welfare of communities and their people is timeless, ancient and contemporary, and richly complex in form and motivation.

Concern for the physical and material well-being of the circle of faith promotes a sense of “we” and commitment to the prosperity of those who share common beliefs. In the Hebrew Scriptures, the travails of Moses as he sought to care for the needs of wandering Hebrews demonstrate the point, as does the communitarian experiment of the earliest Christian church in Jerusalem. It also could be found among religious groups on the American frontier in the 18th and 19th centuries. Churches took the edge off the hard life and “actively shaped the use of growing wealth and labor resources to promote educational and voluntary aid to those in need...Ordained and lay leaders promoted the spiritual and material prosperity of their flocks through productive households, strong businesses, and useful education” (Clay and Wright 2000, 207). Many of these congregations were mainline Protestant and Roman Catholic, but the Church of Jesus Christ of Latter-day Saints (Mormon)—strongly influenced by frontier realities—established and continues a strong emphasis on social services and the building of economic capacity within the body of faith.¹

Other examples of economic activism in the American context include the community organizing prompted by the Black Church after the Civil War; the strong appeal of credit unions among immigrant Roman Catholics 100 years ago; the mutual benefit societies, many of which became insurance companies, among immigrant Jews, Catholics, and Lutherans; and to some degree, the freed slaves and the businesses set up by Elijah Muhammad in the initial expression of the Nation of Islam in the early 20th century (Lincoln 1961).

Concern for “outsiders” in need often parallels concern for the physical and material welfare of a faith constituency. The Hebrew Scriptures again attest to such concern, as does the literature of the early Christian movement, such as the thoughts of St. Cyprian of Carthage. Bishop Cyprian found it altogether appropriate that an often-

shunned minority religious community, his people, should attend to “pagan” neighbors suffering from plague (Butler 1963). Why? Because the “pagans” needed aid. Some of the motivation for service in any context may be to win others to a particular religious point of view, but that is not the whole story. Many religions have a strong humanitarian impulse, a kind of universalized “Golden Rule” of behavior. Nonevangelistic religious outreach unquestionably occurs in the United States, notably in the area of social services and community revitalization. The vast systems of hospitals, facilities for neglected children, homes for the aged, community centers, homeless shelters, and soup kitchens emerged in large part from religious sentiments and generally served persons without reference to religious affiliation—even before many of the institutions received government funding. The same broad humanitarian outlook is also evident in more recent religion-related, or faith-based, community-based organizations, including community development corporations (CDCs).

The investment and involvement of religion in community-based economic development represent a combination of commitment to specific circles of faith and to persons beyond those circles. Some faith-based community development targets particular religious, ethnic, or racial groups; others are totally nonsectarian and ethnically inclusive. This appropriate combination reflects a pluralistic society because “pluralism” by definition recognizes particularities within the social whole. The implications for funding, notably with regard to the expenditure of public money through religious entities, are both volatile and relevant.

How extensive is the religious or faith-based role in community social and economic development in 2003? Answering that question proves nearly impossible. Regarding CDCs (only one form of organization), even quantitative data are in short supply. Five-year-old figures from the National Congress for Community Economic Development (NCCED), which was founded in 1970 and grew to become a “trade association” for community development, indicate that of some 4,500 CDCs, 14 percent are faith based, a percentage based on projections from a mail-return questionnaire. This projection appears to be on the low side. In May 2003, while preparing for another survey or census of the field, NCCED produced a list of more than 750 community-based, faith-based organizations engaged in one or more of four community-based improvement activities: providing affordable housing, developing commercial space and business enterprises, offering job training and placement, and establishing community-based financial institutions.

This paper reviews American faith-based community economic development for what the heritage discloses about the potentials and limitations of this component of the community-based development enterprise. The narrative incorporates, but is

not limited to, CDCs. “Faith-based” and “religion” are used more or less interchangeably for the sake of convenience. To date, “faith-based,” a fairly new term, has not entered into legislation or judicial parlance but makes an attractive option for the discussion at hand.

FAITH AND THE ROOTS OF COMMUNITY-BASED DEVELOPMENT

As is widely acknowledged, the civil rights activism of the late 1950s and early 1960s anticipated the contemporary community-based development movement. Dr. Martin Luther King, Jr., and other leaders of that struggle asked poignant questions about the value of voting rights, racially integrated public schools, and open access to buses if African Americans lacked economic opportunity, decent housing, medical services, and safe neighborhoods. Black Church leaders served in the vanguard in setting up CDCs—community-based, community-controlled entities of empowerment (Thomas and Blake 1996; Lincoln and Mamiya 1990; Billingsley 1999). Other religious streams, such as the following, fed into community development:

- The cooperative movement, a primarily rural phenomenon that continued, in fragmented ways, the spirit of frontier congregations committed to spiritual and material prosperity.
- The heritage of utopian or “socialistic” communities, such as Oneida and Amana, that blended religious and economic motivations, though none lasted long.
- The Protestant “social gospel” that taught a sense of religious responsibility to address social, political, and economic ills in the name of justice.
- Immigrant religious groups, often shut out of the economic mainstream, that launched self-help institutions such as credit unions, benevolent “brotherhoods,” and cooperatives.

Catholic social teaching in the 20th century made increasingly strong links between economic empowerment and justice. This theme moves from “*Rerum Novarum*,” an encyclical by Pope Leo XIII in 1891, through “Economic Justice for All,” the 1986 pastoral letter by the U.S. Catholic bishops. Fifteen years before the pastoral letter, the U.S. Catholic Church established the Campaign for Human Development, which has channeled millions of dollars into community organizing and development, usually without reference to the sectarian affiliation of recipient organizations (Jennings 1966).

The importance of the Black Church in the story of community development is directly proportional to the economic oppression of African Americans both before and after Emancipation. C. Eric Lincoln and Lawrence H. Mamiya summarize the role of the church in strides toward economic empowerment in *The Black Church in the African American Experience* (1990). Congregations became seedbeds for organizing mutual aid societies, banks, businesses, schools, and medical facilities. Efforts to build capital were most active, according to these authors, after the failure in 1874 of Freedman's Savings and Trust Company. The company had been chartered 9 years earlier by the U.S. Congress to hold the bonuses paid to Black soldiers in the Union army, the savings of African Americans, and the funds of churches and philanthropic societies (Lincoln and Mamiya 1990). Congregations and coalitions of congregations started businesses. One Baltimore shipyard, financed by a church, built small cargo ships for 20 years before it closed in the economic crash of the 1890s (Clay and Wright 2000).

Long before CDCs appeared, the Black struggle for justice and civil rights had an economic-empowerment agenda. The National Urban League, organized in 1911, fostered jobs and better working conditions for African Americans. The union organizing of A. Phillip Randolph fed directly into the post-World War II civil rights efforts, as did the expanded economic expectations of returning Black veterans. Before CDCs were common, the Reverend Leon Sullivan, pastor of Zion Baptist Church in Philadelphia, and other pastors created the Opportunities Industrialization Centers (OIC), which has become an international network of job training and business development (Sullivan 1998).

"The need for job training and retraining in minority communities in the '60s was immense," Sullivan wrote in his autobiography, *Moving Mountains: The Principles and Purposes of Leon Sullivan* (1998). "Thousands upon thousands were out of work; many of them were out of hope" (Sullivan 1998, 15).

REACHING FOR HOPE

"Hope" is often used to describe the importance of community-based organizations. No doubt an appeal to hope prompted African-American pastors and lay leaders to champion CDCs in the Bedford Stuyvesant section of Brooklyn and the Hough neighborhood of Cleveland, two sites of early community development corporations. Most of the first CDCs emerged with the support of the federal War on Poverty and its Office of Economic Opportunity (OEO), but the concept of community-based, community-controlled organizations essential to the model was a form of American

voluntarism rather than a government product. William W. Biddle, a keen social analyst of the mid-20th century American culture, hoped he was seeing the “rediscovery” of local initiative, which he considered essential in economic empowerment. Biddle, a deeply religious sociologist affiliated with the National Council of Churches, urged congregations to join the community development movement as part of the community reality (Biddle and Biddle 1965).

Biddle advised congregations not to drag their sectarian concerns into the community development process, and this commonsense point of view generally has prevailed, perhaps because CDCs from the start had access to public funds. This access made them significantly different from the faith-motivated social service agencies begun years before with private money—institutions such as hospitals and other care facilities totally private in origin although they today depend heavily on government dollars. Also, religious institutions organized relatively few early CDCs directly. More typically, churches or parishes supported community-based development entities established as freestanding, not-for-profit corporations. Firm community bases were even the hallmarks of early faith-based CDCs, such as the New Community Corporation of Newark, New Jersey, and the St. Nicholas CDC of Brooklyn. In the 1960s and early 1970s, the day of the congregation-initiated or ecumenically sponsored CDC still lay in the future, but patterns were taking shape. One of the oldest faith-based CDCs, the Mooresville (New Jersey) Ecumenical Neighborhood Development, took root in 1969 and still is going strong. Another early one, begun in 1973 as Advocates of Black Community Development (ABCD) in Canton, Ohio, began work as a separate corporation developed by a small United Methodist congregation. ABCD changed its name in 1987 to Association for Better Community Development and continues today as a powerful faith-based model working to “reduce poverty, to foster self-reliance and to bring about empowerment of the community that we serve.”

An assortment of religious organizations—congregations, judicatories, and national groups—took advantage of funds available from War on Poverty sources for senior and other low-income housing. Some projects, often completed in collaboration with private builders, required the religious entities to do little more than set up holding companies. “Interfaith housing” organizations became common features on the affordable housing landscape. The degree to which interfaith housing organizations fit into the faith-based community development story is debatable. Some originally were conscious attempts at religious collaboration, while others may have represented efforts to keep religion out of the picture, with “interfaith” essentially meaning “secular.”

FAITH AS FUNDER

Organized religion and faith-motivated individuals have injected billions of dollars into social services and community improvement projects over the course of U.S. history. A survey of NCCED publications indicates that the community development movement expected religion to become a major funder of its projects. The record rises and falls in peaks and valleys. Roman Catholic national and specialized organizations are by far the most consistent in maintaining programs of grants and loans. More than 32 years old, the Catholic Campaign for Human Development raises some \$10 million each year for community-based organizing and development. Catholic religious orders invest heavily in community development ventures. One women's order, the Sisters of Charity, created the McAuley Institute, a major housing intermediary and technical assistance provider, and Mercy Housing, which operates in the western states.

Several mainline Protestant community development funds of the late 1960s and 1970s either failed to gain momentum or folded after a short time. Only one major religious pension fund, that of the United Methodist Church, sustains a program of community development loans, primarily affordable-housing investments through established national and regional intermediaries. Also, the Presbyterian Foundation made both grants and loans for community development over the years, and since 1980 several Episcopal dioceses have established revolving loan funds of considerable importance. Furthermore, Protestant and Roman Catholic organizations invest major amounts in state or regional community development loan funds, such as in New Hampshire, New Jersey, Florida, and New Mexico.

Despite limited data, it is clear that religion's greatest financial support for community development has come on local levels, primarily by providing startup and operational costs for community- and faith-based organizations. In one grant program of the early 1990s, funded and monitored by the Lilly Endowment, 28 projects raised \$4.3 million from local religious institutions and \$700,000 from national and regional religious contributors.

The endowment's \$5 million investment in the total program leveraged \$70 million from government, philanthropic, and religious sources (Wright 1996).

FAITH-BASED GROWTH IN THE 1980S

The field of what is now called “faith-based community development” went through a relatively quiet period in the 1970s. CDCs themselves struggled to find their footing. The decade of the 1980s would be quite different. The Reagan administration scaled back federal support for CDCs and restructured the federal programs benefiting community-based organizations. This challenge prompted a search for new sources of funding and legitimization. Private foundations stepped forward to replace some of the lost government funds; previously, the Ford Foundation had been the major philanthropic supporter of CDCs. Religion did not fill the coffers, but it was on the brink of becoming a strong advocate and itself an arena of significant expansion.

CDCs with specific congregational or religious linkages, sometimes ecumenical or interfaith, increased. Bethel New Life, one of the most celebrated faith-based CDCs, emerged from a Lutheran church on Chicago’s West Side in 1979. Many large African-American churches had, or were on the way toward having, CDC affiliates: Concord Baptist in Brooklyn, Wheat Street Baptist in Atlanta, Allen AME in Queens, Allen Temple Baptist in Oakland, and Antioch Baptist in Chicago to name a few. Not all CDCs were formed by African-American churches or in large cities. La Casa of Goshen, Indiana, grew out of a migrant ministry to Hispanic workers and attracted 24 congregational sponsors. Wesley Housing (United Methodist) and Catholics for Housing both emerged to serve racially mixed areas across the Potomac from Washington, D.C. Interfaith housing organizations proliferated across the country in the 1980s.

Several significant collaborative efforts in housing and other forms of community development grew out of community-based organizing initiatives. A notable example, formed in 1986, can be found in Harlem Congregations for Community Improvement (HCCI), which today has 90 sponsoring congregations—Christian, Jewish, and Muslim. The HCCI approach supports comprehensive community building, ranging from social services to housing and business development. South Bronx Churches and East Brooklyn Congregations exemplify organizations that went from community-based political organizing into community-based housing and economic development. The short-term federal Nehemiah Housing Program, authorized by Congress in 1986, took its model from East Brooklyn Congregations, a Protestant-Catholic coalition that built 500 affordable housing units using donated city land and state and private funding.

Religion-related initiatives in providing both permanent and emergency housing in Washington, D.C., were promoted and chronicled by the Churches Conference on Shelter and Housing. In the early 1990s, this organization, which no longer exists, published three instructive booklets on religious sponsorship of affordable housing. *Building on Faith*, a collection of case studies, remains a landmark in the literature of faith-based housing.

GROWING VISIBILITY

Corrective Capitalism: The Rise of America's Community Development Corporations, published in 1987 by the Ford Foundation, duly accounted for the role of religion in funding and organizing community-based entities. This first history of CDCs, written by Neal R. Peirce and Carol F. Steinbach, clearly understood the religious precedents and energy that fed into the community development movement. Ford had firsthand experience through a partnership with the Congress of National Black Churches. The grant program supported church-based social justice programs, including community-based economic development.

The next year, Seedco, an intermediary organization, conducted the first study of the extent and capacity of religion in community economic development for the Lilly Endowment. The Council on Foundations published the report, with supplementary material, in 1988. No mere collection of case studies, *Religious Institutions as Actors in Community-Based Economic Development* evaluated how religious institutions were, and could be, involved in community-based economic improvement. The report mentions dozens of examples and cites a range of religious roles along a spectrum from advocate to actual developer. It lists types of religious institutions engaged in various forms of community-based economic development.

The Seedco document hardly became a bestseller, but it had serious, long-lasting impact within the worlds of community development and religion. It showed that religious initiative in community-based development already was substantial and growing, and that religious institutions could succeed with every form of community-based development. The report helped prepare the way for a large Lilly Endowment grants program called Religious Institutions as Partners in Community-Based Development. The call for proposals in 1989 generated so many responses that the Endowment enlarged its pool of dollars and the Ford Foundation supplied additional funds. Eventually, 28 projects received grants for planning, implementation, and followup. Most projects developed affordable housing. The program encouraged religious collaboration with existing CDCs, a

major goal, but it also led to the formation of new faith-based organizations that would become major players in their communities. Such organizations include the East Austin CDC in Austin, Texas, and Community Developers of Beauford-Hyde in Belhaven, North Carolina.

The work of the Ford Foundation and Lilly Endowment in the late 1980s and early 1990s brought heightened visibility to faith-based development in both secular and religious arenas. Another momentum also was gathering, especially within Evangelical Protestantism—a partnership between the Pew Charitable Trusts and World Vision, which fosters housing ministries. In 1989, the Christian Community Development Association (CCDA) came into existence through the example and theology of Dr. John Perkins, a community development pioneer in Mendenhall, Mississippi, and Pasadena, California. The formation of “Christian community”—the circle of faith perspective—runs strong in CCDA, but the Perkins outlook also reaches beyond itself in voluntary service.

Religion-related, community-based organizations large and small continued to emerge: the Abyssinian Development Corporation, related to the large Baptist church in New York City; Fame Renaissance, a product of the First African Methodist Church of Los Angeles; the Metropolitan Housing and Community Development Corporation of Washington, North Carolina, the outgrowth of a small African Methodist Episcopal Zion congregation; Pueblo Nuevo, born of a tiny Episcopal mission in Los Angeles; Nueva Esperanza, the community-building arm of Hispanic Clergy of Philadelphia, a coalition of Protestant pastors; and Rocky Mount/Edgecombe CDC in North Carolina, whose faith roots reside in committed individuals rather than in an institution. The Episcopal Church and the Communities of Shalom program of the United Methodist Church announced community-based economic development as priorities. Within the Church of God in Christ (COGIC), the large African-American Pentecostal denomination, housing and economic programs expanded, with two examples being the West Los Angeles CDC, affiliated with a large West Los Angeles COGIC congregation, and Trinity Village Non-Profit Housing Corporation, a product of the Holy Trinity Church in Muskegon Heights, Michigan. First active in jobs and business development and later in housing, the Greyston Foundation of Yonkers, New York, became a prominent community development engine with Zen Buddhist roots. Muslim initiatives increased, as exemplified by the Malcolm Shabazz Development Corporation in New York, an affiliate of the Muslim American Society, and “Your Community,” an extensive Kansas City, Kansas, neighborhood revitalization brought about by the small United Nation of Islam.

TRAINING AND SERVICES

By the early 1990s a clear need existed for training and educational resources that respected religious service motives and linked them to the community-based development industry. The NCCED, with its long track record of engagement with faith- and community-based organizations, was among those responding to this need. With the backing of the Ford Foundation and the Lilly Endowment, NCCED set up the African-American Church Project to recruit and equip African-American congregations for community-based housing and business development. In 1995, the Ford-funded African-American Religious Institutions Program was established, with emphases on education, credit unions, and relationships with intermediaries. Subsequent Lilly and Ford grants led in 1997 to the permanent NCCED Faith-based Community Economic Development Initiative, incorporating a Faith-based Academy. Religious organizations flooded NCCED with requests for information and training. The response of NCCED included newsletters, other publications, websites, training modules, and efforts to help other organizations and schools to respond to local faith-based opportunities. In 1999 the Faith-based Academy produced *An Annotated Bibliography for Faith-based Community Economic Development*.

During the last three years of the 1990s, the following additional educational venues emerged:

- New Hampshire College (now Southern New Hampshire University), which has the country's oldest accredited community economic development program, added a faith-based track to its master's-level curriculum.
- The Harvard Divinity School in 1998 began an annual Summer Leadership Institute, with a focus on church-led community development in the African-American community.
- Eastern College, St. David's, Pennsylvania, geared up its master's program in community development to respond to domestic demands as well as the international arena, which had been its field of concentration.
- The University of Delaware included a faith-based component in its community-based development certificate program.
- The Faith Center for Community and Economic Development, a training facility in New York City, emerged and attracted the support of major financial institutions.

- The Seminary Consortium on Urban Pastoral Education in Chicago built economic development into its biennial urban ministry congresses and started a master's degree program in the field in collaboration with North Park University.
- The Asset-Based Community Development Institute at Northwestern University, Evanston, Illinois, the source of the basic training material for community development, added a faith-based component.
- Several individual seminaries increased their curricular offerings in community economic development.
- The College of Biblical Studies, a Houston, Texas Bible college, launched a sustained community development program with the help of NCCED.
- Seminars and workshop on faith-based development became features on the religious landscape across the country.

In 1998 the U.S. Department of Housing and Urban Development (HUD) established HUD's Center for Community and Interfaith Partnerships, an important government innovation. For the first time a federal office exists with a specific mandate to promote collaboration between government and religion in the arena of economic empowerment. (Before that time HUD had staff liaisons to religious communities.) A central activity of the Center was the convening of regional and local conferences to explain HUD programs open to religious providers.

Federal welfare policy became a driving force in faith-based, community-based development after 1996. The reform legislation of that year put the emphasis on work first, benefits second if at all. Welfare reform challenged community development across the board to devote more attention to workforce issues. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 also introduced the concept of "charitable choice," which in effect invited religious organizations to compete for publicly funded job training, placement contracts, and grants and prohibited states from putting obstacles in their way.

Welfare reform elicited significant response from the religious sector. In 1999 an NCCED scan of the field for the Annie E. Casey Foundation found four types of faith-based organizations either increasing or starting workforce programs in the wake of welfare reform: congregations, coalitions of congregations, social service networks or single agencies, and CDCs. In many cases, the congregations or coalitions had established separate corporate structures to handle the jobs programs. Most connectional denominations strongly recommend such separate incorporation for

liability reasons. The scan also found a fifth, new type of organization—one that specifically addresses workforce issues in partnership with government entities, usually county or city social service departments. Some of these organizations, such as a network of Faith Pathfinders programs in Texas, responded to government overtures; others, such as Families First of North Carolina, built on religious and community initiatives (Wright 1999). The NCCED scan also found considerable displeasure among religious institutions with the implementation of welfare reform and considerable religious naiveté on such matters as performance-based contracts and government reporting procedures. “Charitable choice” surfaced rarely in telephone conversations with directors or staff of approximately 75 faith-based workforce programs.

THE BUSH INITIATIVES

The full implications of “charitable choice” and the ongoing public debate on its merits did not unfold until January 2001, when the George W. Bush administration announced the White House Office of Faith-Based and Community Initiatives. A major objective of the effort is to “level the playing field” regarding religious access to federal social service and community development funds. While controversial, this initiative has accomplished much in dramatizing the capacity of faith-based providers in charitable activities and economic empowerment programs. It has provided channels of information through five (later seven) faith-based and community centers within federal agencies. It encourages new players and alerts segments of the religious sector to opportunities already open to its agencies and institutions. At the same time, the initiatives evoke extensive false expectations about the pending largess of the federal government to religion. Undoubtedly inaccurate press accounts asserting that the administration was doing the unprecedented in “finding ways to channel public money” to religious service entities played a part. Such misunderstandings made it temporarily more difficult to convey through training that community-based economic development is relentlessly hard work—whatever its base.

The Bush program’s eventual stress on training and technical assistance for capacity building received essentially positive response among community-based religious practitioners. Veteran developers, however, faith-based and otherwise, have wondered about the capacity of that field to absorb large numbers of new community-based organizations given the scarcity of operating funds. The thought of a CDC or similar organization at every congregation is frightening, almost an affront to the very notion of community-based development. Collaboration, not fragmenta-

tion, is a necessity in both program implementation and training. (Collaboration is likely more promoted than practiced, yet excellent models exist that can be used to help faith groups avoid costly duplications of service within their communities. One such model, the interfaith Michigan Neighborhood Partnership in Detroit, facilitates collaboration among religious organizations, businesses, financial institutions, government, and ethnic groups.)

The assertion that “faith does it better,” implicit in some aspects of the Bush initiatives, does not play well on the community economic development stage. Religious actors have taken part in the movement since its inception almost 40 years ago. They do good work; they are valued. General, or secular, organizations do good work; they are valued. No inclination in community development circles pits the sacred against the secular or vice versa in housing production, business development, job training, or the formation of community-based financial institutions.

“Charitable choice” asserts that religious providers of public services should be allowed to hire their own religious kinds while being prohibited from discrimination on religious grounds in the delivery of services. This premise represents a dilemma for faith-based, community-based economic development, part of an industry that has promoted nondiscrimination in services and operations. While concerned about their own constituencies, faith-based CDCs and similar organizations generally have taken a stand for open hiring based on merit and professional qualifications. This spirit is reflected, although not directed explicitly at hiring, in the NCCED Policy on Faith-based and Community Development and Related Issues. The policy states: “Respectful of faith, NCCED remains faith neutral, as must government, as it collaborates with persons and groups of all faiths, races, ethnicities and national origins in promoting the general welfare of all citizens” (NCCED 2001).

LEADERSHIP

It would be wrong to assume that clergy form the leadership of most faith-based community organizations. Many pastors have triggered and led both faith-based and general CDCs, but the faith field is not a clerical preserve. Laity have initiated and operated dozens upon dozens of faith-based, community-based development organizations. Within the Black Church, the approval of the pastor remains essential. Some pastors do run the organizations personally, but just as many examples can be cited in which laypersons are the true leaders. The case for lay leaders is particularly evident when the faith-based originator is a religious coalition or a communi-

ty center or other form of noncongregational organization. Women, it should be noted, are powerful forces in faith-based community development.

By the late 1980s and through the 1990s, concern about professional standards characterized the whole of the community-based development industry—secular and faith-based. The first generation of CDC directors, who had learned on the job, began retiring. New organizations emerged. Educational credentials took on increasing importance: “Faith is good, but can she do a deal?”

The changing professional scene, including new educational venues, community and career stories, and job opportunities, is illustrated in *A Guide to Careers in Community Development* (Brophy and Shabecoff 2001). The guide grew out of a human capital development program funded by the National Community Development Initiative and managed by NCCED. Another visible but essentially undocumented leadership trend is the leadership of large Black Church-initiated CDCs—namely, the increasing number of men and women who left careers in banking, business, law, and the military to devote themselves to community improvement.

STUDYING FAITH-BASED COMMUNITY DEVELOPMENT

The notorious difficulty of studying community-based organizations extends to those that also are faith-based. Because they are community-based, and communities differ, categories of performance or measures of success are hard to draw. Moderate “success” in one community may be exceptional success in another and marginal success in a third. Definitional problems abound. How is “community” determined—by geography or common interest? What is “community development”—a set of activities or an attitude? How far will the term stretch across the spectrum of social service and economic empowerment challenges?

Faith-based community organizations often appear to be more willing than secular counterparts to combine social services and economic empowerment programs. Is this an accurate perception, and if so, does it have relevance in the achievement of healthier communities?

Are all faiths equal in their contributions, or potential contributions, to community-based development? Which particular faiths—given some correlation to religious traditions—are more effective in community improvement than others? What are the public-policy implications if research were to indicate that Presbyterian-tinged community organizations are better at job training than Pentecostal-influenced pro-

grams, or that Buddhist-related housing development organizations build houses more efficiently than Baptist-founded organizations? To what standards should all faith-based community organizations be held?

What value will come of the extensive, if fragmented, research on faith-based community entities already under way—a veritable growth industry? What are the underlying objectives, potential policy uses, and political motivations? What are the benefits, if any, of putting welfare mothers to work in livable-wage jobs? Of offering affordable housing? Of making neighborhoods safe? Of helping ex-offenders become positive citizens in healthy communities?

Although empirical data about the benefits are elusive, this much is certain: community-based organizations, general and faith-based, are pulsating, changeable, often unpredictable entities. Static data on their capacity, product, and potential will be just that: static and relatively worthless. Meaningful research and evaluation going forward should be as dynamic and useful as the subjects themselves.

NOTES

¹ For a comprehensive survey of Mormon social welfare history and policy, see Garth L. Mangum and Bruce D. Blumell, *Mormons' War on Poverty: A History of LDS Welfare, 1830-1900* (Provo: University of Utah Press, 1993); the system in effect today, dating from the Great Depression, is described by Glen L. Rudd, *Pure Religion: The Story of Church Welfare Since 1930* (Salt Lake City: Church of Jesus Christ of Latter-day Saints, 1995).

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FAITH AND MORTAR: RELIGIOUS ORGANIZATIONS AND AFFORDABLE HOUSING STRATEGY IN URBAN AMERICA

Xavier de Souza Briggs

Faith and faith-based organizations (FBOs) have played a long, rich, and increasingly varied role in addressing the nation's affordable-housing needs. This role, however, is poorly understood. Given increased political, financial, and regulatory support for FBO service providers in recent years—accelerated by White House and congressional leadership over the past decade and heralded by the Charitable Choice provision in federal welfare reform in 1996—the gaps in our understanding are costly and unfortunate. They undermine smarter investments by many players—faith leaders, to be sure, but also mayors and other elected officials, housing regulators, realtors, banks, philanthropic organizations, and many others important to the quality and affordability of housing, the most basic of family needs.

FBOs are well positioned as community builders, enjoying support from the left and right in American politics and reaching out to all of the nation's major ethnic groups. Moreover, affordable housing needs are urgent. They have been growing steadily for more than a decade, reaching crisis levels in many of the nation's hottest real estate markets. In many communities, even modest apartments command rents that require several times the minimum wage according to accepted standards of affordability.¹ Home prices and high closing costs make homeownership—the number one route to family wealth building in America—unattainable in many markets as well, especially for low- and moderate-income working families.

For their part, FBOs have shown that they can contribute usefully to the politics as well as the delivery of affordable housing, from national and international networks, such as Habitat for Humanity, to local standouts, such as East Brooklyn Congregations—sponsor of the widely admired Nehemiah homeownership program in New York City. But in terms of the *strategies* that should guide organizations and communities, we know far too little about the comparative advantages or disadvantages of faith institutions relative to other players in the housing game, the conflicts that arise in collaboration, or, less competitively, the keys to incorporating faith groups into the effective cross-sector partnerships that now define local affordable housing efforts in America.

As Avis Vidal observes in a report to the U.S. Department of Housing and Urban Development (HUD), much of our interest in FBOs is based on “the existence of a small number of high-profile successes in housing and economic development sponsored by large churches...and high expectations about the potential of faith communities to address problems that others have found intractable” (Vidal 2001).

We begin this inquiry into the appropriate role of faith-based organizations in affordable housing, then, with two premises:

Given appropriate capacity building and other supports, FBOs should be as capable or demonstrably more capable than other players of accomplishing certain things (if laying claim to money, political support, reputational “capital,” and other precious resources not in the immediate ownership of the faith communities themselves), as well as reasonably able to compensate for any special liabilities or risks that FBOs may bring to the work (for example, the risk of crossing appropriate church/state boundaries, role confusion where congregational and service delivery demands conflict).

FBOs’ strategic strengths must enable them to work effectively with others—not in lock-step agreement necessarily, but through capacities to organize stakeholders and issue agendas, join and leave coalitions, plan, and produce in teamwork with nonreligious players, including government, business, and key secular nonprofits.

FAITH IN HOUSING: A QUICK HISTORY

Faith institutions’ support of affordable housing—in the form of temporary shelter, informal shelter subsidy, and advocacy around shelter needs—goes back more than a century to the period of industrialization, rapid city building, early settlement houses, and urban social reform. The faith motivations of settlement houses and other charitable organizations in Boston, Chicago, and New York are particularly well documented. Even where no proselytizing or other directly sectarian activities were promoted, the faith ties of these early groups were crucial to defining their housing missions, as well as their influence on urban policies and programs.

Since the 1960s the role of FBOs has evolved and expanded rapidly in many parts of the country, tracking federal community action and War on Poverty efforts and later the downsizing of direct government provision of housing and human services. Over the past 25 years in particular, government has become primarily a housing funder and regulator, leading to a surge in private for-profit and nonprofit involve-

ment in affordable housing delivery, from homeless shelter provision and services to ownership and rental housing, including “special needs” housing for the elderly and disabled.

In this period, faith institutions have founded numerous community development corporations (CDCs) and other entities to advocate for, develop, and/or manage affordable housing. In a recent national survey, 1 in 7 of the 3,600 self-identified CDCs indicated a faith affiliation or origin, and FBOs produce an estimated 1 in 6 CDC-produced housing units (NCCED 1999). A conservative estimate by the Fannie Mae Foundation suggests that at least 355,000 affordable housing units in the nation’s precious inventory of the same owe their existence to faith-based development (Fannie Mae 2001). Habitat for Humanity has produced an estimated 50,000 units in the United States, with project sizes ranging from a few homes to a few dozen, on average (Habitat for Humanity 2003).

But these aggregate statistics on level of service obscure FBOs’ contributions in special needs housing. A 1988 HUD survey of service providers to the homeless, for example, revealed that about one-third of all emergency and temporary shelters were church affiliated. Furthermore, FBOs develop and/or manage half of all housing produced under HUD’s Section 202 program for the elderly.

The FBO presence in the housing sector is particularly significant in communities with a long history of community-based development activity. In the Philadelphia region, for example, a survey in the late 1980s found that about 40 percent of the 70 community development organizations affiliated themselves with churches, para-church organizations, or coalitions of churches. These groups produced about 40 percent of all nonprofit housing in the metro area and almost 70 percent of its elderly housing. Many other development organizations had clergy in key board or staff positions (Nowak et al. 1989).

A high number of FBOs participate when local clergy advocate the large-scale transfer of public properties and responsibilities. For example, New York City’s programs for vacancy consolidation and disposition of tax-foreclosed buildings transferred thousands of publicly owned apartments to nonprofit ownership and management. Many of these nonprofits were church affiliated.

CDCs and other nonprofit housing organizations are founded by congregations; by well-known national networks such as Catholic Charities, Habitat for Humanity, and Lutheran Social Services; and by freestanding religious groups as well (Vidal 2001). Some of the oldest and best-known nonprofit housing providers in the country,

including the New Community Corporation in Newark, New Jersey, are faith based, and these FBOs play particularly significant roles in elderly housing and other special programs that require complex deals and close coordination with business and government.

In the 1990s observers began to refer to the primarily local arrangements for blending resources available in the public, private, and nonprofit sectors as affordable-housing or community development “systems.” Faith institutions clearly play important roles in many of these local systems, which involve a complex mix of cooperation and competition, political maneuvering, and operational tinkering (Walker and Weinheimer 1998; Keyes et al. 1996). To better recognize and support FBO efforts, during the Clinton administration HUD created a special office for faith and community partnerships led by a clergyman based in the Office of the Secretary, reviving a senior policy development and budget advocacy role first created for a Catholic priest during the Carter administration. Likewise, the Bush administration’s White House Office of Faith-Based and Community Initiatives has advocated expanded involvement by FBOs in housing-service provision and reviewed HUD programs for barriers that thwart such involvement.

Having noted the trend toward increased scale and variety in FBOs’ housing roles, one should also note that most faith institutions do not become involved formally in housing at all, according to available surveys. Of those involved, the greatest number of faith institutions provide small donations, volunteers, or other *informal* support for other organizations, whether public, private, or nonprofit. For example, many congregations supply volunteers for Habitat for Humanity’s self-help homeownership work. African-American churches are particularly active on behalf of asset building and economic empowerment, for which informal support includes providing church space and pulpit “air time” for mortgage lenders and homeownership counselors. In a national survey of congregational involvement in services—defined as activities *either* provided or supported by the congregations—73 percent of all housing participation and 86 percent of participation in elderly housing were indirect, meaning other organizations provided the services.

So FBO roles span a wide range of housing types and incentive programs, formal as well as informal leadership and support roles, and strategies for the politics—organizing, coalition building, and advocacy—as well as the management of housing and housing-related services.

THE KNOWLEDGE BASE

In light of FBOs' records of accomplishment and rich potential, systematic documentation of the faith-based role in affordable housing is sadly limited and uneven. Many descriptive accounts by faith leaders and activists provide anecdotal evidence on service delivery and important but one-sided accounts of the politics and management of affordable housing. These accounts, however, offer some of the most detailed statements available of the role of religious housing efforts in a larger social ministry, and therefore, of the social and political values that underlie FBOs' work on housing issues. Next, a few detailed third-party analyses of FBO housing strategies and achievements in particular localities, including New York City and Philadelphia, have been conducted. These analyses helpfully place the work of a focal church or other faith institutions in the broader context of the local housing system. Finally, in 1998, HUD commissioned a review and reconnaissance of the available evidence on FBO roles in affordable housing and other community development activities. The report on that review, led by Avis Vidal then of the Urban Institute, represents a rich guide to the still-incomplete data available on what FBOs do in housing, how they do it, and at what cost and benefit (Vidal 2001). As with most social policy fields, housing data rarely include measures of the *quality* of organizational outputs, let alone impact on the well-being of families and communities. But together with increasingly rich online resources and a little scouting with key informants, one can make some reasonable inferences about the impacts that FBOs are having, the barriers they face or impose, and what they might accomplish given the right strategies and support.

THREE STRATEGIC ROLES

At the broadest level, FBOs active in affordable housing, whether formally or informally, perform roles similar to those of other key players in the housing field:

Building political support for affordable housing, understood to include grassroots organizing, coalition building with other organizations, policy advocacy, and more. FBOs work to increase attention for familiar issues, such as rent burdens and homelessness, and to get newer issues, such as lead-based paint, onscreen. They advocate on public and private budgets—not just more spending but wiser allocations. Sometimes FBOs are part of policy development, working with other interest groups and government decisionmakers. Beyond action aimed primarily at government decisions and behavior, though, FBOs, like other nonprofit advocates, also focus on the behavior of landlords, financial institutions, developers, philanthropies,

and other private actors.² Greater Boston Interfaith Organization and United Power in Chicago are two young, large-scale, membership-based, church-based organizing efforts that include a housing agenda, but many informal coalitions and campaigns are at work that include, or emphasize, a faith base. These support-building roles are perhaps the least documented and least analyzed roles, as well as some of the most important that FBOs can play in the housing field, confounded as it is by powerful stigmas tied to race and class and by the dynamics of neighborhood opposition (NIMBY-ism).

Delivering affordable housing services, understood to include operational activities, from property development, marketing, lease-up, and sales to ongoing property management, related service provision, and other tasks. A bridge across the political and service delivery domains is, of course, the politics of service delivery, which may include competitively securing land or use rights, winning project approvals, getting official attention to resolve problems, and so forth.

Pursuing a variety of broader community building activities, which may include community development and social service strategies and, in the case of FBOs, faith-based ministries that both inform and build on housing advocacy and provision.

Several things are noteworthy about faith-based performance of these roles, and these present opportunities as well as challenges for FBOs and their partners or would-be partners. First, no “handicap” is available for faith institutions where the most complex operational tasks and financial risks are concerned. Direct involvement in service provision typically requires the creation of an arms-length nonprofit organization, especially where government funds will be used.³ These arms-length, faith-based organizations increasingly need the same specialized skills in finance, real estate planning, information management, regulatory compliance, and other areas, as well as the same capacity to take calculated financial risks, that secular providers must acquire. The threshold requirement of establishing a new nonprofit, financial risk, operational complexity, and the relatively decentralized and under-resourced system of capacity building available in the affordable housing field all serve as significant barriers to entry for faith groups (Vidal 2001).

Given these barriers, it should not be surprising that larger, higher-income congregations are more likely to play direct roles in housing and other forms of community development. Liberal politics, community need, the interest of particular leader-entrepreneurs, and race also predict such involvement. African-American churches get involved at a greater rate than White ones, holding other factors equal, and both are significantly more involved in housing than Hispanic or Asian-American congre-

gations (Vidal 2001). Local surveys and case studies likewise have underlined the importance of focusing events and crises, as well as the desire to extend related social ministries into housing. For some FBO providers, becoming a housing developer provides a way to go beyond “Band-Aid” approaches (in their words), including those that provide temporary shelter for the homeless.

Opportunity for FBOs abounds, however, in this operational complexity. The challenges imply that housing providers already at work in a given community, or those well prepared to start, may benefit enormously from a range of supports, even quite informal ones, that come from FBOs playing the role of *indirect* producer. On this dimension, strategic housing partnerships can take two forms:

That of networks connecting FBOs to direct providers in a variety of indirect support roles. While not without its own discipline and challenges, this approach has more modest capacity requirements and risks for FBOs and others.

That of formal housing development/service joint ventures binding FBOs and other formal partners, such as government agencies and financial institutions, with specific legal and financial obligations.

Mapping out the *organized* affordable-housing capacity available and required in a community is one way to determine resources and needs, opportunities and threats, for the community as a whole. Taking a step toward creating a system that actually is a functioning whole of functioning parts helps avoid unproductive competition, duplication of effort, and major gaps in services. This mapping, then, does not merely involve determining best-available choices for *particular* FBOs, however nobly motivated and sincerely committed. The key is looking closely at the field of local organizations and their relationships.

Beyond the matching of the operational capacity needed to the capacity that is available, what types of capacity are required by the *politics* of affordable housing? And what dynamics of conflict and collaboration define these politics? Local housing politics has long operated on two levels. For locally based FBOs, even neighborhood-based, the first level, the “inside game,” includes obligations to the immediate stakeholders in a housing service or project—residents and prospective residents, perhaps nonresident congregation members, neighbors, directors of the organization, financial and service partners (lenders, marketing agencies), and so on. These actors and political dynamics are important in developing new or substantially rehabilitated housing stock but also in managing affordable housing properties over the long run as community-serving assets. The “outside game” includes dealing

with local government, other parties that may be competing for resources, and any other players, issues, and tactics external to the immediate project or service but crucial to its success.

The two levels to this game require an extraordinary range of persuasion, negotiation, and other skills—including “shuttle diplomacy” between the two levels.⁴ A key question, then, is how FBOs and secular nonprofits compare on these two levels—in resources, strategies, and accomplishments. Given their normative power, community networks, special access to voters and volunteers, and more, do well-organized congregational FBOs, for example, enjoy certain advantages over their secular cousins? In some instances, does their selective “draw”—by creed and often by race/ethnicity—create divisions and suspicion that a broad-based secular nonprofit might not?

Whatever the comparison, for FBOs already in the game, the political, financial, and operational realities entailed in *direct* housing roles present the classic dilemmas that secular nonprofit providers face: balancing bricks-and-mortar and financial objectives with broader social aims, including perceived obligations to serve the most disadvantaged in the community; balancing the politics of the immediate neighborhood with that of city hall; and beyond politics, responding to the market dynamics—price pressures, unforeseen demand, and more—that make housing unpredictable and quite distinct from welfare, health, education, and other services that are less market driven.

For the faith-based, arms-length nonprofit organizations often created by churches and other faith institutions to enable direct involvement, a host of more specific challenges awaits, such as reconciling distinct interests of the parent organization and subsidiary, fighting perceptions that church moneys and development/service moneys are fungible, and dealing with stakeholders who scrutinize the *professional* activities of the service provider subsidiary according to the *faith* messages of the church—and even the personal statements of a charismatic pastor.

ADVANCING THE FIELD

This brief analysis holds key implications for faith institutions, as well as their would-be supporters. First, for FBOs new to the housing field and for veteran groups contemplating strategy change (new services, shifts in service, major partnerships, for example), this review highlights key imperatives in the field:

Define need broadly. The need to clearly outline the range of direct *and* indirect (support) roles required in the housing sector in a given community, based on a thorough assessment of varied housing needs (initially, without regard to scale or quality).

Define capacity thoroughly. The need to define capacities required to adequately perform in each of those roles, the extent to which that capacity is already in supply, and indicators of the quality of that supply.

Be realistic about money, time, and other resources crucial to building capacity. Given particular opportunities to play a value-added role(s), the support available for capacity building and other preparation and development activities to strengthen the organization that will serve as the vehicle for the chosen strategy/role.

Targets matter and good information is key to good management. Milestones, benchmarks, and other performance measures appropriate to assess the viability of the FBO's choices over time and to guide "mid-course corrections" as needed.

Housing is a political enterprise. Closer to the politics of the work, the need to carefully consider (a) the FBO's readiness to play the two-level game and (b) the dynamics of conflict and consensus to be expected, given the existing map of stakeholders, interests, resources, and coalitions.

Second, for mayors and other community leaders entrusted with creating a high-performing, politically legitimate local *system* that can respond to changing affordable housing needs over time, other implications include the following:

Not every valuable player in the housing game needs to build or manage housing. The need to define *differentiated* roles for direct and indirect providers—not just a technical, analytic challenge but also a task that demands civic learning, deliberation, and patience all around. Mayors facing enormous demand for affordable housing—and pressure from determined, confident faith and community leaders as well—may be tempted by the "producer-in-every-neighborhood" scenario, but rarely is this scattershot approach a recipe for service quality and impact.

Help faith and community-based organizations find their way. The importance of encouraging particular organizations, faith-based and secular, private and nonprofit, to find their most *appropriate* role(s) and, in plain terms, to avoid getting in over their heads. In terms a person of faith might prefer, the key is finding

one's calling—as in a well-defined and appropriate mission in context—rather than drifting into challenging roles unconsciously or by default. Mayors are, instinctively, boosters and recruiters, but developing a citywide (or regionwide) housing system that performs means offering reality checks and provocative questions, not just encouragement and salesmanship.

Information is the lifeblood of an effective delivery system. The need to assess, build, and monitor organizational capacity and performance, whether through direct provision of these activities by government or the fostering and feeding of functional networks that engage local, regional, or national providers, funders, and intermediaries.

Changing the face of housing and expanding its constituency. A political strategy for increasing public awareness and support of affordable housing, for securing neighborhood-specific support (where a not-in-my-backyard response or other resistance may exist), for organizing favorable coalitions, and for focusing *broad* campaigns into sustainable support for *specific* budget allocations, project site approvals, and more.

NOTES

¹ See annual reports on the “housing wage” by the National Low Income Housing Coalition (www.nlihc.org) and Joint Center for Housing Studies of Harvard University, 2003 *State of the Nation's Housing Report*. By the federal standard, housing is “affordable” if it requires no more than 30 percent of gross household income, but typically, “affordable housing” refers, more specifically, to housing units affordable to low- or moderate-income families (as measured by area median income).

² Key legislative and regulatory requirements, including the Community Reinvestment Act, provide advocates with important leverage. Even where the *focus* of advocacy is a private actor, then, government's role is often squarely in view.

³ HUD attorneys developed a specific protocol for FBO involvement in the popular Section 202 elderly housing program, in which FBOs have played a major role for years. Among other stipulations, participating FBOs must not use funds to build or subsidize worship facilities or to conduct activities that are “pervasively sectarian.”

⁴ For more on these issues, see Xavier de Souza Briggs, *The Art and Science of Community Problem-Solving Project* at Harvard University (www.community-problem-solving.net), including the tools *We Are All Negotiators Now* (2003) and *Organizing Stakeholders, Building Movement, Setting the Agenda* (2003).

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SUPPORTING THE COMMUNITY DEVELOPMENT MOVEMENT: THE ACHIEVEMENTS AND CHALLENGES OF INTERMEDIARY ORGANIZATIONS

Roland V. Anglin and Susanna C. Montezemolo

Community development corporations (CDCs) emerged in the 1960s as a way of revitalizing urban and rural neighborhoods and helping residents of those communities escape poverty through self-help and community action (Faux 1971; Halpern 1995; Pierce and Steinbach 1987). Many forces contributed to the rise of CDCs, including failed federal urban renewal policies put in place after World War II (Orlebeke 2000; Von Hoffman 2000). CDCs arose as part of the social activism of the 1960s (including the civil rights movement) that preceded the War on Poverty (Halpern 1995; O'Connor 2001). Since the 1960s, the CDC model has grown in importance as an antipoverty strategy (Grogan and Proscio 2000). CDCs became more effective in the 1980s with the emergence of national and local intermediaries that provide financial and technical assistance to community-based development organizations (Liou and Stroh 1998).¹ The unique community development infrastructure provides its component intermediary organizations a level of strength and effectiveness not often seen in the nonprofit world (Berger and Kasper 1993; Ferguson and Stoutland 1996).

This paper reviews the establishment and growth of the community development intermediary infrastructure, both nationally and locally, and examines the accomplishments and challenges of these intermediaries. It does not review all community development intermediaries, of which many exist;² rather, it examines the intermediaries that have achieved a high level of scale and impact nationally and locally. We aim to provide an overview of the history of intermediary growth and examine what intermediaries can do (and the challenges they face) as they continue to help the community development field develop its antipoverty and community-building strategy.

How does one assess the impact of intermediaries? The complex, long-term nature of community development depends on many factors not controlled by intermediaries, who fund projects rather than implement them in the field. In addition, factors outside the control of both intermediaries and CDCs (for example, macroeconomic growth, and federal government policies and programs) play an important role in community development outcomes.³ Moreover, community development outcomes

depend on specific local circumstances that do not conform easily to a uniform evaluative tool. Thus, rather than attempting an extremely complicated impact analysis, we take the less formal approach of reviewing the original tenets of the community development movement, and the effect of changes in the political and economic climate on the goals, structure, and activities of the field. We conclude by assessing intermediaries' achievements, as well as the challenges they now face. This type of analysis clearly is more limited than a full impact analysis, but it does enable us to make some general judgments on CDCs and intermediaries as a present and future force for community development.

THE BEGINNINGS OF THE COMMUNITY DEVELOPMENT MOVEMENT

Community development defies succinct definition; most observers have their own definition and preferred vehicle. Nevertheless, some level of formal definition helps analyze the role of intermediaries in the movement. This paper defines the field by examining the voices of those present at the creation. For several years, the Pratt Institute Center for Community and Environmental Development has interviewed community leaders directly involved in starting the CDC-based community development movement.

The oral histories agree that community development is a continuous process; a community will never achieve a state of finished development. Nevertheless, a community is considered "developed" when it embraces the following factors:

- The community has physical boundaries defined through custom, income, education, or cultural affiliation.
- The physically defined community has access to social, political, and economic resources in proportion to population relative to other similarly situated communities.
- A range of institutions (such as churches, community groups, associations, nonprofit and private-sector businesses) contributes to the governance and quality of life in the community.
- Engaged citizens openly participate in the social, cultural, and political offerings of the neighborhood.
- The community's social and political organization commands attention and results from the larger city, state, and national political structure.

- Community residents can exercise “bounded choice” (that is, choice exercised within the limits of income, education, and cultural affinity) in selecting where to reside in the physical boundaries of the community.

At the other extreme, the oral histories present the following factors that prevent a community from achieving a base level of development:

- Racial and ethnic bias exclude the community from public and private benefits in the larger society.
- Community assets and resources remain persistently underdeveloped.
- Low levels of social organization and political participation result in a lack of public goods (such as good schools, high-quality public services, and available resources for economic and infrastructure development).
- Social and economic function of a community remains absent within the broader city or regional contexts.

Around 1965, at the start of the community development movement, the profound nature of the emerging CDC model rested on the following three principles:

1. The centerpiece of neighborhood change is the community resident, not the outside agent servicing the perceived dysfunction of poor communities.
2. Poor communities need to break the isolation that left them without powerful allies and resources in mainstream society.
3. Underdeveloped communities need a representative organizational entity that simultaneously builds social organization within the community and acts as a force for change.

These three principles aided in developing a few scattered local social movements. With the assistance of private foundations, these smaller projects led to the birth of the first large-scale CDC, the Bedford Stuyvesant Restoration Corporation (Pierce and Steinbach 1987). The federal government quickly replicated and supported this promising privately supported experiment (Perry 1973).

By 1973, an estimated 200 CDCs existed (Perry 1973; Ford Foundation 1973). The federal government and its foundation partners, especially the Ford Foundation, reasoned that the limited prevailing financial and support infrastructure could not accommodate this growth. The community development field needed an infrastruc-

ture that could help CDCs sustain their efforts and grow to a scale in which projects changed the fortunes of economically ravaged communities (Liou and Stroh 1998).

Ford and other funders supported a range of options, including the Urban Coalition, the National Congress for Community Economic Development (NCCED), the Center for Community Change, the Urban League, and others, but none could promise a stable and effective means of supporting the expanding CDC field (Carlson and Martinez 1988). Into this environment, community development intermediaries—organizations that could provide both financial and technical support—were born, with Ford and others funding the first incarnations. Thus, the beginnings of a large-scale answer to CDC support came not from a preprogrammed decision by foundations or government, but from the social experiments that proliferated during this period.

NEIGHBORHOOD REINVESTMENT CORPORATION

The Neighborhood Reinvestment Corporation (NRC) traces its beginnings to the protest movements of the 1960s, when residents of the Central North Side neighborhood of Pittsburgh protested against the unwillingness of banks to make home loans in poor and minority neighborhoods (Seessel 2003). To address the problem of limited mortgage loans in low- and moderate-income neighborhoods, local savings and loan associations (S&Ls) partnered with the Sarah Mellon Scaife Foundation to assist first-time homebuyers and help existing homeowners make improvements to their property. Borrowers with good credit could borrow directly from S&Ls. Borrowers with credit problems, on the other hand, gained access to credit through the newly established Neighborhood Housing Services (NHS) organization, which pooled charitable funds and contributions from S&Ls. The high-risk loans increased neighborhood property values and therefore decreased the risks to the S&Ls. These basic elements remain today the basis of operation of approximately 225 local NeighborWorks (NW) organizations, including both faith-based and secular organizations (Seessel 2003).

The Pittsburgh experiment showed promising results. William Whiteside of the Federal Home Loan Bank Board (FHLBB), the primary S&L regulator, persuaded the FHLBB to replicate the program in other places. In 1974, the U.S. Department of Housing and Urban Development (HUD) and FHLBB came together to form the Urban Reinvestment Task Force, which aimed to establish “a demonstration program of neighborhood preservation” in a minimum of 40 cities by 1979. In due course, the Federal Reserve Board, Comptroller of the Currency, and Federal

Deposit Insurance Corporation joined the effort, effectively making the experiment part of the commercial banking system.

Whiteside was appointed head of the Urban Reinvestment Task Force. The Ford Foundation provided support to create a nonprofit replicating the NHS concept in five cities: Baltimore, Cincinnati, Washington, Oakland, and Dallas (Seessel 2003). These cities had the key components thought to have driven Pittsburgh's early success:

- A target area with fixed boundaries encompassing 1,000 to 5,000 mainly owner-occupied residences.
- A management board with at least 50 percent resident representation and financial support in administrative expenses from banks.
- Bank pledges to offer qualified local residents mortgage or home improvement loans.
- Increased enforcement of municipal code.
- An existing high-risk loan fund for risky borrowers.

The Urban Reinvestment Task Force worked closely with the selected cities and required the FHLBB district president, local leaders, foundations, mortgage lenders, and public officials to actively participate in the negotiation process. The process ensured that the local NHS controlled the project both in form and function.

In the first 5 years, the Task Force replicated the NHS concept in only 13 sites to ensure proper development of the strategy. Thereafter, the Task Force accelerated the rate of replication for several reasons. First, in 1978, Public Law 95-557 replaced the Task Force with the NRC, and the pressure to replicate increased. Second, 1974 saw the formation of the Neighborhood Housing Services of America (NHSA). NHSA established a secondary market to buy the high-risk loans offered through the NHS/NW revolving loan funds, making it easier to replicate the concept.

Over the years, the local NW programs have remained faithful to the program's five core elements: fixed boundaries, resident-majority boards of directors, bank commitments, enhanced code enforcement, and a high-risk loan fund. Local NW offices, however, have expanded the products and services they offer; in addition to their traditional home improvement and purchase loans, most also offer mutual housing, homeownership education and counseling, multifamily development, small business loans, and assistance with downpayment and closing costs. NRC's national office focuses largely on building capacity at the local level, since local offices shape much

of the work. The local offices choose projects, raise funds, coordinate community support, and select loan recipients, while the national office holds training programs, offers technical assistance and technical assistance grants, and performs periodic onsite evaluations of each member office.⁵

LOCAL INITIATIVES SUPPORT CORPORATION

The Local Initiatives Support Corporation (LISC) came into being after 1976 when federal funding for community development (which had been increasing for a decade) began to decrease substantially after a backlash against federal efforts that supported community development and individual mobility. The Nixon administration, elected in 1968, helped fuel a new federal view of cities and distressed communities by questioning the basis for government intervention in social problems (O'Connor 2001; Carlson and Martinez 1988). Nevertheless, funding for community development continued under the Nixon administration. Ironically, President Jimmy Carter, whose policies generally are associated with helping the poor, initiated significant cuts in expenditures slated for community development during the course of his administration (Carlson and Martinez 1988; Kaplan and Cuciti 1986). By the time Ronald Reagan was elected in 1980, a clear trend had developed. The Reagan administration aggressively cut the vestiges of community economic development programs (Stockman 1987).

In response to this devolution of federal support, the Ford Foundation initiated internal discussions about creating an independent means of financial support for the community development field (Ford Foundation 1979). In January 1979, the Ford Foundation's Division of National Affairs produced a discussion paper entitled "Communities and Neighborhoods: A Possible Private Sector Initiative for the 1980s" (Ford Foundation 1979). The paper proposed creating a center to provide financial and technical assistance to 50 to 100 "second-generation" CDCs. The paper noted that Ford alone could not provide the required financing for such an organization and suggested that the proposed center could generate additional funds through other foundations and private financial institutions. The paper also underscored that local CDCs themselves would need to work toward financial viability through fundraising with government, foundation, and financial institution sponsors. The paper noted the following:

Most important...the impact of the Center should extend far beyond local community organizations and foundations. By making community groups into partners of commercial developers, or into competent developers themselves,

the Center could indirectly make the expenditure of local public and private funds more rational and effective...these resources are essential to neighborhood revitalization, and community organizations that blend professional competence with a strong constituency can have an important impact on their use (Ford Foundation 1979, 12-13).

LISC planners established the following criteria used in funding decisions:

- Strong and sophisticated leadership, headed by an imaginative “public entrepreneur.”
- Staff with strong operational background.
- Solid base of community support and voluntary participation.
- Prior track record in managing social services and/or physical development programs, showing the commitment and ability to use internal financial controls.
- Appreciation of the complexity of neighborhood revitalization—the dynamics of the development process.
- Potential for local public and private sector backing and cooperation, with some demonstrated leveraging of key local funding sources.

LISC planners did not adopt the criterion that at least 50 percent of a CDC’s board members be community residents. This exclusion resulted in large part from the political furor in response to the federal Great Society policy of “maximum feasible” inclusion of the poor in federal programs that targeted them (O’Connor 2001). This proposed requirement created widespread disagreement and protracted local power struggles, which often led to battles that stymied actual community development. Thus, LISC’s founders deliberately viewed community participation as consultation, program participation, and employment rather than governance. From the outset, results, rather than process, guided the creation and operation of LISC.⁶

EARLY STRUCTURE AND STRATEGY

In October 1979, LISC was incorporated as a private, nonprofit corporation with an initial endowment of \$9.35 million. The Ford Foundation provided the largest share—a \$4.75 million, 3-year grant (Liou and Stroh 1998).

In June 1980, LISC announced the selection of 19 CDCs for its preliminary round of financial support (in the form of grants and loans) and technical assistance. Grants required a 100 percent match from local sources, and loans required the

participation of a local financial institution. Of the initial 19 first-round recipients, 9 operated in Chicago, Boston, New York, and Philadelphia—cities that have continued to serve as important hubs of LISC activity. Soon after announcing the first-round recipients, LISC established a small number of program areas on which to focus, all of which had existing private-sector resources and a group of promising CDCs engaged in activities. Thus, a fundamental tenet of LISC was working with promising CDCs with strong ties to the community.

By July 1986, LISC operated in 23 cities or metropolitan regions and had implemented 4 regional/state programs. By 2001, LISC operated 39 urban and 38 rural programs and was considered a dominant force in community-economic development.⁷ LISC estimates that it has assisted 1,700 CDCs. NCCED's 1997 census of CDCs found that 22 percent of the nation's estimated 3,600 CDCs, or about 800, reported receiving \$50,000 or more from LISC between 1994 and 1997 (NCCED 1998). According to its 2001 annual report, LISC and its affiliates have invested more than \$4 billion in community development projects, with this investment leveraging another \$7 billion in additional public and private investment. LISC's financial assistance has helped build 121,000 dwelling units and about 18 million square feet of commercial, retail, and community facility space.⁸

THE ENTERPRISE FOUNDATION

Unlike LISC and NRC, which surfaced after careful planning and experimentation, The Enterprise Foundation emerged from the vision of James Rouse, a successful developer of large-scale housing and retail developments, who had a strong interest in helping people and communities overcome poverty. In 1982, he founded and began raising capital for a nonprofit, The Enterprise Foundation, as a means for repairing inner cities by building “decent housing in decent neighborhoods for everyone.” By the end of its first year of operation, Enterprise was working with nonprofit housing developers in six cities. Today, Enterprise operates in 16 regional offices offering services to a network of approximately 2,200 nonprofit and government-sponsored organizations in 800 cities, towns, and Native American reservations. Any nonprofit organization, public housing authority, or Native American tribe with the mission of revitalizing local communities may join the Enterprise network without cost.

Enterprise's large network and broad range of services limit its ability to provide direct capacity-building assistance to its members. Instead, Enterprise extensively uses local partners and community development alliances to perform these critical

services. In an approach similar to the one LISC has used, Enterprise has established the Enterprise Social Investment Corporation (ESIC), an adjunct organization that sells low-income housing tax credits. This venture has been quite successful, raising more than \$3 billion from the private sector to fund new construction or to rehabilitate roughly 70,000 low-income rental units. Other major social venture subsidiaries and related organizations include the following:

- Enterprise Mortgage Investments, Inc., which provides long-term mortgages to developers of affordable multifamily housing.
- Enterprise Homes, Inc., which directly develops affordable homes for ownership and rental in the mid-Atlantic region.
- The Enterprise Loan Fund, which raises local funds from socially responsible investors to provide low-cost financing for nonprofit affordable housing developers.
- Enterprise Housing Financial Services, which provides financial products to nonprofits for acquiring, developing, and rehabilitating affordable housing for low- and moderate-income families.
- The National Center for Healthy Housing, which develops and promotes methods to protect children from residential environmental hazards such as lead paint.⁹

Enterprise offers a diverse menu of program services, including a community safety program, the Enterprise Women's Network, the Community Employment Alliance, and childcare services, thus funding a wide variety of activities. For example, in the 1990s Enterprise undertook a neighborhood transformation demonstration project in Baltimore's Sandtown-Winchester neighborhood. Enterprise brought together residents, nonprofits, private businesses, and municipal government officials to address a wide range of interrelated inner-city problems, including housing, health, schools, and job training. Significantly, a key partner in the Sandtown-Winchester project was BUILD, a coalition of churches supported by the Industrial Areas Foundation, a community-organizing group founded in 1940 by Saul Alinsky (Horwitt 1992). Enterprise has also worked on similar ventures with BUILD-type groups affiliated with the Industrial Areas Foundation in Prince George's County, Maryland; Washington, D.C.; and New York City. In 1998, Enterprise entered into a partnership with Habitat for Humanity to increase production of affordable housing in urban areas and "to enhance urban Habitat affiliates' involvement with other community development efforts."

ASSESSING THE IMPACT OF THE NATIONAL INTERMEDIARIES

The rise and success of community development intermediaries is unique in the nonprofit world, particularly in the community development field. These institutions, in particular, can aggregate capital from foundations and private capital markets because of the trust built and results generated over the past 20 years. They share a significant responsibility for supporting the organizational development of community-based development organizations that perform significant ground-level work, both financially and in terms of the technical assistance they provide.

For several reasons, the large, successful national intermediaries have focused primarily on community development through housing production (particularly rental housing production). First, the early experiences of the development field (including economic, workforce, and human capacity development) informed the decisions of intermediaries in the community development field. Many of the Great Society programs and President Nixon's own black capitalism stressed capital formation (Harrison 1974). Creating businesses in "ghetto" communities, it was thought, would generate jobs and lead to self-sustaining communities. As a result, many early CDCs created community businesses through franchising or direct support of individual businesses (Harrison 1974). Small businesses, however, naturally go through cycles (peaks and troughs, births and deaths) affected by entrepreneurial ability, market receptivity, and level of initial capitalization. In many cases, businesses created through these economic development programs started with great promise and subsequently died. These experiences affected leaders of the newly created community development field, many of whom internalized the belief that economic development held high risks (Miller 1994). Because community development leaders needed to maximize the return on their investments, they tended to focus on less risky projects (such as affordable housing rental units).

Second, federal government funding for community development in general, and economic development specifically, evaporated just as the national intermediaries came into being. Federal funding instead focused on affordable rental housing, which naturally became the focus of CDCs and intermediaries. This approach was not necessarily bad, as affordable housing is a necessary element of community development.

Third, the creation of a centralized funding system and the importance of intermediaries since the late 1970s have created pressure among CDCs to track successes

and progress. It is much easier for the field to track outcomes such as number of housing units built rather than more nebulous outcomes such as economic development attributable to their efforts. The evolution of the institutional and intermediary focus on housing development as a strategy is not a zero-sum game relative to human development and capacity-building strategies. Even without the development of NRC, LISC, and Enterprise, we could not count on private foundations and the public sector to provide sustained support for such activities.¹⁰

One cannot ignore, however, that the evolution of the national intermediaries and reliance on housing development are different operational realities from the original themes voiced by community development leaders. As a result, many of the same issues of community organization, racial and ethnic exclusion, and underdevelopment persist in poverty-stricken communities. Practitioners in the community development field need to provide instead an expanded look at continuing gaps in the community development dynamic.

REGIONAL AND LOCAL INTERMEDIARIES

Since the early 1980s, some cities and regions¹¹ have created their own intermediaries intended to improve the capabilities and accomplishments of targeted CDCs. These organizations generally are known as “community development partnerships” (CDPs). As with national intermediaries, they provide centralized distribution of funds and technical assistance to CDCs. One key difference between the regional/local intermediaries and their national counterparts, however, is that most local partnerships focus on the organizational development of CDCs, rather than specific projects. Local and regional intermediaries have “made deliberate efforts to increase the ability of neighborhood organizations to be more effective community developers.” Many local partnerships receive support from LISC or Enterprise, and some are even managed by local LISC or Enterprise offices.

CDPs, which essentially consolidate best practices (Ford Foundation 1987), typically are seen as a collective group of funders that function as a local intermediary for the purposes of assembling financial resources from a variety of resources, coordinating an array of support services to CDCs by providing core organizational support in return for organizational progress and impact, and serving as an information clearinghouse and advocate for the local community development movement. The CDP concept places a premium on the ability of local leaders to assess the capabilities of local nonprofits and provide CDCs with a more centralized mechanism to

build their relationship with funders. The main benefit of CDPs to CDCs is that CDCs can focus on cultivating just one relationship with local funders and focus more energy on the actual fieldwork (Ford Foundation 1987).

CDPs tailor their program strategies to local circumstances. Some programs stress housing development, while others strive for a broader neighborhood human development agenda. Some fund only the CDCs with the greatest potential to garner the attention and confidence of local funders and policymakers, while others direct resources toward building the capacity of new and emerging groups. Nevertheless, three core principles guide all CDPs:

- CDPs support partnerships built on the overlapping interests of local funders, thereby helping to shape a common local vision for the field.
- CDPs assume a coordinating, brokering, advocacy, and fundraising role on behalf of CDCs and other nonprofit developers.
- Municipal-level government usually gets involved in CDP decisionmaking, although the level of interest and resource commitment varies.¹²

Local and regional intermediaries complement their national counterparts, although the level of interaction varies. In some instances, the national organization manages the local funder partnership; in others, the national intermediaries are major funders of local intermediaries and serve on the partnership board. In some cases, the national intermediaries do not get involved because they do not operate in that state or community, and thus local CDPs serve the critical role as the only intermediary funder.

CONCLUSIONS

We conclude by reviewing the accomplishments and challenges of intermediaries in the community development field. The most critical role that intermediaries play is establishing gap funding to help CDCs piece together the separate federal, state, local, and private funds and tax advantages for community development projects. Intermediaries also raise private and public funds for community development, advocate for national community development policies, and publicize the accomplishments of CDCs.

A second important role of intermediaries is to help CDCs receive and manage federal funds. Although federal community development funding comes from many federal agencies,¹³ by far the most important source of financing for low-income housing in

the last decade or so has been the complicated low-income housing tax credit, which is overseen by the IRS and administered by state housing agencies. The program enables CDCs to raise equity capital for low-income rental housing and produces transaction revenues for the CDCs that can be used for any purpose. The program is technically complicated, however, and intermediaries have become experts at helping local CDCs receive funding.

A third important role of intermediaries is creating multilayered project financing structures that reduce the risk for private financial institutions to invest in community development and help meet their Community Reinvestment Act requirements. For example, NW network affiliates use high-risk loan funds to decrease lender risks for single-family housing. LISC and Enterprise take on the riskiest aspects of development ventures and help decrease the risk to conventional financial institutions through the use of seed money, loan guarantees, and subordinated debt. Intermediaries also have helped increase the level of efficiency in providing funding to CDCs. The number of CDCs has expanded rapidly, and foundations and corporate philanthropists have found it is easier to make one large grant or loan to a centralized intermediary that can divide and distribute the funds than it is to deal with a large number of individual CDCs. Funders clearly prefer the centralized distribution system that intermediaries provide; CDCs, on the other hand, hold varied beliefs on the merits of the centralized system. On the positive side, a centralized system increases the availability of specially made rental housing financing packages, which can reduce the time needed for project development. It also ensures that CDCs do not focus their energies on fundraising (Millennial Housing Commission 2002).

Despite these critical roles, national and local intermediaries face challenges in the years to come. By far the most critical challenge is that intermediaries have had limited success in combating the political and economic factors that drive poverty. Thus, the primary future challenge for intermediaries will be to move beyond the critical role of funding rental housing and tackle the more intractable problems of building wealth, workforce development, and community engagement.

Intermediaries and CDCs need to form meaningful partnerships with allied institutions that work directly in the field. For example, national and local intermediaries could increase their partnerships with community development financial institutions to broaden their scope beyond a focus on housing. In addition, partnerships with community colleges can help community residents establish leadership skills and become effective participants in the community development process.¹⁴

Fundamental changes in the field of community development clearly are necessary as we progress through the 21st century. Globalization and other changes in the

macroeconomy require that the field move beyond the current focus on housing and the initial focus on economic development, which may not work in the spatial context of metropolitan development (Rusk 1999). A new period of experimentation (and the risk of failure), research, and development will help the entire field—CDCs, local and regional intermediaries, national intermediaries, foundations, and governmental actors—understand the principles that will lead economically distressed communities into prosperity.

NOTES

¹ An intermediary is defined as an organization that assembles grant or finance capital from resource providers for distribution to community-based organizations. Intermediaries also provide organizational development assistance and technical assistance on economic development and housing projects. Intermediaries focus on a wide range of issues such as workforce development, community organizing, and economic development; this paper focuses on the three large national community development intermediaries and a set of regional intermediaries called community development support partnerships.

² We focus on three large, established intermediaries because community development encompasses so many different functional areas that adequate representation among small, issue-specific intermediaries becomes impossible. For example, community development financial institutions, training groups such as the Development Training Institute, and ethnic-based nonprofits such as the National Council of LaRaza and the Urban League all can be considered intermediaries but vary greatly in terms of programmatic focus and operational process.

³ The financial activities of CDCs and intermediaries are not a large factor in the national economy or even in any given local economy. CDCs appear effective in initiating a set of activities, such as housing development, that sometimes can fuel the neighborhood economy. The operative word here is “sometimes.” The probability of CDCs and intermediaries fueling the economy of a given neighborhood depends on many outside factors, such as administrative and political decisions to focus substantial public dollars on a coordinated set of housing and economic development projects. (Grogan and Proscio 2000).

⁴ For information on the CDC Oral History Project, see <http://www.picced.org/lowres/bldghope.htm>.

⁵ See <http://www.nw.org/network/home.asp>.

⁶ For a succinct presentation of LISC's evolving model and culture of results-based development, see the transcript of "Looking Toward the Twenty-First Century," an address by Mitchell Sviridoff (then president of LISC) to the Allegheny Conference on Community Development, October 28, 1985.

⁷ LISC has formed three additional organizations to increase community development resources. The National Equity Fund, Inc., based in Chicago and the largest of the three, sells low-income housing tax credits to raise capital for low-income rental housing. The Local Initiatives Managed Assets Corporation, based in New York City, creates a national secondary market for affordable housing and community and economic development loans. The Retail Initiative, also based in New York City, raises capital for investment in supermarket-anchored shopping centers.

⁸ See <http://www.liscnet.org/>.

⁹ See <http://www.enterprisefoundation.org/> for a description of the organization's work.

¹⁰ As noted, The Enterprise Foundation has pursued partnerships with community organizations and incorporated a number of social service activities in its operations.

¹¹ The first cities to form local intermediaries were Cleveland in 1983 and Denver in 1984. Soon after, similar initiatives sprang up in Washington, D.C., Philadelphia, Pittsburgh, Boston, and Miami, many with the help of the Ford Foundation. Today, some 20 to 25 such partnerships may be found across the country. (For more information, see the CDP network at <http://www.cdpn.org/>.)

¹² Local governments often find that the partnership structure provides political cover to make harsh decisions about support for CDCs with political connections and community-based development organizations that the government does not have the technical expertise to assist.

¹³ These federal agencies include the U.S. Department of Housing and Urban Development, which administers the community development block grants and HOME programs; the U.S. Department of Health and Human Services, which oversees community services grants; the U.S. Department of Agriculture, which provides funding for rural housing; and the U.S. Department of Labor, which provides work-force development funds, among other agencies.

¹⁴ See, for example, <http://www.cdfi.org/> for a description of the work of CDFIs.

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STRENGTHENING THE STREET SAINTS: INTERMEDIARIES PROVIDING CAPACITY-BUILDING ASSISTANCE TO FAITH-BASED ORGANIZATIONS

Amy L. Sherman

Sylvia Bolling founded Aldine YOUTH in 1990 out of the back of her car in Houston, Texas. Today her organization serves 5,000 low-income households annually from a large remodeled church building in the heart of the Aldine neighborhood. Fellow Houstonian Joe Hernandez began inviting drug-addicted men to live in his home in 1995. Eight years later, approximately 200 men have gotten clean and sober with his help through Restoration Ministries. In 1998, Michigan Governor John Engler heralded the work of Ottawa County's churches as key in that locality's success in becoming the first community in America to move every able-bodied welfare recipient into a job. More than 50 congregations had answered the challenge of welfare reform by mentoring families making the transition from welfare to work—providing rides, babysitting, cheerleading, emotional support, job contacts, and even, in some cases, housing. In Fresno, California, crime rates in 25 low-income apartment complexes have dropped by 65 to 70 percent since the introduction a few years ago of "Care Fresno," a collaboration between cops and clergy. Through the program, churches rent one unit in each of the complexes and convert it into a safe and active community center boasting after-school programs for kids and support and adult education classes for parents. A common thread runs through the success stories of these faith-based initiatives in Houston, Ottawa County, and Fresno. In each, intermediary organizations play crucial roles in helping the faith communities and street saints of these cities achieve these remarkable outcomes.

THE COMPASSION INTERMEDIARIES DEFINED AND DISCOVERED

Intermediaries have become a hot public policy topic. The Department of Labor granted \$5 million in 2002 to intermediary organizations that can connect the faith community to One-Stop Career Centers and Workforce Investment Boards. Compassion Capital Fund (CCF) has invested nearly \$25 million in 21 intermediaries tasked with building capacity among faith-based organizations (FBOs) and community-based organizations (CBOs), with the ultimate aim of enhancing social services for Americans in need. The federal government also is spending millions on a National Resource Center to support the work of intermediaries and another mil-

lion dollars on a formal, national study of intermediaries. Private philanthropy, too, is intrigued. The Pew Charitable Trusts are investing millions in the Faith and Service Technical Education Network, which intends to target intermediaries as its primary strategy for reaching grassroots social service providers. Last year, the Philanthropy Roundtable hosted a regional conference inquiring about the capacity-building role of intermediaries, and its magazine, *Philanthropy*, ran two major feature essays on the value of intermediaries.

But what is an intermediary and what does it do?

In brief, intermediaries are those organizations whose primary role is to build capacity among frontline social service providers. Many intermediaries also play a role as fiscal agents for startup organizations and/or operate regranting programs through which they garner public or private dollars and then channel these resources (in smaller, more manageable amounts) to grassroots FBOs and CBOs.

The punch line from a television commercial about the BASF corporation captures well what intermediaries do. The advertisement showcases individuals using a variety of household products such as stereos and dishwashers. The voiceover then remarks, “At BASF, we don’t make the stereo you listen to. We make the stereo you listen to sound better. At BASF, we don’t make the dishwasher you use. We make the dishwasher you use clean better.” The formula is repeated about other products, then the commercial wraps up with the company’s tag line: “At BASF, we don’t make a lot of the products you use. We make a lot of the products you use, better.”

Many intermediaries are of the “BASF” variety. They do not perform the frontline social services of tutoring at-risk kids, building affordable housing, mentoring families from welfare to work, rescuing teens from gangs, or running inner-city medical clinics for the homeless. Instead, they serve the servers—they support, mentor, connect, showcase, train, and resource the FBOs and CBOs fighting in the trenches. They help those grassroots groups do more of what they do, and do it better.

The intermediary’s work is invaluable if the scope, scale, and effectiveness of grassroots FBOs and CBOs are to be increased dramatically. And in the era of welfare devolution, the provision of social services and the strengthening of the social safety net by CBOs and FBOs are more important than ever. Currently, with a sluggish economy and many families approaching their 5-year, lifetime limit on federal cash welfare assistance, low-income communities around the nation face sobering challenges. Ramping up the capacity of FBOs and CBOs to expand the number of clients they can serve is crucial. And, because many such agencies place a philosophical “cap”

on growth (at some point, bigger is not better, as bigger can begin to change the relational character of the services these frontline groups offer), a need exists for new FBOs and CBOs to be launched. Faith-based intermediaries across the country are addressing both these needs: expanding the capacity of existing service organizations and helping create new ones.

WHAT INTERMEDIARIES DO AND WHY IT MATTERS

Intermediaries perform at least seven valuable functions. Houston's Center for Renewal (CFR)—a classic illustration of a “BASF” intermediary—exemplifies several of these. CFR has played a key role in building the capacity of the Houston heroes noted earlier, Sylvia Bolling of Aldine YOUTH and Joe Hernandez of Restoration Ministries. CFR's first contribution is playing a *bridging* role—connecting the well-resourced citizens of a city to the small agencies serving the under-resourced. CFR has connected Sylvia Bolling, for example, to relationships she admits she would otherwise be unable to access. In Bolling's case, CFR sponsored a meeting with nearly 100 wealthy Christian businessmen in an upscale section of Houston and invited Bolling to speak about her ministry. Afterward, one of Houston's millionaire real estate developers caught up with her in the parking garage. He offered to help with her dream of doubling the size of her community center. Bolling laughs, “I would never have met David Weekley, and if I'd picked up the phone to call him, I'm sure I would have never gotten to talk with him. But now, when we're ready, that door is open.”

CFR has helped others make these kinds of connections. CFR once brought the wife of a wealthy philanthropist to Houston's distressed Third Ward to see firsthand the good work of Inner-City Youth (ICY). ICY's founder walked away that day with a check covering the purchase price of a lot on which to build a new youth center—and a pledge of \$500,000 more toward the building.

The financial-multiplier effect of intermediaries can be astonishing. CFR's modest budget, for example, is just \$150,000 annually. Yet in 2001, it assisted its constituents in obtaining nearly \$1 million in new grants. That's more than a 600 percent rate of return.

This bridging work, however, goes beyond connections to dollars; it includes connections to new partners and new volunteers. Through CFR, for example, Bolling's group now enjoys strong volunteer participation from a suburban church that provides all the essentials for Aldine YOUTH's outreach to girls in junior high school.

Joe Hernandez of Restoration Ministries now enjoys support from several congregations that have become engaged as a result of CFR's bridging efforts. That new support literally has kept Hernandez's work afloat: one of the homes Restoration Ministries operates for men was damaged severely in the summer 2001 floods in Houston. Instead of going under, the home today is in better condition than ever before, as volunteers, money, supplies, and new furnishings flowed in from the new church partners. Hernandez appears almost dazed as he relates the story of this outpouring of generosity, indicating that before his involvement with CFR, he was isolated from such support.

CFR's bridging efforts are imitated by other intermediaries. In a major yearlong study of 24 faith-based intermediaries, the Hudson Institute found that more than 75 percent had helped grassroots FBOs and CBOs acquire new funding and 67 percent had assisted their constituents in accessing new volunteers.

Intermediaries perform a second key function: providing relevant, accessible *training and technical assistance*. CFR, for example, not only garners new resources on behalf of its constituent frontline agencies, it also teaches those grassroots groups how to improve their own fundraising efforts. Intermediaries sponsor grant-writing workshops, bring in pro bono fundraising consultants, connect FBOs and CBOs to veterans experienced in hosting fundraising events or conducting mass direct-mail campaigns. For shoestring ministries such as Hernandez's Restoration Ministries (which has funded its operations largely through car washes, bracelet sales, and chicken barbecues), the fundraising workshops cover the basics and lead to the development of a template grant proposal. Using this proposal, Restoration Ministries secured its first formal foundation grant in 2001.

For more advanced organizations, the fundraising training provided by intermediaries takes up more complicated issues, such as accessing government grants and contracts or establishing income-generating operations that can provide sustainable funding over time. The Institute for Youth Development, a CCF grant awardee in Tennessee, is hosting a series of 60 fundraising schools teaching beginner-to-advanced topics that will reach hundreds of FBOs and CBOs over the next 3 years. The Faith & Philanthropy Institute, a relatively new faith-based intermediary in Dallas, has hosted intensive grant-writing seminars, bringing together African-American churches with Fannie Mae and private foundation officers.

Some intermediaries play a third key role: *regranting*. Those intermediaries sometimes acquire major grants or contracts and then redistribute funds to their constituents for specific projects or for general operating support. In Los Angeles, the

United Methodist Urban Foundation has regranted 95 percent of the \$1.4 million dollars it has garnered since 1998 to underwrite a variety of social service initiatives. For example, the Foundation secured major funding from the California Wellness Foundation to build capacity among four grassroots agencies well positioned to provide preventative healthcare services in underserved neighborhoods. The South Park Neighborhood Center, North Valley Caring Ministries, Zaferia Shalom, and Rakestraw Memorial Center each are receiving between \$10,000 and \$20,000 minigrants for 2 years. The funding provides general operational support (allowing two of the agencies to hire full-time directors) as these organizations conduct programs ranging from after-school care to parish nursing to physical education classes for low-income senior citizens. A Colorado intermediary, the Metro Denver Black Church Initiative, has garnered funds from local and national foundations and provided minigrants ranging from \$3,000 to \$70,000 to help fund 35 church-based community outreaches. These programs include after-school tutoring, youth mentoring, and family counseling programs. Regranting is a key part of the Compassion Capital Fund's strategy. CCF awardees are responsible for creating a plan for minigrants shared with their constituent agencies.

As financial intermediaries, organizations such as the Los Angeles United Methodist Urban Foundation make it possible for grassroots groups to tap into dollars they would otherwise find difficult to access. Government agencies and large private foundations sometimes distribute their dollars in hefty chunks—grants and contracts of a scale beyond the administrative capacity of small grassroots groups to manage. Intermediaries with the administrative sophistication to acquire large grants and contracts can redistribute resources in manageable amounts to FBOs and CBOs that, because of their size, would effectively be shut out from competition for million-dollar grants.

In addition, the presence of intermediaries can encourage faith-filled service organizations to consider partnering with government agencies. These FBOs may be wary of a direct interface with government, fearing the potential secularizing pressures of the church-state divide. But when an intermediary organization stands in the gap, securing government funds and regranteeing them to the frontline FBO, that FBO has an arms-length, indirect relationship to the state that feels safer. In conducting the first major study of charitable choice implementation (Sherman 2000), I discovered this was a common sentiment among faith-based leaders I interviewed who collaborate with government through such arrangements with intermediaries.

Fourth, intermediaries provide the important service of *knowledge transfer*. They share information, lessons learned, best practices, and replicable models with their

constituent organizations. The Christian Community Health Fellowship and the Mennonite Economic Development Association (two other CCF awardees), for example, assist FBOs in starting or enhancing healthcare clinics and microenterprise development projects. In both instances, these intermediaries are repositories of a wealth of information about a variety of models and approaches that have been fruitful (as well as the mistakes to avoid). In other cases, such as with the Los Angeles United Methodist Urban Foundation, knowledge transfer occurs when the Foundation sponsors discounted training sessions in asset-based community development for inner-city congregations and small FBOs. Or, as one constituent of the Center for Renewal in Houston put it, an intermediary can serve as a frontline ministry's "research-and-development arm." In this pastor's case, he desired to launch an outreach to urban junior high school students focusing on vocational issues. Barbara Elliott of the Center for Renewal scoured the country and discovered a faith-based curriculum on youth entrepreneurship that fit the pastor's needs perfectly. The church has since sponsored two summers of "Vocation Bible School" (note the "o"), training dozens of urban youngsters in financial life skills and employing them in two microenterprises.

A fifth contribution intermediaries often make is as *mobilizers* of untapped human resources. Ottawa County, Michigan, was noted earlier as the first locality in the United States to move every able-bodied welfare recipient into a job. An intermediary organization, Good Samaritan Ministries, was critical to that achievement. "Good Sam" cast vision among the faith community to engage in welfare reform and then trained the churches in principles of effective mentoring. Good Samaritan received approximately \$100,000 in Temporary Assistance for Needy Families (TANF) funds from the county's Family Independence Agency (FIA) to operate the mentoring initiative. Good Samaritan recruited the churches, trained the volunteer teams, matched teams with families referred by FIA, and provided ongoing support to the mentor teams as they walked alongside their mentees for a year. (Good Samaritan is staffed by Christian social workers who helped the mentors understand the families with whom they were matched and taught them how to be effective and non-patronizing helpers.) Good Samaritan mobilized approximately 50 congregations in less than 6 months, largely because it possessed a long-standing, credible reputation among the faith community.

In this mobilizing role, intermediaries provide a valuable service to public-sector social welfare agencies. After all, had the county FIA taken on the responsibility of mobilizing the churches for action, chances are the process would have taken much longer and seen far less success. County officials lacked the personal relationships, connections, and credibility enjoyed by Good Samaritan, as well as the subculture

knowledge of how to navigate the faith community efficiently (for example, who the key gatekeepers were, how to approach leaders of different denominations and institutional structures, what language to use). Anne Arundel County in Maryland tried a similar mentoring initiative a few years before Ottawa County. But in Maryland, the county had no intermediary to help. As a result, it took county workers twice as long to mobilize half as many congregations.

In Fresno, an intermediary called One by One Leadership sponsors an initiative called City as Parish (CAP) that focuses on moving people from the pews to the 'hood. The training equips individuals to understand their personal gifts and educates them about (and exposes them to) the needs of their community. Thus far, parishioners from 62 congregations have completed the 50-hour training; as a result, 4,100 volunteers have been deployed for service in the community. Some labor with the Care Fresno initiative mentioned earlier. Others volunteer with Covenant Mentor Center, the Samaritan Women's Home for women leaving prison, the Poverello Homeless Shelter, and the Fresno Rescue Mission, as well as the Fresno Unified School District and local libraries. Four hours to the south, in Oxnard, California, a Latino-led intermediary called City Impact mobilizes hundreds of church volunteers for service as teen mentors in the city schools and with troubled youth in the juvenile justice system (those on parole and those in juvenile detention centers).

Sixth, intermediaries *build administrative and organizational capacity* among their constituents by assisting with management issues (of staff and volunteers), board development, accounting and financial recordkeeping, strategic planning, and training in performance evaluation. Not every intermediary focuses on all these issues; some specialize in helping their constituents with one or another of these key areas. The Islamic Society of North America's (ISNA's) Community Development Department, for example, helps Muslim mosques equip themselves for launching 501(c)(3) non-profit affiliates to operate community ministries. ISNA also hosts an annual conference teaching Muslim leaders about legal and administrative issues in launching new agencies and offering grantwriting workshops. The Indianapolis Center on Congregations conducts similar work in the mainline Protestant community. The National Catholic Council for Hispanic Ministry and the Latino Leadership Foundation provide leadership training to equip Latinos of faith in enhancing their religious communities' social services. In Pennsylvania, the Pittsburgh Leadership Foundation helps incubate new FBOs, providing assistance with startup issues, fund development, strategic planning, and board development.

Finally, intermediaries serve their constituents by telling their stories. Their efforts to *spotlight and publicize* the work of street saints draw attention from the media,

potential donors, and public administrators, leading to new support or partnerships. According to Joe Mazzu of The Brookwood Community, a Texas FBO that provides residential care for people with a wide variety of physical and mental disabilities, this has been the Center for Renewal's greatest service. Brookwood pursues an innovative approach to rehabilitation, employing every resident in one of the Community's range of businesses. These business ventures raise one-third of its \$5.5-million operating budget. Brookwood refuses to accept government money so it can maintain full autonomy over its programs. But government regulations still impinge on their activities from time to time. In such situations, Brookwood finds it crucial to be understood. CFR's efforts to document Brookwood's work, clearly articulate their philosophy, and showcase their model in a variety of professional publications have given Brookwood an added measure of credibility. Mazzu uses the publications to help explain his organization to public officials. CFR also publicizes its constituents' work by granting them space on CFR's website, giving groups such as Aldine YOUTH and Restoration Ministries an Internet presence. AMEN, a national Hispanic intermediary serving evangelical Latino congregations in North America, sponsored an initiative through which professional writers produced colorful, published profiles of models of Hispanic church-based community outreach. AMEN will distribute these profiles among their government contacts, informing public administrators about housing, medical, and educational programs operated by Hispanic congregations that are "beneath the radar screen."

In summary, the Hudson Institute study determined the following:

Intermediary organizations currently make enormous contributions to the scope, scale, and effectiveness of grassroots, faith-based social service agencies.... Intermediary organizations have assisted grassroots FBOs in obtaining millions of dollars of funding they most likely otherwise would not have secured. Intermediaries have connected frontline groups to new sources of volunteers and in-kind donations. Intermediaries have provided grassroots leaders with relevant, accessible training and technical assistance they otherwise would not have gained. And intermediaries have increased the public exposure of grassroots groups' work, winning them public recognition, endorsements, and media coverage (Sherman 2002).

Specifically, Hudson's study showed that more than 75 percent of the intermediaries provided training and technical assistance to their constituents; 72 percent helped constituents establish a new partnership; 78 percent helped them to secure increased funding; 67 percent assisted constituents in accessing new volunteers; and 78 percent facilitated a public endorsement of a constituent ministry (Sherman

2002). Impressively, these organizations achieved these goals on relatively limited resources. Two-thirds operated on annual budgets of less than \$2 million; one-third did all this hard work on a yearly budget of less than \$500,000 (Sherman 2002).

HOW FAITH-BASED INTERMEDIARIES DO THEIR WORK

Clearly, intermediaries provide valuable services. The manner in which they accomplish their work is equally important. After all, other institutions build capacity among community-based organizations. For example, some community colleges, nonprofit resource centers, the United Way, and community foundations offer training and technical assistance, networking opportunities, and, in some instances, minigrants. In this sense, faith-based intermediaries cannot claim to be unique. What, then, makes faith-based intermediaries critical elements in expanding faith-based and community-based social services? Faith-based intermediaries, though offering some similar services to secular agencies, often conduct their work in a manner qualitatively different.

Grassroots FBOs interviewed in Los Angeles, Pittsburgh, Fort Worth, Fresno, and Houston through the Hudson study typically did not or could not access the capacity-building services provided by secular agencies. Sometimes they were ignorant of the services offered or could not afford them. Sometimes those services were difficult to access because they occurred at locations geographically and culturally distant. And sometimes the FBOs feared that these organizations would not understand their unique mission and challenges as faith-based ministries. By contrast, these FBOs reported that the *faith-based* intermediaries often brought the training and technical assistance “right to our neighborhood.” Such training also was offered for free or for significantly discounted prices. Faith-based practitioners also felt they could relate to the intermediaries because the trainers shared similar faith commitments.

The Hudson study revealed that the intensity of engagement was another common difference between the capacity-building services of the faith-based intermediaries studied and some secular institutions. The faith-based intermediaries in the Hudson study offered much more than a few training workshops each year. The Hudson survey asked two key questions concerning intensity of engagement:

Q: “Typically, how long do you work with your constituents (i.e., the ministries you assist?)”

Long term (2 or more years)	50%
Both mid term, (1 to 2 years) and long term	33%
Short term (less than 1 year)	16%

Q: “On average, how frequently do you meet with, get together with, provide services to, etc., your constituents?”

Weekly	44%
Monthly	28%
Weekly with some, monthly with others	11%

Remarkably, more than 50 percent of the intermediaries reported they typically work with constituent ministries for 2 or more years at a time. Seventy-two percent get together with grassroots leaders at least monthly (and almost half have weekly interactions). Intermediary leaders build deep and genuine friendships with the grassroots practitioners, contrasting with the transactional nature of the work of many secular intermediaries. This relational model enhances the training and technical assistance the faith-based intermediary provides because the intermediary really *knows* the ministry. Trainers are adept in “scratching where the ministry is itching” because of familiarity with the ministry’s particular weaknesses and challenges. The relationship also makes it more likely that the practical skills and tools frontline staff acquire through the intermediary’s training actually are put to use. (As most workshop leaders know, audience participants may be excited about new material during a half-day training session, but return to the office and shelve the new information when they are inundated by the day-to-day pressures of running the service agency.) Intermediary staff follow up with practitioners, helping them think through how to apply, practically, the new lessons and skills.

This deep involvement over time is a great boon for visionaries launching new ministries, as it helps them lay a solid foundation for their work. Staff from the intermediary organization can walk novice practitioners through the process of defining mission, creating a well-functioning board of directors, establishing strong financial and recordkeeping systems, and designing a workable launch plan. Some intermediaries, such as the Pittsburgh Leadership Foundation, actually formalize the process, incubating new faith-based nonprofits, providing seed funding, office space, administrative help (such as overseeing payroll), and the like.

The ongoing relationship grassroots leaders develop with intermediaries also means they have consulting advice available through long periods when they may be

reevaluating a program, tackling a crisis, or developing a new initiative, capital campaign, or significant ministry expansion. Indeed, the strong relationships intermediaries form with grassroots leaders provide a level of emotional support, cheerleading, and handholding whose value should not be underestimated. As one leader from California interviewed in the Hudson study noted, startup ministries are much like startup businesses—and everyone knows that new small businesses fail at a high rate. This woman asserted that the personal and emotional support she felt from intermediary leaders would be the key factor in assisting the survival of her young nonprofit.

The intensity of the intermediary's relationship with its constituents should also serve donors. Foundations looking to intermediaries for wisdom in assessing which FBOs most deserve support can know with confidence that the intermediaries are well informed, having invested substantial time “kicking the tires” and “test-driving” the various grassroots groups. Intermediaries often provide grassroots groups with a kind of “Good Housekeeping Seal of Approval.” Grassroots leaders gain credibility through their association with intermediaries. Public officials, directors of secular nonprofits, business leaders, and foundation executives trust intermediary leaders' opinions of grassroots groups because of their deep, long-standing relationships with these practitioners.

CREDIBLY CONNECTED INTERMEDIARIES

The findings from the Hudson study imply that a vital characteristic of effective intermediaries is credible, ongoing relationships of trust among the FBOs and CBOs they serve. Authentic intermediaries can effectively convene faith leaders, serve as fiscal agents, mobilize FBOs and houses of worship, and provide training that is put into practice at the grassroots because their constituent ministries truly know them. The CBOs and FBOs consider them friends, not outsiders.

This point must not be overlooked by public administrators hoping to engage and strengthen FBOs and CBOs through a strategy that utilizes intermediaries. Not all intermediaries are equal. Not all possess credible connections to grassroots FBOs that need the capacity-building investments policymakers want the intermediaries they support to make. Some organizations may have the *capability* of delivering capacity building services among FBOs, but not *the relational connections and credible reputation* required if those services are going to be enthusiastically accepted and digested by the targeted grassroots groups.

It does not matter if FBOs deal with faith-based or secular intermediaries (though, as noted earlier, some grassroots FBOs may find it difficult to accept training from secular agencies). Rather, the question concerns the depth of the relationship the intermediary forges with the grassroots groups. A secular intermediary with a long history of partnering with FBOs and a reputation for providing helpful and relevant technical assistance could have greater credibility than a faith-based intermediary without these characteristics.

VARIETIES OF INTERMEDIARIES

In addition to so-called “BASF” intermediaries that strengthen frontline service providers, some intermediaries are “blended.” These intermediaries offer some direct service programs while engaging in the provision of intermediary services. Nueva Esperanza, a premier faith-based Latino community development corporation in Philadelphia, illustrates the work of a blended intermediary. Nueva has successfully developed affordable housing, launched a variety of educational and vocational training programs for youth and adults, and sponsored comprehensive summer programs for kids. It invests more than half its energies in direct service provision. But Nueva’s expertise in conducting successful community development efforts makes it a magnet for inquiries from many Latino (and other) faith leaders who want to learn from its experiences. This “consumer demand” created Nueva’s informal intermediary services: staff responding to requests for assistance, information, training, and consulting. Today, Nueva provides such services more formally and with more intentionality and self-awareness. It captured a major CCF grant and launched the Hispanic Capacity Project. Through this project, Nueva hopes to train 600 Hispanic FBOs and CBOs in major cities such as Los Angeles, New York, Miami, and Philadelphia for effective community development efforts.

Fort Worth’s Cornerstone Assistance Network has a similar story. As a blended intermediary, it pioneered faith-based ministry among the homeless of Tarrant County. Cornerstone runs residential rehabilitation programs and a variety of short-term, emergency relief efforts. Like Nueva, it eventually achieved a reputation for knowing how to perform effective community services, provoking many calls from church leaders with desires to expand and improve their own outreach programs. Cornerstone’s executive director, Mike Doyle, soon was personally mentoring many local leaders, coaching them through ministry startups. Today, Cornerstone operates a Rockefeller Foundation–funded training and regranting initiative among five CBOs in the city.

Large, administratively sophisticated religious social service agencies such as Catholic Charities or The Jewish Federation may also sometimes engage in intermediary activities, though not as a major focus. They appear to play the role of ad hoc fiscal agent for specific opportunities or partnerships and some may host regional conferences at which some training for social ministry occurs.

Coalitions that emphasize convening, networking, and advocacy are another type of intermediary. In Miami, the Family and Children Faith Coalition (FCFC), successfully organizes more than 100 CBOs and FBOs to cooperate more effectively in reaching the needs of low-income children and families in Miami. FCFC has brokered partnerships between its members and between members and local public agencies (such as TANF agencies and Workforce Investment Boards). The Interfaith Community Ministries Network places similar emphasis on networking, training groups for collaboration, and advocating on public policy issues affecting the poor.

THE UNIVERSE OF INTERMEDIARIES

While some different types of intermediaries can be defined, no research available now indicates the size of the “intermediary sector.” No one really knows just how many intermediaries effectively serve the faith community. Only rough guesses can be made based on observations of recent efforts that have shined the spotlight on the intermediary sector. The Hudson study, as noted earlier, examined 24 faith-based intermediaries, including a few members of a larger network of intermediaries, the Council of Leadership Foundations (CLF). CLF boasts approximately 25 members with 12 more affiliate members. The U.S. Department of Health and Human Services selected Branch Associates, a nonprofit research firm, to conduct a major study on the role of capacity-building intermediaries. In the initial months of their work, researchers from Branch have built a database of 60 intermediary organizations that serve the faith community (some degree of overlap occurs between Branch’s list of 60 and Hudson’s list of 24). A recent conference in Washington, D.C., targeting Christian intermediary organizations gathered close to 90 participants. More than 300 organizations competed for the Compassion Capital Fund grants; so at least that many agencies consider themselves intermediaries, though not all would be identified as such by grassroots leaders. Anecdotally, then, it appears that the number of intermediaries serving FBOs and CBOs range in the dozens or scores, not in the hundreds or thousands. More research is needed to secure a more accurate count of authentic intermediaries in existence today. Yet, almost certainly not enough authentic intermediaries are available to serve the tens of thousands of grassroots FBOs and CBOs that could benefit from their help.

CHALLENGES/TENSIONS INTERMEDIARIES FACE

The intermediaries in the Hudson study reported that their number one obstacle is that charitable foundations do not recognize the legitimacy of their work. They sense a “foundation bias” against them. In a gathering of study participants hosted by Hudson, intermediary leaders hypothesized a number of reasons:

- Many foundations are wary, in general, of regranting.
- Some foundations mistakenly believe that the First Amendment, dealing with the separation of church and state, precludes them from partnering with faith-based organizations.
- Some foundations worry that if they make grants to one religious persuasion, they will receive criticism from other faith groups.
- Turf wars or lack of collaboration among FBOs and congregations discourage private philanthropy from investing in the faith community.
- Some foundations have a bias against funding “middlemen.”

It is hoped, as further documentation of the unique and valuable role played by intermediaries is published, private philanthropies will be persuaded to reevaluate their prejudices.

Intermediaries face other challenges. Regranting, for example, raises liability issues, in the sense that lines of accountability must be firmly specified. Does the donor hold the intermediary, alone, accountable for the performance objectives of the subgrantees? Or do subgrantees maintain some responsibility to the original funding agency and not just the intermediary? Blended intermediaries confront the dilemma of balancing their own direct service work with their intermediary functions. The competition for the Compassion Capitol Fund awards revealed additional challenges. Some applicants (mainly blended intermediaries who viewed the CCF awards as an opportunity for formalizing their intermediary work) had genuine connections to grassroots FBOs and CBOs and hard-won wisdom to share through technical-assistance efforts. They lacked, however, the ability to write strong grant applications. By contrast, some organizations that lacked genuine networks among grassroots agencies composed articulate proposals. Now funded, these organizations find it difficult to execute their plans because of their lack of credible relationships among the FBOs and CBOs they attempt to assist.

Moreover, one key strength of effective intermediaries—their ability to work intensively and over a lengthy period of time with their constituents—limits the role that can be played by national intermediaries. Local or city-scale intermediaries appear to be best suited for the work of building capacity among grassroots FBOs, but that local focus can hinder their attractiveness to some public and private donors more interested in funding national initiatives. Again, we must overcome this bias. National intermediaries can contribute to capacity building, but mainly when they are composed of local affiliates with credible and lasting grassroots connections. National intermediaries that try to “go local” simply by opening up branch offices in a variety of cities do not accomplish that genuine sense of community rootedness. (By contrast, national intermediaries such as the National Jobs Partnership have found success coming alongside local faith leaders to help launch new programs to serve the unemployed.) The best strategy for expanding the work of faith-based intermediaries is creating many more local intermediaries, not a few national organizations.

CONCLUSION

Some champions of grassroots FBOs and CBOs understandably look skeptically at the newfound interest in intermediary organizations. They fear that resources may be diverted from the community transformers on the front lines to middlemen engaged in dubious training initiatives. To the extent these suspicions are based on the skeptics’ observations of inauthentic intermediaries—those groups boasting of ability to provide capacity-building services but lacking the credible connections with the grassroots—their concerns are valid. But many genuine intermediaries *are* serving and strengthening frontline FBOs and CBOs—and serving them effectively. These intermediaries help grassroots groups overcome their problems of limited reach and immature organizational and administrative prowess. They bolster street saints’ internal operations; connect them to new financial and human resources; teach them critical skills in management, fundraising, and outcomes evaluation; and perform the often unheralded service of simply helping overwhelmed community healers maintain their own sanity.

America has answered the question, “Whose job is it to help the poor?” Widespread agreement abounds that it is not government’s job alone. We expect private citizens, religious organizations, and nonprofits to contribute. And we have faith in communities—faith that local people often are the best equipped to solve their own problems. In many communities across America, FBOs and CBOs have taken the leadership role for addressing their communities’ challenges—poverty, unemployment, crime, family

breakdown, racism, gangs, and educational underachievement. A more pressing question for today is, “Whose job is it to help the helpers?” Authentic intermediaries—some long-standing and some relatively new—have accepted that mandate. Intermediaries offer great promise for expanding the contributions made by grassroots community transformers. We welcome the newfound attention to their work, for they are worthy of greater public and private support.

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SECTION II
CURRENT RESEARCH ON
BUILDING THE CAPACITY OF
COMMUNITY DEVELOPMENT
ORGANIZATIONS

EDITOR'S NOTE

If the central theme of the previous section is that we need basic research on community economic development, this section attempts to address some of the questions posed by the first set of authors. Here we add to the literature by addressing questions of leaders aging out, nurturing new leadership, defining capacity, testing the theoretical elements of capacity, and assessing the role benefits play in attracting and retaining talent. The papers are exciting in that they present or summarize new data on the capacity challenges facing community-based development.

REPLACING PASSIONATE LEADERS: THE CURRENT CHALLENGE FOR COMMUNITY DEVELOPMENT

Aida Rodriguez and Nina Herzog

The chief organizational and human capital issues facing community economic development organizations and how we can address these issues are the focus of this paper. In both arenas, we compare the community development¹ and nonprofit fields and extrapolate where appropriate. While much information exists about organizational development for both fields, little reliable data on leadership in the community development field is available—although somewhat more information exists for the independent sector as a whole.

We begin by briefly laying out the context in which community-based development organizations—community development corporations (CDCs)—and nonprofit organizations operate, noting the demographic shifts that affect the entire sector but that make life particularly cumbersome for small- and medium-sized nonprofits. The influx of immigrants (along with the resulting change in needs of service-based economies) and the impending retirement of the Baby Boomer generation are the two salient demographic trends that must inform any successful human capital strategy.

A key premise of the paper is that at a time when the nonprofit sector faces demanding challenges and increasing competition, nonprofit organizations—the majority of which are small and financially fragile—must focus on finding ways to strengthen their organizational and human capital development. We also argue that government and private funders must play a critical role in advancing capacity-building strategies in the community development field.

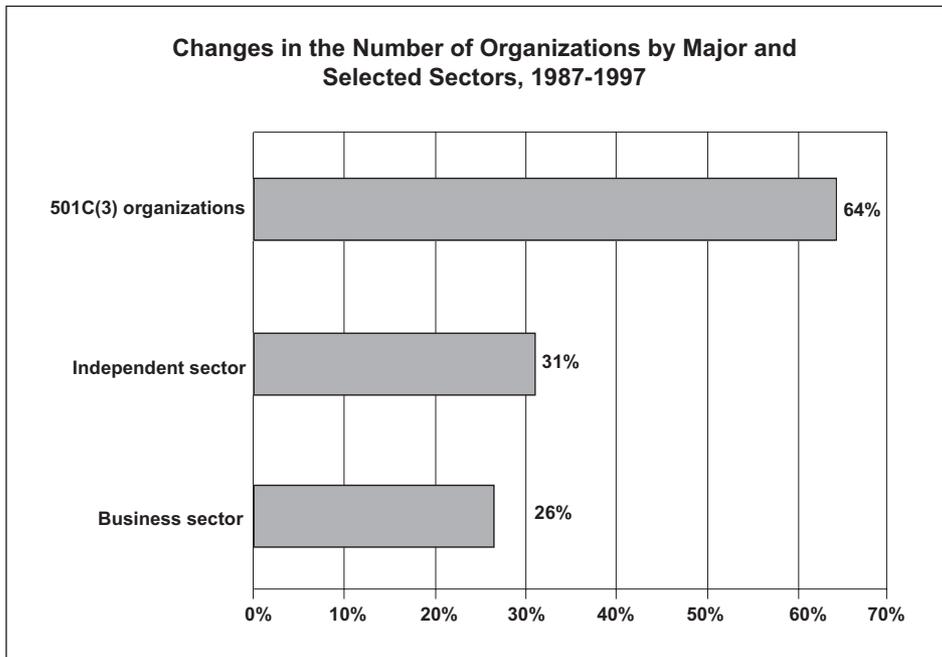
Although we present an overview of the current human capital capacity-building concerns of the community development field, we focus particular attention on the leadership crisis, the main concern voiced to us in our field interviews and research over the past 2 years for Living Cities: The National Community Development Initiative's human capital capacity-building grant.² This leadership crisis is a symptom/outgrowth of many other concerns, including a lack of clear pathways for building a second tier of leaders to step into vacated executive director (ED) positions. To make the matter more complicated, the exploration of this issue requires directly confronting the glass ceiling impeding capable people of color from leading their own

community-based organizations (CBOs). We conclude with recommendations for strategies to begin to address the challenges confronting the community economic development sector.

CONTEXT

The nonprofit sector in the United States is a significant and growing part of the nation's economy—any challenges to the sector represent challenges to the social and economic health of the nation. In 2002, the *Independent Sector* published results summarizing data from the IRS Forms 990 and state profiles of the nonprofit sector developed by the National Center for Charitable Statistics of the Urban Institute. The results showed that...

...between 1987 and 1997 the number of organizations in the independent sector increased by 31 percent, growing from 907,000 to almost 1.2 million. This was an annual growth rate of 2.7—higher than the 2.1 rate in the previous decade. This was largely accounted for by the 64 percent increase in the number of charitable 501(c)(3) organizations between 1987 and 1997 (see Figure 1). In comparison, the number of businesses grew by only 26 percent and government by 5 percent over the same time period. Churches, subordinate units, and conventions or associations of churches, although qualifying as 501(c)(3) entities, are not required to register with the IRS and are largely undercounted in this category. About 354,000 churches and analogous religious congregations, such as temples or mosques, can be identified (Weitzman and Jalandoni 2002, 9).

Figure 1. Nonprofit Sector Growth

Source: *The New Nonprofit Almanac and Desk Reference*, 2002

ECONOMIC

The lasting economic downturn and the September 11, 2001 tragedy have hit nonprofit organizations hard. Funds have been diverted from parts of the sector to emergency needs and disaster relief and to fill the gaps left by government and the private sector. As the economy itself shrinks and unemployment rises, fewer donations come to the independent sector, government and philanthropic wallets are thinner, requirements are more stringent, and funds become more competitive.

A recent 2001 study of the nonprofit sector in New York City showed that “one third of NYC nonprofits were ending the year with deficits...and that 70 percent reported trouble recruiting qualified management and staff” (Derryck and Abzug 2002; Seley and Wolpert 2002). Other studies—conducted in December 2001 and May 2002—show that the situation got worse after the September 11 tragedy. By May 2002, close to 85 percent of the nonprofits surveyed in New York City reported an impact from the terrorist attack, 72 percent of organizations had staff that needed counseling, 44 percent were dealing with changes in client participation, and 72 percent of the organizations were certain that September 11 had an economic impact on their organization (Derryck and Abzug 2002).

Competition is on the rise in the sector. Fees have always been large sources of income for nonprofits, but competition for fees and for government contracts has increased—from other nonprofits and from the private sector. The devolution of responsibility for the implementation of social policy from federal to state and local government—as a result of the passing in 1996 of both the Personal Responsibility and Work Opportunity Reconciliation Act and the Illegal Immigration Reform and Immigration Responsibility Act, and subsequent changes in major housing and jobs legislation—opened up new opportunities for local nonprofit organizations. According to Ben Hecht and Rey Ramsey, “They were able to compete to provide government services that in the past were not their domain. But they also found themselves competing with other nonprofits and, increasingly, with large private sector organizations” (Hecht and Ramsey 2001, 5).

DEMOGRAPHIC

Demographic shifts in the nation’s urban (and, increasingly, rural) areas also have an impact on the nation’s nonprofit sector. “The 2000 Census highlights the increasing diversity in the United States. There has been tremendous growth in the Hispanic or Latino population to about 35 million people, making them roughly equal to the number of African Americans, and an almost 75 percent increase in the Asian population” (Peters and Wolfred 2001). This demographic shift has put enormous pressure on nonprofits to respond not only to more people with more needs but to new and different people with different needs. Managers have to know how to negotiate across ethnic and racial boundaries and across national identities. Some of the most innovative organizations think of themselves as transnational organizations.

In a 2000 study of organizations serving immigrants in New York City, the organizations report that “they have had to spend more time doing public education and advocacy on behalf of the organization, its services and their clients,” as well as providing greater assistance with completing complicated paperwork, obtaining free food, and providing other basic services (Cordero-Guzman and Navarro 2000).

The aging and early retirement of the Baby Boomer generation further complicates the context for nonprofits. “As Baby Boomers reach retirement in 2011, they will increase the demand and attention for services for elderly, squeezing other social priorities” (Adams 2002). Moreover, as Baby Boomers retire, fewer people will be available to take their place in leadership positions—a challenge we discuss in more detail later in the paper (Adams 2002).

SOCIAL POLICY

An additional challenge posed by the change in social policy comes from nonprofits trying to keep abreast of a quickly changing policy environment—getting informed

and staying informed is becoming increasingly critical to survival. Accumulating and distributing relevant policy and practical information—for example, best-practice management information—often requires learning how to rely on intermediary organizations for the information.

PHILANTHROPY

Nonprofits also face major changes in philanthropy. In the years just before the fall of 2001, the challenge was the growth in the number of “big money” donors who insisted on taking a direct interest in how their money was being “invested” and, as a result, increasingly influencing the missions of organizations. Most recently, the challenge has been the reduced spending by foundations as a response to the unexpected terrorism and economic downturn. This change has not only resulted in less spending for new projects but also an even greater call for accountability and monitoring of program outcomes. Groups feel increasing pressure to raise and donate funds through the Internet, often changing traditional notions of fundraising and gift giving (Atienza and Marino 2003).

The bottom line is that those operating in the nonprofit sector need to be smart, informed, versatile, and accountable, leading to a greater demand for strong management and organizational skills.

MAJOR CAPACITY-BUILDING NEEDS

The nonprofit sector—including CDCs and other CBOs—suffers from insufficient attention to organizational capacity-building. In *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*, Letts, Ryan, and Grossman (1999) argue that this deficiency stems in part from the reality that “the nonprofit sector has historically been ambivalent about building and sustaining organizational capacity...The focus has typically been on development of new programmatic initiatives and expanding existing programs to new markets.” They rightfully argue that “nonprofits should invest more heavily and strategically in quality processes, product development processes, benchmarking, and human resource management” (Letts, Ryan, and Grossman 1999).

In the following section, we present information on the capacity-building needs of the community development field and the nonprofit sector as a whole.

Table 1. General Comparison of Nonprofits to Community Development

	Nonprofits³	Community Development Organizations⁴
Average number of employees	7.25 ⁵	6
Total number of organizations	1.6 million	3,600

THE NONPROFIT SECTOR

The research shows that the following are the most frequently mentioned capacity-building needs as ranked by nonprofit EDs in various studies: core funding (operations, compensation, benefits); human capital development (boards, staff recruitment and retention, staff training, and leadership development); strategic planning; technology; and financial and program-management systems.

Paul Light, in his insightful 2002 monograph, *Pathways to Nonprofit Excellence*, argues that the movement for organizational effectiveness suffers from two related problems. First, the movement suffers from a lack of a commonly understood definition of organizational effectiveness. “It can mean different things to different people,” Light says. Second, Light writes, there is no “commonly accepted wisdom on what might actually help nonprofits improve performance—the field does not have good measurements of what interventions work under which circumstances” (Light 2002a).

	Nonprofits³	Community Development Organizations⁴
Average number of employees	7.25 ⁵	6
Total number of organizations	1.6 million	3,600

In an attempt to begin to fill this knowledge gap, Light interviewed a random sample of 250 opinion leaders in the organizational effectiveness movement—including members of Grantmakers for Effective Organizations, the Association for Research on Nonprofit Organizations and Voluntary Action, and the Alliance for Nonprofit Management. In addition, he gathered information from a snowball sample of 250 EDs of exemplary nonprofits. The findings from two sets of interviews show “shared characteristics of high-performing nonprofits and some lessons that poorly performing nonprofits can use” (Light 2002a). The key findings relevant to an understanding of the state of the nonprofit field are as follows:

- “More than three-quarters (77 percent) [of those interviewed] strongly or somewhat agreed that nonprofits are better managed today than they were

five years ago. Yet, only 21 percent said that most of the nonprofits they know well are high-performing” (Light 2002a, 43).

- “Respondents were more likely to see high performance in three settings: 1) in organizations with a budget between \$500,000 and \$10 million; 2) in organizations that are middle-aged (seven to 15 years old) or older (15 years plus); and 3) in organizations that experienced rapid or moderate growth over the past five years. Respondents saw less high performance in organizations that were very small or very large, and in organizations that were very young, and saw no high performers in organizations that had experienced moderate or rapid declines in growth” (Light 2002a, 44).
- “Opinion leaders who knew more nonprofits well were also less likely to say that management has improved. Familiarity does not breed contempt per se, but it does breed a sense that high performance is possible in many settings, but rare nonetheless” (Light 2002a, 44).

Letts, Ryan, and Grossman (1999) found that leading nonprofit organizations excel in three major areas of organizational capacity: (1) program delivery, (2) program expansion; and (3) adaptive capacity. The third area, adaptive capacity, makes an organization not only efficient but also effective.

A Brookings Institution Center for Public Service study (Light 2002b) based on information collected between October 2001 and January 2002 from a nationwide representative telephone survey of 1,140 nonprofit workers reported the following findings:

- Nonprofit employees were more likely than federal or private-sector employees to be able “to very easily describe how their jobs contribute to their organization’s mission.”
- “Nonprofit employees report serious shortages of the resources needed to succeed. Roughly a third of nonprofit employees said their organizations only sometimes or rarely provide the training they need to do their jobs well. Another two fifths reported that their organizations only sometimes or rarely provide enough employees to do their jobs well.” They report “high levels of stress and potential burnout” and are more likely to say they felt proud of where they work.
- “The nonprofit sector may be losing the respect of the public it serves.”
- “Viewed as a whole, nonprofit employees are highly motivated, hard working, and deeply committed, but often serve in organizations that do not provide the resources to succeed. Perhaps that is why turnover among EDs is

too high, why board vacancies are increasing, and why so many talented recruits leave early in their careers.”

- “Younger respondents were less likely than older respondents to say their organizations were doing a good job at retaining employees...and were the most likely to say it would be easy for them to get another job in a different organization.”
- Employees express dissatisfaction on several fronts. Sixty-four percent of those surveyed said they “need increased access to staff, training, technology, and funding.” They believe too few opportunities are available for advancement and they doubt their organizations can do something about poor performance.

A fourth set of information—data collected in 2000 by the Puerto Rican Legal Defense and Education Fund from 336 Latino nonprofit organizations in New York City, New Jersey, and Connecticut—indicated that for the sample as a whole, the most serious problem facing the organizations was an inability to attract qualified personnel. The organizations claim they need qualified personnel to develop relationships with funding sources and help with strategic planning. They find it very difficult to attract individuals who could help fundraise, and the organizations do not have the time and resources to make long-term strategic plans. All these factors are related. Lack of funds also makes it difficult to pay the cost of employee benefits.

Another consistent concern is increasing the ability of the board to raise funds. In the focus group sessions among the Latino nonprofits, directors indicated that although long-time board members were instrumental in starting the organization, the needs of the organization change over time. All too often, board members who provided the skills needed to help establish and nourish an organization in its early years do not have equal skills in the art of fundraising.

In sum, the existing evidence points to a nonprofit sector that attracts committed employees and seems to be getting stronger, but that continues to be plagued by the need for capital and by failures in appropriately meeting the support, training, and career needs of its employees.

COMMUNITY DEVELOPMENT

During our last 2 years of research, and having interviewed more than 50 experts in the field, *recruitment* and *retention* were the most frequently mentioned impediments

to CDC growth. Practitioners cited the low prestige and visibility associated with the field. The average organization's small size (six people) often caused problems by precluding a satisfying career ladder.

Others described a *looming leadership crisis*, with young and old staff facing a conflict of cultures and expectations. Many first-generation EDs relied primarily on charisma, devotion to mission, and raw talent for their success. Now some of these same passionate EDs are preparing to retire without a second-in-command who can handle the reins, creating a dire need for succession planning. "With over a million nonprofits in the United States (close to 3 million when emerging nonprofits are included), if even 10 percent a year—a conservative estimate given available data—are undergoing an executive transition, then there are over 100,000 nonprofit executive transitions happening every year. Further, with the predominance of Baby Boomers in executive director positions, it is likely that the number of transitions will increase as Baby Boomers retire (Independent Sector 2001; Smith and Goldstein 2001; Peters and Wolfred 2001; Wolfred, Allison, and Masaoka 1999).

While the evidence is just beginning to accumulate, field experience and qualitative research show other factors influencing transitions include racism, organization size and position in its life cycle, the type of transition (for example, founder/long-term executive director, volunteer leadership to staff leadership, resignation or termination), compensation, characteristics of the job, and the influence of the past executive (Altman 1995; Hodgkinson et al. 1996; Burkhardt and Adams 2001; Smith and Goldstein 2001; Redington and Vickers 2001; Bailey and Grochau 1993).

CDC providers also expressed interest in finding ways to *mentor the local population* to keep their skills in the community. They mentioned the need for increases in training budgets and building scholarship funds that promote community development programs in higher education to grow their labor pools. They also talked about the need for more highly skilled and better-trained project managers, but not at the expense of a commitment to mission. Another skill in low supply is financial management. Accounting for funds and reporting on their use require more sophisticated systems and staff to manage them (LISC 2000).

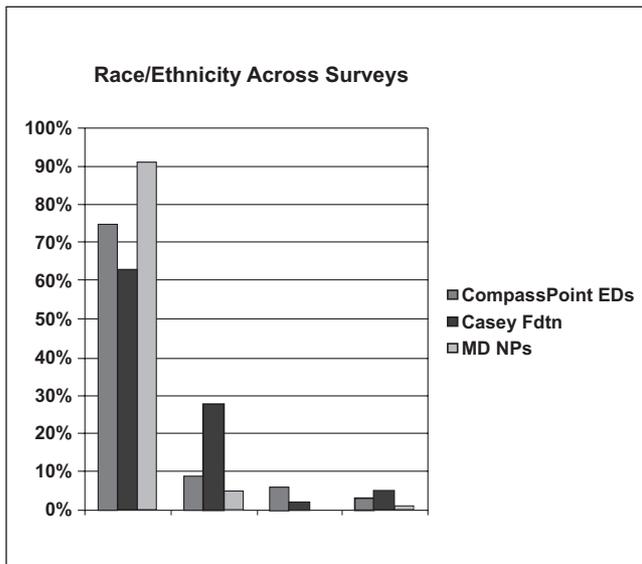
CDCs report difficulty attracting and retaining people of color. The industry's leadership and senior management staff reflect their communities less and less and often are separated by a cultural, racial, and/or educational gap (McNeeley 1995). This trend makes finding people who are literate in both the issues of the indigenous community and skilled in project development and high-finance dealings quite challenging. In addition, like its sibling nonprofit industry, CDCs often suffer from

weak board structures (McNeeley 1995) and strained relationships between boards and leaders often are cited as reasons EDs leave.⁶ Add to this picture an insufficient organizational management system and limited opportunity for advancement, and we have the makings of an industry whose seams are on the verge of bursting (McNeeley 1995).

THE LEADERSHIP CRISIS

Relying primarily on a 2001 CompassPoint survey of 1,072 executive directors, an Annie E. Casey Foundation survey of 129 of its funded CBOs (29 percent of which are community development organizations), and a Maryland Association of Nonprofit Organizations survey of 2001, the following composite emerges of a sector experiencing a fast-paced transition of leadership and culture, which, if not handled gingerly, could result in an irreparable leakage of experience and wisdom:

Figure 2. Race/Ethnicity Across Surveys



- **Most transitions are nonroutine.** The majority of executive transitions (60 percent) involve some kind of organizational crisis including loss of a founding leader or another major change.
- **High turnover.** Of the 129 Casey grantees surveyed, 23 percent reported executive transitions in the last 2 years and 62 percent of executive respondents reported their intention to leave their position within the next

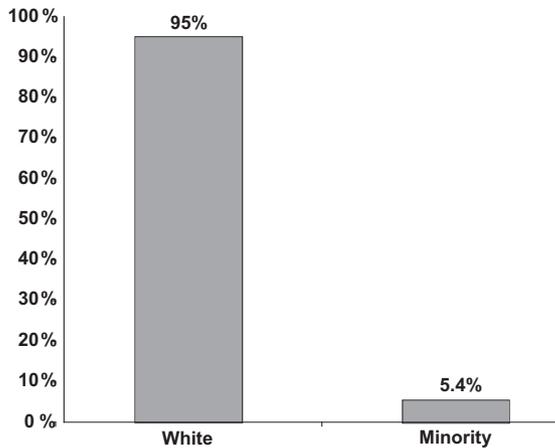
5 years. In short, over a 7-year period, these numbers show the possibility of 85 percent turnover of executives in these organizations alone.

- **Leadership Shortage.** According to the Annie E. Casey Foundation executive transitions 2002 update, “In the U.S. today, there is a shortage of prepared applicants ready to assume significant leadership positions in the communities where leadership is most needed” to support and development to reach their potential as leaders.
- **Developing leadership.** Most (between 65 and 70 percent) of the current CBO EDs are first-time executives. Many need significant support and development to reach their potential as leaders.
- **Succession.** Passing the torch internally serves a great many purposes: it can ensure continuity of culture and authentic representation of the community, while inspiring others in the organization to strive toward promotions.
- **Need for diversity.** At the executive level, CBOs do not represent, in terms of race and ethnicity, the people they serve. (The number of non-Caucasian EDs ranges from 9 to 37 percent.)

An Annie E. Casey Foundation analysis of these studies suggests that “the executive directors of CBOs often do not reflect the racial or ethnic diversity of the community their organization serves. Developing and recruiting leaders who better represent the communities a CBO serves can contribute to the reduction of the inequitable conditions that face many minority children and families in the United States.”

The CompassPoint 2000 national survey of 1,072 executive directors yielded a wealth of information on EDs in nonprofit. Figure 3 summarizes a few of the major findings of the survey:⁷

Figure 3. Foundation CEOs as of 2002



Source: CompassPoint Nonprofit Services

- EDs are likely to be women (“In most regions they make up 60 percent or more of the population.”) and White. Seventy-five percent of executive directors surveyed were European/White.
- Foundation heads are predominantly White (95 percent).
- Most EDs are hired externally. Almost two-thirds (64 percent) of executives were recruited from outside their agencies.
- Most EDs are first-time EDs (nearly two-thirds).
- Women earn less. Female executives are paid less than male counterparts for the same jobs. The differential is especially acute among large agencies.
- Men are likely to lead the larger organizations.
- Fewer than half of current EDs plan to take on another ED role.
- EDs rely on their peers for information and support.
- Supportive boards make a difference. “Boards have impact on executive tenure and satisfaction and on agency success” (Fernandopulle, Masaoka, and Parsa 2002, 3). Help with board development was requested by 23 percent, the second most-requested service.

WOMEN EXECUTIVE DIRECTORS OF COLOR

CompassPoint also surveyed 125 women executive directors of color (WEDOCs) in the San Francisco Bay Area and summarized its findings with a composite of the written surveys of these leaders in “On the Rise: A Profile of Women of Color in Leadership.” We have further summarized the findings in Table 2.

Table 2. Women Executive Directors of Color: Summary of a Survey

“On the Rise: A Profile of Women of Color in Leadership”	WEDOCs of Organizations Serving Primarily People of Color	WEDOCs of Organizations Without a Specific Focus on People of Color
Percent hired from within	43%	45%
Tenure on current job, average	7 years	5 years
Staff size, average	52	27
Percent of staff that are people of color, average	62%	50%
Percent of board members that are women of color, average	45%	37%

The survey concluded that a “... profile of a composite woman executive director of color would show her to be a first-time executive director, on the job almost four years, and running an organization with a budget of between \$1 million and \$5 million with a median of 12 staff. This organization is a health or human service organization serving primarily people of color, and approximately half the staff and half the board members are women of color. She has a master’s degree, has been in the nonprofit sector 14 years, and has one year of management experience in a for-profit company. She is between 40 and 49 years old, is married, and has two grown children. There is a significant possibility that she is an immigrant (24 percent). She values her ability to connect with constituents served by her organization as well as advantages that may accrue in the mainstream from being a rarity. At the same time, she lacks access to people in power, and often has to work against stereotypes related to her race, ethnicity, gender, or age. She looks forward to being active in a network of women executive directors of color, and wants to see the network develop an advocacy agenda for working with government and philanthropy.”

COMMUNITY DEVELOPMENT

The community economic development field reflects many of the same challenges evident in the nonprofit sector as a whole. Unfortunately, despite the overriding concern with human capital development within the capacity-building agenda of com-

munity development, very little empirical data exists that profiles the community development leadership. This prompted the Milano Graduate School to initiate a national study of executive directors of CDCs in 2003. Nonetheless, a review of the limited data that exist on community development, along with some extrapolation from the nonprofit sector trends, enables us to put together the following profile of leadership in community development organizations.

We begin with the Robert J. Milano Graduate School of Management and Urban Policy’s initial groundlaying study conducted by Avis Vidal in 1992, *Rebuilding Communities: A National Study of Urban Community Development Corporations*. The three censuses from the National Congress for Community Economic Development (NCCED) provide information about production numbers, but offer less information about human capital concerns such as training, education, job satisfaction, leadership demographics, and the like, though their next census will include information on executive directors’ race and ethnicity.⁸ (Table 3 is from NCCED’s latest census.)

Table 3. Industry Profile of Community Development Corporations

CDC Industry Profile (projected as of 12/97)
3,600 CDCs
52% serving urban areas
26% serving rural areas
22% serving mixed urban-rural areas
550,000 units of affordable housing
71 million square feet of commercial/industrial space
\$1.9 billion in loans outstanding to 60,000 businesses
247,000 private sector jobs created

Source: NCCED, *Coming of Age*, CDC Census, 1999

In 1995, the U.S. Senate Appropriations Subcommittee for the U.S. Department of Housing and Urban Development, Veterans Affairs, and independent agencies funded a collaboration between the Neighborhood Reinvestment Corporation and the Development Training Institute that culminated in a 5-year comprehensive agenda for enhancing the workforce of CDCs (McNeeley 1995). This document, entitled *Human Capital for the Year 2000*, provided a wealth of information about community development and its relationship (and in some cases, lack thereof) with human capital, but already is 8 years old. While strides have been made as a result of this study and earlier work (including the short-term partnering of 12 national institutions into the Human Resources Consortium), a lack of substantial funding for human capital development has left much of the work undone.

Our limited knowledge about community development and people of color in leadership positions comes from experience, interviews, and extrapolation. According to a noted human capital development specialist in the community development field, “There really isn’t sound and consistent information available on people of color in leadership positions. They certainly don’t exist in large numbers at the national level. We know it’s abysmal, particularly at the intermediary level and the collaborative level. It’s not that they don’t work there. But there aren’t too many at the leadership level. At the community level, at the CDC level, it’s a little better. But we need more people of color and women in CD as a whole. The leadership just isn’t reflective of the communities.” Her comments reflect, in essence, our findings of the last 2 years.

Avis Vidal’s survey of CDCs (Vidal 1992) 10 years ago painted a slightly brighter picture than the Annie E. Casey Foundation study. This corresponds to our results that showed the community development community was losing ground in terms of its directors racially reflecting the communities they serve. Vidal found that leadership within CDCs tended to reflect the makeup of the community served, although the ratio was not as pronounced in communities of color as in White populations.

Given the scant data, plus the knowledge that those same Baby Boomers preparing to retire are among the cohort of visionary founding directors that gave birth to the community development movement in the 1970s, the field has been bracing itself for a field-wide executive transition that CDCs are not prepared to manage.

RECOMMENDATIONS

A quick review of the major findings from the previous sections of the paper shows the following:

- Efforts to identify, develop, and support nonprofit leaders of color are desperately needed.
- Boards will be faced with hiring younger, less-experienced leaders, many with different professional and cultural experiences.
- Women executive directors of color are eager for networking opportunities to increase their influence in policy and advocacy matters. Male executive directors of color might also benefit from similar networks.
- More opportunity must be created for peer-to-peer learning.

ISOLATION OF LEADERS OF COLOR

Acknowledging and tackling the sensitive issue of race in hiring and leadership in community development are critical to building a truly sustainable path to the future for a thriving community development industry. Abundant anecdotal evidence suggests that two of the factors keeping experienced people of color from these senior positions are the isolation of the local CDC communities and the exclusion of people of color from networks of power and influence. We hypothesize that individuals who sit on the boards of directors of major national community development intermediaries, foundations, state-level associations, and large CDCs—the individuals legally responsible for hiring executive directors—share certain characteristics:

- They do not frequently associate with experienced people of color who can serve as strong leaders.
- They have preconceived notions of what it takes to be a chief executive officer of a CDC.
- They are likely to be male and hire individuals like themselves—men with the skills they think made themselves good leaders.

STRATEGIES FOR ACTION

Any effort at ameliorating the leadership crisis of the nonprofit sector or the community development field has to consider that the problem runs through every element of human capital development. The challenge concerns compensation, organizational culture, discrimination, training and development, career ladders, and more. No solution that targets any one single facet of the problem will make much of a dent in this overarching dilemma. The issue must be addressed holistically.

The following recommendations flow directly from the findings of the previous sections:

- **Hiring from within.** Since many CDCs have talented people of color in mid-management positions already, we must begin encouraging and enabling boards of directors and executive directors to look inside their organizations more consistently to find leadership talent. Challenging the institutional hiring models by promoting hiring from within and promoting hiring practices that rely more on skill and experience than on academic credentials will begin to open up alternative pathways to leadership.
- **Scholarship funds** will be a critical tool to increase the education and training, and therefore the potential for advancement, of the local labor pool.

- **Executive coaching services** may be necessary for the newly appointed executive director who has never before been an executive. These services may also help prepare a middle manager to assume a new leadership position.
- **Interim executive directors** may be required if a commitment to finding executive directors that reflect the community requires a longer search and therefore a longer period without an executive director.
- **Interventions must be realistic** and engaging enough to warrant the busy executive director's precious time.
- **Information-gathering efforts** need continued funding. Research that monitors changes and challenges in the community development field is needed to continue to define effective program strategies.
- **Access to networks of power** will be critical for leaders of color to be effective and to be in a position to support the advancement of other talented people of color.
- **Peer-networking opportunities** provide leaders with a forum to exchange best practices, offer peer coaching, and create their own circles of influence.

A LEADERSHIP MODEL FOR THE NEW CENTURY

The only way to overcome these barriers would be to create new networks of peer associations—new spheres of influence that would be home to and reflect the sensibilities of people of color. These new networks would be composed of people of color with strong leadership experience or potential, and top leadership from other sectors and national- and state-level community development organizations. In addition, these peer networks would help break the isolation that many people of color feel and provide them with connections and experience outside their own sphere of influence. In other words, recruitment and retention of a diverse pool of leaders depends on creating interlocking networks of peer associations that lead to trust and influential information exchanges.

Leadership learning networks have cropped up in various sectors and are becoming a best practice in melding learning, networking, information sharing, building critical thinking across fields and sectors, and breaking the isolation of various fields.

Specifically, these leadership roundtables could address the field's needs in the following ways:

- Grooming a deputy into an executive director through networking and training.
- Serving as a source of interim executive directors.
- Providing executive coaching services to its members as well as serving as a source of such services to the community.
- Promoting a network of forward-thinking community development leaders to quickly become a bloc of influence and power as the network spreads and the alumni circle grows and expands geometrically to create a louder, more potent voice for advocacy and policy discussions.
- Redressing the inequity in access to leadership and influence.

CONCLUSION

America is always growing new communities. With every decade, the census reports tell us that our so-called melting pot has accepted new people and we have woven into our society whole new communities as they transport themselves from one shore to another. The government, nonprofit, and community development fields have maintained a three-way partnership since the 1970s to serve as instruments for these communities to thrive and achieve their own desires and wishes.

The fundamental tool of those community organizations is people. This finely guarded resource, unfortunately, often becomes undervalued, underutilized, and squandered away. Sometimes just the right amount of support in the most critical area can make the difference between making employees want to come to work and making them lose morale. As yesterday's pioneers begin to make way for a new generation of leaders from different backgrounds, offering different skills, the community development field has an opportunity to greet the 21st century with new ideas and practices for identifying, developing and retaining community leaders.

NOTES

¹We use the following definitions of community development and community development corporations (CDCs): "Community development is the economic, physical, and social revitalization of a community, led by the people who live in that community." "CDCs are neighborhood-based organizations that usually originate from and are controlled by residents determined to turn their neighborhoods

into healthy, thriving communities.” Paul C. Brophy and Alice Shabecoff, *A Guide to Careers in Community Development* (Washington, DC: Island Press, 2001), 2, 5.

²Two years ago, the Robert J. Milano Graduate School of Management and Urban Policy was given a planning grant by Living Cities (formerly the National Community Development Initiative) to explore human capital development capacity issues in community development and arrive at some creative solutions to the problems identified. We were charged with combing the field, interviewing experts, reviewing data (what little existed) and compiling any existing research to delineate a field in its adolescence and its relationship with its own human capital development. A year later we were funded to implement our suggestions for strengthening human capital.

³The two figures in the “Nonprofits” column are taken from Weitzman and Jalandoni (2002, 8, 19).

⁴The two figures in the “Community Development Organizations” column come from NCCED (1999, 5, 7). These NCCED numbers were projected as of December 1997. More recent research suggests that the total number of organizations is now significantly higher than when NCCED collected numbers for its last census.

⁵This average was derived by dividing the total of 11.6 million paid employees of nonprofits in United States by the 1.6 million nonprofits in the United States (Weitzman and Jalandoni 2002).

⁶Neighborhood Reinvestment study as cited by LISC in “Resources on Executive Director Transitions,” compiled by LISC’s Organizational Development Initiative: “An extensive study by Neighborhood Reinvestment revealed that...inadequate compensation and poor Executive Director/Board relationships are among the frequently cited reasons for departures” (1).

⁷Data collected in the fall of 2000 (representation from the San Francisco Bay Area/Silicon Valley, Fresno, Dallas, Washington D.C., and Hawaii).

⁸NCCED has issued three census reports to date: *Coming of Age: Trends and Achievements of Community-based Development Organizations*, 1999; *Tying it all Together: The Comprehensive Achievements of Community-based Development Organizations*, 1995; *Changing the Odds: The Achievements of Community-based Development Organizations*, 1991.

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BUILDING THE CAPACITY OF COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS: THE CASE OF COMMUNITY DEVELOPMENT PARTNERSHIPS

Norman J. Glickman

In this paper, I use a multidimensional definition of capacity to assess the effectiveness of community development partnerships (CDPs), local intermediaries designed to improve the capacity of community development corporations (CDCs).¹ I also show how to measure capacity, which has proven difficult for analysts.

CDPs first emerged in the early 1980s in response to federal reductions in spending for community development activities. The public, philanthropic, and private sectors in cities such as Pittsburgh, Cleveland, and Boston wanted to support the organizational development of CDCs. Pooling their resources, these stakeholders provided core operating money—funds to support day-to-day efforts—to selected CDCs in return for measurable progress in improving internal operations of CDCs and their broader impact in community revitalization. In almost all cases, the partnerships also provided organizational and technical assistance to CDCs accepted into their capacity-building programs. CDCs typically received multiyear support and eventually funds to sustain projects in housing, social services, and the like.

Those local experiments eventually received national sponsorship from the Ford Foundation and other philanthropic organizations to strengthen and expand their efforts. Ford, in particular, adopted the idea and grew it into a national strategy encompassing 25 cities, states, and rural places (Ford Foundation 1996). The development of funder partnerships now is so widespread that other national foundations and national community development intermediaries work with them as a matter of course in programmatic attempts to build the capacity of CDCs and other community development organizations.

Despite widespread acceptance and proliferation of partnerships, assessment and evaluation of them were lacking. Individual partnerships have commissioned some local assessments, but no overarching national study has been conducted to provide funders and policymakers with an objective view of what the partnerships were accomplishing (Clay 1990).

To fill this assessment gap, the Ford Foundation supported research at the Center for Urban Policy Research at Rutgers University beginning in 1995 to assess the impact of the partnerships' ability to help CDCs build capacity. This paper reports select results from this research followed by policy recommendations and the need for further research on community development partnerships.

DEFINING CAPACITY

Glickman and Servon (1999, 2003) maintain that defining and measuring the capacity of CDCs by using the number of houses built or any other "production" numbers is too narrow and misses important fundamental activities of community organizations. To develop guidelines for nonprofit organizations, they defined and measured capacity according to a typology of five elements of capacity: resource management, organizational, programmatic, networking, and political.

- **Resource Management.** CDCs must generate and acquire resources from grants, contracts, loans, and other mechanisms. They must attract, manage, and maintain funding to meet their objectives.
- **Organizational.** Community organizations must develop effective management frameworks, use modern management techniques and technology, and raise the level of staff productivity through investment in human capital.
- **Programmatic.** CDCs must provide a type of service or can expand the range of services that they offer (based on available financial resources). Many begin with providing affordable housing, but later manage housing, economic and business development, job training, environmental services, and cultural programming. Their capacity level depends on their ability and efficiency in meeting the goals that their communities set.
- **Networking.** Neighborhood groups possess the ability to work with other community organizations as well as those outside the area—including banks, governments, foundations, training groups, and others. Networking can increase community-based organizations' (CBOs') ability to provide services and expand other activities.
- **Political.** Community organizations must relate to and establish relationships with many constituents, both inside and outside their communities: neighborhood residents, other nonprofits, downtown business and governmental leaders, and others. The extent to which they have success reflects their level of political capacity.

All five elements help community development corporations improve their operations and make them more capable of meeting their goals. Furthermore, these types of capacity mutually interact and reinforce each other—for example, better organizational capacity can build on the group's ability to manage programs and resources. Although not all community organizations may be able to improve all elements of capacity simultaneously, many try to work on each over time.

MEASURING CAPACITY

Although defining capacity is difficult, scholars have found it even harder to measure it. Many of the components of capacity do not lend themselves to easy quantification. Glickman and Servon (2003), however, provided a comprehensive attempt to measure their five elements. They surveyed 218 community development corporations as part of their evaluation of the Ford Foundation's Community Development Partnership Strategy. They examined three groups of CDCs: (1) partnership-funded CDCs in 16 cities (P-CDC); (2) CDCs in the same cities that did not have Ford funding (NP-CDC); and (3) CDCs in four "control" cities without partnerships (C-CDC). Glickman and Servon recognized a selection bias in the analysis because the first group would be expected to have more capacity than the second does because it had been selected and supported by the local intermediaries based on past performance. The control group (#3) was surveyed to reduce that bias.²

RESOURCE MANAGEMENT CAPACITY

The Glickman-Servon results are summarized in Table 1. The CDCs with partnership funding (P-CDC) had 40 percent more core support (a very important portion of resource capacity) than the nonpartnership groups (NP-CDC) and 57 percent more than the control groups (C-CDC). The partnership groups' project support grew by 17.5 percent a year, compared to 7 percent for NP-CDCs and 26.5 percent for the control organizations. Note, however, the control CDCs started growing from a relatively small base. These results show that the partnerships contributed to capacity building among CDCs.

Table 1. How They Stack Up: A Profile of Community Development Corporation's Capacity

	Partnership	Nonpartnership	Control
Resource Management Capacity			
Core Operating Support (\$000)	376	283	232
Project Support (\$000)	2,423	1,506	1,375
Average Annual Growth of Project Support (%)	17.5	7.0	26.5
Organizational Capacity			
Full-Time Professionals (Number)	14.0	9.5	10.0
Average Annual Growth of Staff, 1992-1997 (%)	12.5	3.0	7.9
Pension Coverage for Executive Director (%)	46	37	25
Programmatic Capacity			
Total Housing Units Completed, 1992-1997	229	201	197
Average Annual Growth of Housing Units Completed, 1992-1997 (%)	13.9	-3.2	2.0
Housing Units Managed 1997 (Number)	130	98	120
Networking Capacity			
Supports Staff Training with other CDCs (%)	32	33	25
Supports Community Organizing with other CDCs (%)	64	63	53
Works with For-Profit Developers (%)	65	58	75
Political Capacity			
Publishes a Newsletter (%)	66	57	58
Has Contacts with Business Community (%)	44	37	36
Public Meetings Per Year (Number)	8	17	23

Source: Glickman and Servon 2003

What role did the partnerships play in the capacity building of the community organizations? Glickman and Servon asked the P-CDC respondents what types of help mattered most. As Table 2 shows, the most important aid they got from the local intermediaries was help with operating support (81 percent of the P-CDCs listed this factor), followed by help with support for their projects (67 percent) and access to local governments (61 percent).

Table 2. Differences Partnership Support Makes

Elements of Capacity	Partnership CDC Responded “Very Important or Somewhat Important”^a (%)
Resource Management Capacity	
Freed time formerly spent on fundraising	53
Assisted in leveraging project funds from other sources	73
Increased access to funding due to working with partnership	27
Contributed to long-term operating support	81
Contributed to project support	67
Assisted in gaining funds from local governments	61
Assisted in gaining loans from banks	51
Organizational Capacity	
Caused staff benefits to increase	27
Improved the kind of training available to CDC staff	74
Improved the process for replacing personnel	30
Provided training and other forms of technical assistance	74
Assisted in recruitment of staff	30
Networking Capacity	
CDCs that said partnerships facilitated joint ventures with:	
Other community-based organizations	43
Private developers	14
Governmental bodies	22
National intermediaries	30
Other	5
Programmatic Capacity	
Established financial management systems	58
Developed a strategic-planning process	64
Encouraged development of benchmarks	88
Contributed to programs that CDC regards as successful	61
Political Capacity	
Improved access to elected officials	26
Facilitated relationship with the corporate business community	41
Strengthened relations with private-sector funder	60

^a Glickman and Servon use “very important or somewhat important” here to streamline Table 2. Actual wording for response choices varied somewhat among the questions. For example, some answers were “very useful or somewhat useful” or “strong encouragement or some encouragement.”

Source: Glickman and Servon 2003

ORGANIZATIONAL CAPACITY

The local partnerships provided considerable resources and expertise toward increasing organizational capacity. In the Ford-funded cities, more than four in five CDPs brought in outside consultants to help CDCs carry out training programs. The partnership CDCs were far more likely to offer pensions than were nonpartnership groups (46 percent vs. 22 percent). The level of human capital, as measured by staff size, was more than 40 percent larger (see Table 1).

Local partnerships and their national counterparts have played important roles in building capacity among CDCs. As Table 2 shows, the P-CDCs said that the CDPs helped them primarily through training and technical assistance (both at 74 percent). They viewed the partnerships, however, as considerably less helpful at increasing benefits (27 percent) and assisting with recruitment (30 percent).

PROGRAMMATIC CAPACITY

The P-CDCs' housing production grew far faster (by 26.3 percent per year between 1992 and 1998) than the NP-CDCs (9.1 percent) and the C-CDCs (11.6 percent). P-CDCs were also the most productive of the three groups in an absolute sense, as Table 1 shows. However, the P-CDCs were less efficient in building housing units than the NP-CDCs: average housing costs for the P-CDCs was \$41,266, 6 percent more than the costs registered by the NP-CDCs. The P-CDCs also managed slightly more units than the NP-CDCs. However, there were relatively small differences among the three groups for other program areas: the mix and efficiency of their economic development, training, social services and organizing efforts looked quite similar to each other.

The local partnerships had their biggest impacts by helping their CDCs with housing production. The partnerships were also most likely to assist with community organizing. Importantly, the CDPs encouraged the CDCs to set benchmarks for their work and to try to reach reasonable goals.³ When we asked the CDCs if the partnerships had changed the programs that they offered, most of them said that they and the CDPs had very similar goals. About 89 percent said that they set benchmarks, and a large percentage of these claimed to have met these benchmarks.

NETWORKING CAPACITY

The Ford survey examined the types of networks that CDCs join. These included networks in housing counseling, commercial real estate development and management, business assistance, and social services. Across the board, CDCs participated broadly in networks: more than three-quarters of the CDCs said they had increased

their involvement in networks over time. For the P-CDCs, this increase was a direct result of partnership encouragement. All types of CDCs work with networks of community organizers and those carrying out housing development.

POLITICAL CAPACITY

The Ford partnership CDCs did not show appreciatively more political capacity than the other groups they surveyed. The CDP-funded organizations tended to have slightly more ability to attain outreach through newsletters and facilitated outreach to the business world at a slightly higher level. The CDCs, however, gave the local partnerships relatively little credit for providing access to elected officials (26 percent) and corporate sources (41 percent). The partnerships were far more successful at helping the CDCs contact private-sector funders (61 percent).

CONCLUSION

Progress is evident in building the capacity of local CDCs through the presence of local intermediary community development partnerships. Many organizations were transformed and made more effective through the capacity-building process. Several brief conclusions stand out from the research discussed in this paper. First, capacity building can be *defined and measured* in a straightforward and comprehensive manner. This definition is operational, easy to understand, and can be used by CDCs and funders alike to understand progress by the community groups—as it already has been used. It can be used for helping groups set parameters for strategic planning. Yet, more work remains in this area—especially in the realm of measurement.

Second, *national and local intermediaries helped promote capacity building* in cities where they were active. The funding of operating support, technical assistance, management tools, strategic planning, and related techniques certainly gives CDCs receiving that assistance a leg up on other groups. More needs to be done, especially funding from governments, to move the process even further along.

Third, the measurement of capacity building shows *advantages to CDP-funded organizations*, although not in overwhelming increments in some cases. CDCs in the control cities did relatively well and the advantages shown by the partnership-funded groups in the Ford cities could be attributed to selection bias.

Although CDPs are a good model for building local CDC capacity, they remain fragile. Local funders (of all stripes) move on to other issues and problems, often leav-

ing successful partnerships on what amounts to life support. Efforts to get local and statewide partnerships written into city and state budgets on an ongoing basis have been undertaken, but little is known about the number of these government-supported partnerships and case histories of their development. Do these partnerships lose their independence and flexibility when they receive primary support from government? Another question: Is there a bias toward established CDCs with state- and city-supported CDPs at the expense of emerging groups?

In the policy arena, CBO experience shows a need for greater federal government involvement. This support can come from existing programs (such as HOME technical assistance) or new efforts to make it easier to deliver resources to a significant, time-tested model that builds the capacity of CDCs. Strong local capacity-building intermediaries are especially critical with the emergence of a new generation of community-based development organizations—many of them an outgrowth of faith institutions. If this new generation of community developers is to thrive, local intermediaries such as the CDPs are in the best position to grow them from emergence to maturity.

NOTES

¹ For more on community development organization capacity, see Local Initiatives Support Corporation (LISC) 1998, 2002; Rohe, Bratt, and Biswas 2003; Seessel 2003; Walker and Weinheimer 1998; and Walker 2002.

² Partnership-supported CDCs represented 132 of the 218 community organizations in their sample. Nonpartnership-backed CDCs (50) and control CDCs (36) rounded out the sample. The survey contained 93 questions (often with followup or sub-questions) that took the respondents (usually the CDCs' executive directors) approximately 90 minutes to answer. All but a few of the questions were closed ended. Local community development experts in each of the cities administered the survey.

³ The other groups also carried on community organizing, but slightly less than the P-CDCs.

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CAPACITY BUILDING: THE CASE OF FAITH-BASED ORGANIZATIONS

Michael Leo Owens

The issue of capacity is as important to faith-based community development specifically (Vidal 2001) as it is to community development generally (Glickman and Servon 1999; Chaskin 2001; Chaskin et al. 2001; Nye and Glickman 2000). In the current policy context, federal laws and a growing number of state laws invite partnerships between the public and faith sector—both taxpayer-supported and voluntary—for community development, inclusive of social welfare services provision. The laws (for example, Charitable Choice) seek to improve the ability of present and future initiatives to rely on faith-based organizations to help residents of disadvantaged communities overcome afflictions and addictions that prevent them from achieving economic self-sufficiency and their neighborhoods from becoming decent and stable places, particularly for youth.¹ They intend to sponsor and help expand programs that reform the personal situations and environmental conditions of the poor.

The laws promoting public-faith sector partnerships contain an implicit policy assumption about the capacity of faith-based organizations for community development, one many policymakers and practitioners hold: faith-based organizations have the ability to foster physical and social change. This assumption rests on the belief that faith-based organizations have considerable resources—large memberships, sizable annual incomes, and a store of expert volunteers—that give them the ability to design, deliver, and sustain community development services. In short, convention holds that congregations possess the “bricks, bodies, and bucks” for rebuilding neighborhoods and strengthening families (Hacala 2001). The effects of faith-based organizations’ activities in disadvantaged communities, however, may be negligible, despite their value to community renewal. Faith-based organizations may yield few outputs and achieve small outcomes because their capacity cannot accommodate the needs of community renewal. This may be so, despite a policy attitude that faith-based organizations, above all other organizations, have the capacity for community development.

The efforts of faith-based organizations range from affordable-housing production and economic development to social services and community organizing (Cnaan 1999). Whether faith-based organizations have the capacity for community development, measured by increased assets owned by the individuals and families of disadvantaged

neighborhoods, is an empirical question that remains unanswered. Nevertheless, observers note that faith-based organizations have “created some of the most persistent and innovative community development programs in cities, they have organized significant resources for the benefit of the poor, and they have contributed to the national dialogue about faith-based development” (Thomas and Blake 1996).

Many observers see faith-based organizations as “rising stars” in the universe of community development, with vast distances to cover before reaching their apex in terms of services and effects (Thomas 1997). The most observed organizations among the ascending stars are faith-based community development corporations (CDCs), especially those associated with African-American churches, which receive the bulk of scholarly attention (for example, Frederick 2001; Hinesmon-Matthews 2003; Owens 2001, 2003).² This paper, however, attends to another type of faith-based organization responsible for creating most faith-based CDCs in the United States—the congregation. It addresses capacity, a topic in need of empirical investigation.

Although development projects of congregations have been well documented (for example, Clemetson and Coates 1992), the capacity of congregations for improving poor neighborhoods remains largely unstudied and questionable (Foley, McCarthy, and Chaves 2001; Vidal 2001). Political scientist James Q. Wilson observes: “We have no systematic evidence as to whether [their] programs are working in any large sense—that is, for lots of people—but ample testimony that they do work in a small sense—that is, by changing the lives of identifiable individuals” (2000). Still, as John DiIulio, Jr., the former director of the White House Office of Faith-Based and Community Initiatives, notes, “it remains to be seen how, if at all, the local faith-based efforts can be taken to scale in ways that predictably, reliably, and cost-effectively cut crime, reduce poverty, or yield other desirable social consequences” (2000).

If it is true that congregations have the capacity for effective community development, we may expect the faith sector generally to do more to help the poor reform their lives and the conditions they endure in their neighborhoods. We may also then believe that congregations have the capacity to resolve collective problems in poor neighborhoods, such as affordable-housing shortages and limited employment opportunities. If the answer to the question is false, however, we may need to look to other organizations in the faith sector, even other sectors of society, to improve the assets of disadvantaged communities and their residents. We may also need to see congregations specifically and faith-based organizations generally as tangential, not central, to community renewal in the United States.

After defining “faith-based community development” and providing an overview of congregational involvement in the United States, this paper considers recent scholarship on community development capacity. The paper’s purpose is to identify factors that influence the ability and effectiveness of neighborhood-based organizations for neighborhood change. From there, the paper moves to an empirical examination of congregational capacity for faith-based community development. It relies on data from a survey of congregations in the metropolitan area of Atlanta, Georgia. Subsequently, the paper identifies key issues for those concerned specifically with helping congregations build capacity to expand their services, become more effective, and achieve sustainability for the purpose of fostering community transformation and social change. These issues also are appropriate for those interested in setting a public-private agenda for strengthening the abilities of organizations of all types to revitalize communities in the United States.

FAITH-BASED COMMUNITY DEVELOPMENT

In an essay on faith-based community development, urban planning scholars June Manning Thomas and Reynard Blake declared: “Individuals involved in neighborhood development in distressed central-city neighborhoods in the United States must confront, sooner or later, faith-based community development” (1996). Their declaration, however, came without definition. Since then, the term “faith-based community development” has become more common, but also more vague for practitioners, scholars, and policymakers engaged in community development discourse. Consequently, they conceive of faith-based community development in numerous ways.

Some conceive of faith-based community development as a distinct type of community development, but others find such an idea unintelligible. Others believe that the term explicitly incorporates religious activities (for example, prayer and proselytism), while some contend that it does not. Some see only certain types of faith-based organizations (such as Christian churches) when they peruse the community development landscape, whereas others are less myopic and more panoramic.

Others aver that community development via “faith-based initiative has an even higher standard to follow” than secular initiative (College of Biblical Studies 2001). Many caution against the claim. Jay Hein of the Hudson Institute, for example, commented a few years ago during a symposium on Charitable Choice, “we need to be very careful not to set the bar too high. We shouldn’t set the bar higher for faith-based organizations... We do need to look at the unique characteristics of faith-based

organizations, but we somehow shouldn't test them above what we expect in our regular and secular training programs" (2000).

At a minimum, faith-based community development fits within the set of metaphorical frames that makes local development understandable (Mier and Bingham 1993). When faith-based community development builds assets for the poor and bridges to new social opportunity structures, it is development as the liberation of human potential. When it defines problems, identifies policy alternatives, and designs programs, especially in collaboration with other stakeholders, faith-based community development is development as problem solving and the exertion of leadership. If it seeks sustainable development and growth without dramatic displacement of incumbents, faith-based community development is development as preservation.

As it revitalizes neighborhood economies and begins to transform poverty areas into middle-class neighborhoods through gentrification, it is development as a growth machine. As it advocates on behalf of the poor and seeks their inclusion in public decisionmaking, it is development as the pursuit of justice and empowerment. If it creates more subsidiaries for congregations and clerics to steward collective resources, it is development as managing an enterprise.

Based on my own review of the community development literature and interviews with key actors in and supportive of the faith sector, I define *faith-based community development* as the practice by organizations from the faith sector to produce services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents. Ostensibly rooted in religious traditions and tenets, faith-based community development is a process composed of four elements—crisis relief, services and counseling, economic and social advocacy, and market intervention—that take the faith sector “beyond helping—to the initiation, sustenance and management of long-term growth, improvement, and change” (Pickman et al. 1987). Elements of faith-based community development include emergency assistance (for example, sheltering victims of domestic abuse), ministry (such as assisting youth to make moral decisions), physical improvements (for example, housing production), commercial enterprise (such as owning retail properties), and community organizing (for example, fostering neighborhood associations and lobbying for policy changes).

The ability of the faith sector to move past emergency relief requires that it collaborate with other sectors of society. The faith sector by itself cannot develop communities. It needs to couple its human, physical, economic, social, and political capital to that possessed by the public, philanthropic, and market sectors to improve the physical,

economic, and social conditions of disadvantaged communities. Policymakers acknowledge this fact. Consequently, in 2000, federal agencies permitted faith-based organizations to share with secular community organizations in approximately \$1 billion in federal assistance; it awarded approximately 500 grants to faith-based organizations to deliver homeless and HIV/AIDS services, and it distributed approximately two-fifths of its Section 202 elderly housing production funds and technical assistance grants to faith-based organizations (Hacala 2001).

When the coupling of capital among the sectors endures, faith-based community development increases its capacity for strengthening families and transforming neighborhoods. It becomes, borrowing from community building scholar and former U.S. Housing and Urban Development (HUD) official Xavier de Souza Briggs (1998), a conduit for the poor to “get by” and “get ahead.”

CONGREGATIONS AND FAITH-BASED COMMUNITY DEVELOPMENT: A NATIONAL OVERVIEW

At its best, “faith-based community development is comprehensive, asset based, and driven from the bottom up” (Ramsay 1998). Congregations do not necessarily control it. Most congregations do not practice community development, and congregations typically do not engage in community development through congregation-affiliated subsidiaries, such as separate nonprofit or commercial organizations (Clerkin and Gronberg 2003; De Vita and Palmer 2003a; Owens and Smith 2003). Nationally, a minority of congregations engages in activities typical of community development organizations (Chaves 1999). Table 1 confirms this fact, relying on data from the National Congregations Study (Chaves 1998), a random survey of 1,236 congregations in the United States. It shows the community development involvement of congregations nationwide, those in cities and those in urban poverty neighborhoods, for a select set of activities. It also identifies the involvement of suburban congregations for comparison purposes.

Table 1. Select Community Development Activities of Congregations, 1998

Congregations				
Activity	National Sample (%)	Urban Areas (%)	Urban Low-Poverty Areas (%)	Urban High-Poverty Areas (%)
Housing	18	21	23	12
Habitat for Humanity	13	7	8	4
Homeless Assistance	8	14	15	9
Employment Assistance	1	2	2	2
Job Training	0	0	0	1
Health	4	5	5	2
Education	6	8	8	8
Any Social Welfare Service	57	60	62	55
Activity		Suburban Areas (%)	Suburban Low-Poverty Areas (%)	Suburban High-Poverty Areas (%)
Housing		19	19	11
Habitat for Humanity		9	8	5
Homeless Assistance		7	8	7
Employment Assistance		1	1	1
Job Training		0	0	1
Health		6	4	2
Education		3	6	6
Any Social Welfare Service		55	59	46

Note: “High-Poverty Areas” are census tracts with poverty rates exceeding 30 percent as of 1990 that are located in cities. Census tracts with less than 30 percent poverty are “Low-Poverty Areas.”

Source: Author’s independent analysis of the National Congregations Study dataset (Chaves 1998)

Most congregations participate in or support some social welfare service, such as services apart from sacramental activities, annually. Their service, however, involves mainly emergency relief for individuals and families, youth-focused outreach, or services for senior citizens. As the Reverend Dr. Fred Lucas, former pastor of Bridge Street A.W.M.E. Church in Bedford Stuyvesant, Brooklyn, and founder and president of the Faith Center for Community Development, a technical assistance provider in New York City, observes, “the preponderance of [congregations] have not yet found the proper equation for significant community impact. Although many run soup kitchens or youth programs successfully, expanding into building housing or economic development is a huge leap that most churches do not have the capacity to accomplish” (cited in Walker 2001).

A minority of congregations, even in urban and suburban high-poverty areas, does not participate directly in key areas of community development. Few congregations, for instance, engage in housing or workforce development (for example, job training and employment assistance), the two pivotal “product sectors” of community development in the United States (Ferguson and Dickens 1999; NCCED 1999). The national data suggest that the effects of the community development work of congregations, compared to the scale of community problems and needs, particularly in high-poverty areas, is extremely limited, especially in urban areas of high poverty.

Sociologists Mark Chaves and William Tsitsos (2001) conclude from the National Congregations Study data that the social welfare services that congregations participate in or support tend to have short durations and address the problems of a relatively small population of clients. As for financing them, approximately \$1,200 is the median dollar amount spent by congregations directly in support of social welfare services. The median for congregations in urban high-poverty areas is approximately \$6,000 compared to a median of \$3,000 for congregations located in urban low-poverty areas.³

The lack of overt action in the community development arena by congregations does not mean they necessarily keep themselves out of it. Avis Vidal, based on her review of the literature about faith-based organizations in community development, explains: “Congregations have two preferred approaches to service: they donate small amounts of cash or in-kind goods to other service delivery groups, or they provide small groups of volunteers to conduct relatively well-defined, periodic [activities]. By contrast, community development activities require regular and sustained involvement in a range of complex processes and tasks” (2001). Therefore, congregations may not see the necessity for practicing community development themselves. Alternatively, they may perceive a need but lack the ability to address it. If so, the capacity of congregations may structure the preferences of congregations for community development and approaches to it.

Nationally, of those congregations involved in their communities through partnerships with other organizations to provide neighborhood services, 10 percent identify their activities as aiding or supporting community development (Ammerman 2001). The remainder participates in partnerships that provide direct service to the immediate needs of the poor (such as food, cash assistance, clothing). It provides resources that help people survive, but not necessarily get beyond their conditions, through linkages to other community institutions. As one study of congregations in a

Chicago urban poverty neighborhood concludes, “the bridging is meager” (Laudarji and Livezey 2000).

The meager bridging to prosperity that congregations provide the poor is rooted in a set of factors (Chaves and Tsitsos 2001). Among the factors that explain congregational involvement in social welfare services specifically and community development generally, congregation size determines much of the type and scale of outreach by congregations. In particular, congregations with large memberships are more likely to practice community development than those with small memberships. Theology matters, too, as congregations from liberal Christian traditions are more likely to engage in community development than those that are not. Yet capacity may explain much of the limited involvement of congregations in community development. It may also account for why scholars find that many urban congregations are disengaged from reforming conditions in the geographic communities where they are located (McRoberts 2003; Smith 2001).

CAPACITY: IDENTIFYING ITS COMPONENTS

Capacity concerns ability.⁴ It is the ability to accomplish what an individual or institution needs or wants to accomplish. As such, capacity refers to the ability of organizations to translate their missions into achievable goals and accomplish them (McPhee and Bare 2001). It provides organizations with an ability to perform in ways that permit them to realize values and objectives for themselves, their partners, or their clients. In the community development domain, and at the organizational level, capacity “is reflected in the ability of...groups to carry out their functions responsively, effectively, and efficiently, connecting to larger systems, both within and beyond the community, as appropriate” (Chaskin et al. 2001).

All organizations have some degree of capacity or ability, and they are “always in the process of becoming more capable” (Boris 2001). Consequently, as Ginger Elliot suggests, “there is no point at which an organization does or does not have capacity; instead, the variations in capacity indicate the relative ease with which goals can be achieved” (2002). As others observe, however, “the existing literature provides no easy formula for building...capacity or achieving favorable outcomes” (De Vita, Fleming, and Twombly 2001). We know that, in terms of its composition, capacity is the byproduct of human, social, financial, and physical capital brought to bear by organizations on collective problems. It results from possessing and combining a set of interdependent factors produced by the interplay of organizational resources and assets.

Because we can debate the distinct set of resources and assets that matter to community development capacity, many alternative frameworks exist for considering capacity. In defining community development, Ronald Ferguson and William Dickens identify social, physical, intellectual, financial, and political capital as the elements of capacity vital to community development as process, practice, and product (1999). In contrast, Carol J. De Vita, Cory Fleming, and Eric Twombly devise a framework that highlights vision and mission, leadership, resources, outreach, and products and services as the critical components of capacity (2001). Avis Vidal, relying on earlier work by Christopher Walker and Mark Weinheimer (1998), contends that the abilities of community development organizations to plan effectively, secure resources, develop strong internal management and governance, deliver programs, and network matter most in terms of capacity (2001). Small differences exist among these three frameworks and others; but they share a broad overlap among their sets. Their disagreements revolve around the specific components of the critical abilities.

Overall, the alternative frameworks applicable to comprehending community development capacity seem to agree on a set of capabilities that defines and measures the capacity of organizations, as well as determines the effects of it for families and neighborhoods. While one may quibble over the specific labels or question the elements of the capabilities, the conceptualization of capacity by Norman J. Glickman and Lisa Servon (1999), along with extensions and refinements of it by Elliot (2002), identifies a conventional set of capabilities as essential to effective community development organizations. Glickman and Servon's set includes five categories of capabilities—organizational capacity, resource capacity, programmatic capacity, network capacity, and political capacity. The five interdependent capabilities determine and measure the overall capacity of community development organizations to foster physical and social change in disadvantaged neighborhoods (Glickman and Servon 2003; Nye and Glickman 2000).

Organizational capacity pertains to the ability of organizations to develop their internal human resources to operate in a professional manner. It identifies the importance of recruiting, training, and retaining skilled principal and programmatic staff to manage community development organizations for effectiveness and sustainability.

Resource capacity relates to the ability of organizations to obtain and manage material resources, inclusive of money (for example, loans, contracts, and grants) and real property (such as land and buildings). It points to the obvious: community development organizations mortgage their ability to achieve goals and objectives to their ability to acquire financial support or leverage other resources to expand their finances.

Programmatic capacity refers to the ability of organizations to design and implement activities that cohere with their missions, as expressed through mission-appropriate goals and objectives. This capacity corresponds to the ability of an organization to plan and execute one activity or a multiplicity of activities. The skills and expertise associated with organizational capacity influence programmatic capacity. In terms of practice, programmatic capacity could include the ability of a community development organization to offer mortgage counseling, deliver addiction services, manage a charter school, operate a for-profit subsidiary such as a Christian bookstore, or engage in all of these activities. It does not correspond, however, to the quantity and types of services an organization provides for its clients. To assess programmatic capacity in such a manner is to take a census of the activities of an organization and to confuse the ability of organizations for community development with their performance as community developers.

Network capacity corresponds to the ability of organizations to build relationships through formal and informal partnerships with other stakeholders for effective collective action. The building of relationships permits the manifestation of missions by organizations. It speaks to the competence of organizations to identify interested parties, reach out to them, and then build and maintain collaborative relationships with them to effect community change. It also speaks to the reality of governing collective problems: managing a community problem such as a shortage of affordable housing or gang violence cannot be accomplished without collaborations among organizations with complementary resources and assets.

Political capacity corresponds to the ability of organizations to identify, mobilize, and maintain support for their missions, goals, objectives, and strategies from diverse stakeholders. Conversely, it corresponds to the ability of groups to acquire political support to effectively oppose the agendas of other groups, especially competitors or ideological opponents. It requires grassroots and local, state, or national elite support to seek greater governmental, commercial, and philanthropic responsiveness to the issues of an organization and its clients. Such a broad understanding of “politics” acknowledges that governmental authority alone cannot resolve most collective problems.

DATA

In considering the “relative ease” of congregations for community development, this paper reports findings based on data from a random sample of clergy in the metropolitan area of Atlanta, Georgia, surveyed by telephone in April 2002.⁵ The

sponsor of the survey intended it to establish a baseline for measuring the civic involvement of metropolitan Atlanta congregations over time. The survey data, however, provide a baseline for measuring the capacity of congregations, using the five dimensions of capacity devised and tested by Glickman and Servon (1999, 2003).⁶ Specifically, the data are useful to this study of capacity building and faith-based organizations because they contain variables that measure aspects of the capacity of congregations for community development.

The Atlanta survey included questions that inquire about the attitude (for example, inclination and motivation) of congregations to involve themselves in community development, as well as behavioral questions that provide information about their preparation and involvement in community development. In addressing the subject of this paper, the analysis relies almost exclusively on the behavioral variables. While it recognizes the importance of congregational interest in community development, the paper speaks less to the motivation of congregations to practice it than to their ability to participate in community development.

The survey sampled 400 congregations, with a response rate of 81 percent. Table 2 provides a brief profile of the sample. It shows that small, mainline Christian, predominantly White, and suburban congregations providing social welfare services and led by college-educated pastors made up a majority of the sample.⁷

Table 2. Profile of the Metropolitan Atlanta Sample

Congregations			
Variable	Metropolitan Atlanta Area (%)	Urban Atlanta Area (%)	Suburban Atlanta Area (%)
Size			
< 100 members	21	26	19
100-499 members	51	42	54
500-999 members	14	18	13
≥ 1,000 members	14	14	14
Denomination			
Mainline Christian	66		
Non-mainline Christian	32	62	70
Other	3		
Membership			
Majority White	61	33	71
Majority Black	23	52	13
Majority Integrated	14	12	14
Other	2	3	2
Location			
Urban	26	-	-
Inner-Ring Suburban	51	-	-
Outer-Ring Suburban	23	-	-
Pastor			
No College Degree	11	12	11
College Degree	89	88	89
Social Services			
Operates a Social Welfare Ministry	54	59	53
Doesn't Operate a Social Welfare Ministry	46	41	48
<i>N=325</i>			

Note: Proportions may not equal 100 due to rounding.

THE ABILITIES OF CONGREGATIONS FOR COMMUNITY DEVELOPMENT: FINDINGS FROM METROPOLITAN ATLANTA

Many perceive faith-based organizations to have a comparative advantage over other sectors of society when it comes to community development.⁸ They believe

that this advantage comes from the presence, diversity, and resources of the faith sector. Former U.S. Housing and Urban Development Secretary Henry Cisneros observes, “faith communities are still there” in the neighborhoods of need (1996). The statement implies that presence gives faith-based organizations a clearer understanding than other nonprofit organizations and government agencies of the barriers that face the disadvantaged and the solutions to removing them. Presence may correspond to indigenous knowledge of the cause, scope, and scale of problems in poor places.

The diversity of the faith sector also may provide recipients of its services with more alternative types of programs, perhaps ones better suited to their needs, particularly their spiritual ones; The multiplicity of faith traditions potentially can speak to almost every type of individual in need, whereas the services of government agencies and many secular nonprofits cannot. Furthermore, the faith sector has moral and spiritual resources government and secular nonprofit agencies lack. Depending on the situation, those resources may be more appropriate to resolving the problems of individuals and families. For example, spirit-filled volunteers who devote time and energy to making the Word flesh may prove pivotal to moving families and individuals from poverty to prosperity.

Across a range of service areas, most clergy in the Atlanta sample say that faith-based organizations, not secular nonprofit organizations or government agencies, would best provide services to the needy. A majority (80 percent) believes that the public and nonprofit sectors, especially the nonprofit sector, would provide the best workforce development programs. Yet clergy assume that faith-based organizations are more capable than the public agencies and secular service providers at addressing homelessness and hunger (58 percent), facilitating the community reentry of ex-prisoners (58 percent), treating substance abusers (55 percent), and providing child care (50 percent).⁹ These perceptions imply that many clergy believe that faith-based organizations generally have the capacity to accomplish a diversity of social welfare goals falling under the rubric of community development. The perceptions, however, may bear no relation to reality.

Conjecture aside, congregations may lack the capacity for community development, as measured by the five dimensions of capacity that seem to determine the effect of community development. The Atlanta data suggest that organizational capacity may be the weakest ability congregations possess for community development. The programmatic, resource, and political capacities of congregations may be mixed. Congregations may be strongest in terms of network capacity.

WEAK CONGREGATIONAL ABILITY: ORGANIZATIONAL CAPACITY

The competence of principal and frontline staff to perform duties and fulfill responsibilities critical to the operation of their organizations is an important ability for community development organizations to possess. This ability greatly influences all other sets of abilities of organizations, which, in turn, influence organizational capacity. Organizational capacity, for instance, influences resource capacity. Unless the leaders and staff of an organization possess the ability to position their organizations to seek funds, they will fail to obtain them, unless a patron is available. Conversely, unless an organization can obtain resources, it becomes difficult for the organization to recruit, train, and retain staff.

To assess critical elements of the organizational abilities of congregations, the survey asked Atlanta clergy who indicated that their congregations would apply for government money a series of questions that pertained to their ability to submit an application. It makes sense to focus on the ability of congregations to seek funding because of the skills required to accomplish the task. As Thomas Brock of MDRC notes, “The unglamorous side of social services is there’s a tremendous amount of internal capacity that’s needed just to be able to compete for a grant, to be able to comply with the reporting, both financial and programmatic that’s required” (2000).

Initially, the survey asked clergy if their congregations would need assistance in applying for public funds. Approximately 7 of 10 pastors (69 percent) maintained that their congregations lacked the ability to complete a request for qualifications or proposals by themselves. As one may expect, size affects assistance needs. In particular, pastors of small congregations (88 percent) were more likely to acknowledge a congregational need for assistance than those of large congregations (53 percent). Following the initial inquiry, the survey posed to the respondents a battery of questions that identified specific forms of organizational assistance their congregations might need to apply for public funding or administer it as part of a community development initiative of the congregation. Each item on the survey identified an ability one would associate with “inner capacity” of community development organizations that have high organizational capacity.

Table 3 shows how the Atlanta clergy participating in the sample perceive the organizational needs of their congregations along five dimensions related to the pursuit and expenditure of public funding: grant or proposal writing, program administration and management, legal counsel, staff development, and computer and information systems management. Three-quarters of clergy reported that their congregations would need assistance in three or more of the organizational areas

to apply for public funding to operate social service programs. More than one-half (58 percent) of all congregations would need assistance in at least four of the five areas. Clergy leading small and large congregations reported needs equally across the five dimensions of assistance, with 52 percent in each size category acknowledging the need of assistance in four or more areas.

For congregations, tithes and offerings account for most of their annual revenue. Depending on the scale and scope of their community development initiatives, congregations may require resources beyond what these internal sources permit. Accordingly, they may seek external support in the forms of grants or contracts. Regardless of the type of external support requested, the pursuit requires an ability to write a funding proposal. This ability may be most critical to a congregation obtaining material funding from external sources for its community development initiatives. As Arthur Farnsley concludes, based on his analysis of faith-based organizations seeking municipal grants in Indianapolis, “even in this friendly environment for faith-based groups, strong grant mechanics and quality content [are] the keys to successful applications [for example, winning grants]” (2001).

Table 3. Technical Assistance Needs of Congregations

Type of Assistance Needed	Congregations		
	Metropolitan Atlanta Area (%)	Urban Atlanta Area (%)	Suburban Atlanta Area (%)
Grant or Proposal Writing			
Yes	91	96	88
No	11	4	12
Program Administration & Management			
Yes	74	78	71
No	26	22	29
Legal Counsel			
Yes	71	67	73
No	29	33	27
Staff Development			
Yes	67	74	65
No	33	26	35
Computer & Information Systems Management			
Yes	53	56	52
No	47	44	48

Note: Proportions may not equal 100 due to rounding.
Source: Faith and the City Survey of Atlanta Clergy, 2000

Congregations improve their chances of acquiring external support by writing persuasive proposals. The Atlanta data suggest strongly, however, that most congregations lack the ability to write funding proposals on their own. The preponderance (91 percent) of clergy acknowledges the need for assistance in writing a funding proposal. Both urban and suburban congregations need such assistance. Moreover, the size of congregations does not appear to matter: 91 percent and 95 percent of small and large congregations, respectively, would need assistance in writing proposals requesting public funding to operate congregation-based social welfare programs.

The preparation of a proposal for a public grant or contract can be complicated. It involves more than writing well about the goals, design, and outcomes of an organization and its programs. Furthermore, organizations seeking to improve their chances of funding may need to acquire formal nonprofit status from federal and state regulators. Also, because community development initiatives involve potential legal and financial risks for organizations, the public request-for-qualifications process encourages organizations considering whether to bid to provide services to seek legal counsel during and following the submission of its proposal.

The clergy data indicate that congregations generally would be unable to submit a proposal unless they received legal assistance; 71 percent of clergy leading congregations that would seek public funding for their outreach programs identify legal counsel as a congregational need. Approximately three-quarters (76 percent) of small congregations would need legal counsel in applying for public funds to provide a social services program. Perhaps because they have in-house legal counsel, a smaller majority (57 percent) of clergy from large congregations believe their congregations would need assistance in considering and addressing the legal aspects of applying for public funding. As for differences among congregations by location, 73 percent of suburban congregations indicate they would need legal assistance compared to 67 percent of urban congregations.

The operation of effective and sustainable community development initiatives and particular programs within them requires organizations to extend their human resources. Staff size may affect the ability of organizations to be effective and expand their programs to a scale comparable to the needs of its clients. Few congregations have large professional staff devoted to their social service programs. For instance, the National Congregations Study data show that 6 percent of congregations have paid employees that devote one-quarter or more of their work to the administration of congregation-based social welfare programs. This could limit the ability of congregations to design and manage new or extant social services programs. Overcoming the limitation requires more than the recruitment or retention

of skilled principal and programmatic staff. It also involves improving the abilities of existing staff through education and training.

Most clergy in metropolitan Atlanta admit they need staff development skills. Such skills remain a low priority, however, compared to most other needs related to increasing resource capacity. Slightly more than two-thirds (68 percent) of clergy report their congregations would need staff development assistance to prepare a proposal. The same proportion exists for small and large congregations. A higher proportion of urban congregations claims to need such assistance compared to suburban congregations, with the proportions for urban and suburban congregations being 74 percent and 65 percent, respectively. An equal proportion (67 percent) of large and small congregations needs staff-development assistance.

Effective program administration and management are by-products of staff development, as well as strong recruitment and retention of skilled staff. Not only are effective program administration and management important to the ability of an organization to demonstrate its qualifications to receive external support for its work, they are fundamental to the outputs and outcomes of the organization. While a majority of large congregations need assistance in this area, large congregations (67 percent) are less likely to need it than are small congregations (76 percent). Moreover, although most urban congregations need assistance in this area, urban congregations (78 percent) are less likely to need it than are suburban congregations (71 percent).

Lastly, some funding agencies may require electronic submissions of proposals, along with evidence that an organization can show measures and evaluations of the outcomes of their current programs. They may also inquire about the ability of an organization to track and document future programmatic changes, as well as submit electronic reports over the duration and at the conclusion of a funding period. The ability to meet these requirements necessitates that organizations invest time and resources in computer technology. Almost one-half (47 percent) of the Atlanta sample believe it is not a need of their congregations. Still, most urban and suburban congregations identify it as a need, with urban congregations (57 percent) slightly more likely to identify it than suburban ones (52 percent). Large congregations overwhelmingly do not see it as a need, with 38 percent reporting they need assistance. Even the majority (52 percent) of small congregations tends to disbelieve that they need assistance regarding computer technology. The data signify that computer and information systems management assistance is the lowest priority for congregations that currently lack the ability to compete for public funding for their social welfare programs.

MIXED CONGREGATIONAL ABILITIES: RESOURCES, PROGRAMS, AND POLITICS

RESOURCE CAPACITY

A fundamental dimension of the resource capacity of congregations is membership size. Prior studies suggest that the size of a congregation determines its access to material resources, especially money, be it given as tithes and offerings by attendants at worship services or provided by government agencies and philanthropies as contracts and grants (Chaves and Tsitsos 2001; Owens and Smith 2003). Specifically, the greater the number of members a congregation reports, the higher it reports its annual income.

The Atlanta survey asked clergy to report the approximate size of their congregations. The majority (72 percent) claim congregations of fewer than 500 members. Unfortunately, the data do not provide information regarding the income and funding sources of the congregations, which prevents a consideration of how the size of a congregation may directly influence access to funding faith-based community development. Nevertheless, the congregation sizes for most of the sample are larger than the national median of 75 regular members. Nationally, most congregations devote the overwhelming bulk of their revenues to religious worship and education, leaving modest amounts for benevolence (Hodgkinson and Weitzman 1993). Presumably, the greater memberships of the Atlanta clergy yield greater total congregational revenue for worship *and* social welfare expenditures. Again, the data do not permit strong conclusions about the import of membership size to the resource capacity of congregations in the sample.

Beyond congregation size, knowledge of potential external funding sources is a component of resource capacity. A congregation cannot obtain funds for community development unless it can identify sources for it. This is true whether one is interested in denominational, philanthropic, or public support for faith-based community development. The federal government draws the most debate as a potential source of external funding for faith-based community development by congregations. That is not to suggest that other important external sources do not exist. Federal funding, however, whether it takes the form of direct grants from federal agencies or indirect funding administered by states and localities as grants or contracts, provides a pivotal source of material resources. The receipt of federal financial assistance, for example, may legitimize the community development work of congregations. Such legitimacy, in turn, may enable organizations to leverage greater private funding for their programs.

Clergy awareness of federal funding measures the preparation of congregations to begin to develop or expand their resource capacity. Atlanta clergy reported whether they were aware of federal legislation that would enable congregations to apply for public money to fund congregation-based social welfare programs. Specifically, 80 percent of clergy claimed an awareness of federal “Charitable Choice” legislation related to public funding of congregations. Urban clergy have a greater awareness than do suburban clergy. Large congregations have a greater awareness than do small congregations.

The receipt of external funding by an organization for its programs is another variable that gauges resource capacity. Although elements of political capacity, as well as the local political environment, may influence the receipt of governmental funding by congregations and other faith-based organizations (Owens 2001), the acquisition of government financial support by a congregation suggests that it has the ability to obtain resources to manifest its mission. To assess this dimension of resource capacity, the Atlanta survey inquired of clergy whose congregations operate social services if government agencies fund their programs. As other surveys of congregations have found (Chaves 1998; De Vita and Palmer 2003b; Owens and Smith 2003), the preponderance (86 percent) of sample congregations operating social welfare programs in Atlanta does not receive any form of government funding. Of those congregations that do not receive government funding for their social services, more than one-half (60 percent) of clergy aver that they would not apply for public money if it became an option for them. That is, they would choke off a potential source of funding, perhaps limiting their overall resource capacity as congregations.

PROGRAMMATIC CAPACITY

We might expect that organizations have the ability to design and implement activities that accomplish their goals and objectives. Common sense suggests that staff development, along with program administration and management, influences the ability of organizations to plan and execute their community development activities. The Atlanta data do not permit an extensive consideration of the programmatic capacity of congregations. Nonetheless, they allow a consideration of an important aspect of the ability of congregations to design and implement activities that accord with the goal of producing services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents—the provision of social welfare services. Atlanta congregations are almost on par with congregations nationally in terms of their operation of social welfare programs generally. More than one-half (54 percent) of clergy report that their congregations operate programs to aid poor single-parent families, poor children, or unemployed

fathers. The data suggest that many congregations have a programmatic foundation on which to build and expand their efforts in the community development arena.

The data also speak to the responsiveness of congregations to policy changes, another element of programmatic capacity. That is, we can consider the ability of congregations that provide social welfare services to design and implement new programs in response to external needs and pressure. Since the 1996 changes to the federal welfare laws, national and subnational public agencies have engaged in an array of activities to encourage congregations to take on more responsibility for meeting the needs of the disadvantaged (Owens 2000). Moreover, some studies find that welfare reform has increased the number of congregations collaborating with public agencies to achieve it (Sherman 2000). Therefore, some congregations have the capacity to respond to new opportunities for service and funding.

The survey of Atlanta clergy asked respondents from congregations that provide services whether any of their programs were a direct response to welfare reform. One in ten clergy answered affirmatively, which raises a concern about the flexibility of congregations to expand their programmatic ability in light of critical policy and funding changes. The clergy's response also raises the question of whether congregations prefer to create programs in response to local needs rather than national and state policies. Either way, the Atlanta data suggest that urban congregations are more likely to claim they operate programs that stem from changes in public policies regarding welfare than are suburban congregations. In terms of the size of congregations, small and large congregations are equally likely to report that welfare reform influenced them to operate some of their programs.

POLITICAL CAPACITY

Politics can affect community development, even faith-based community development (Owens 2001). Community development organizations that garner internal and external support for their missions, goals, and activities may be better able to navigate the politics of community development. As was the case with network capacity, the Atlanta clergy responded to attitudinal and behavioral questions that identified aspects of the political capacity of congregations for community development. The first question asked whether clergy *should* encourage their congregants to affect the decisions of policymakers through political action: 93 percent agreed. A subsequent question asked whether clergy *did* encourage their congregants to take political action, with 84 percent of respondents claiming to behave in that manner, and 79 percent claiming to have done so in the last 5 years.

In pursuing the political capacity issue further, the survey posed to clergy a question concerning their “prophetic voice.” Clergy were asked whether they spoke on behalf of specific policy issues in a public forum, as well as whether they lobbied legislators for a specific piece of legislation. Most clergy either do not have a prophetic voice or they do not use their prophetic voice. Most clergy claimed to be neither outspoken on public issues (56 percent) nor advocates on behalf of or opponents of legislation (63 percent). Finally, the survey asked clergy to gauge the involvement of their congregations in local public policy issues as part of its congregational mission. Most clergy (61 percent) responded that their congregations were “somewhat” or “very” involved in the public policy issues of their communities.

STRONG CONGREGATIONAL ABILITY: NETWORK CAPACITY

Two measures of network capacity are the attitude of organizations toward collaboration and their actual collaboration with other organizations. Congregations led by pastors who support the idea of collaboration, for example, would imply that congregations are inclined to reach out to others. Building network capacity begins with this initial step. Likewise, the presence of congregations led by pastors who actively build relationships to address collective problems suggests that such congregations will be involved in larger networks and therefore have more network capacity than those led by pastors whose congregations act independently of others.

On the first measure, which assesses attitudes about collaboration, Atlanta clergy were asked a normative question about collaboration: Clergy *should* partner their congregations with secular organizations to improve neighborhood conditions. A large majority of clergy (83 percent) responded affirmatively to the statement. On the second measure, which assesses behavior, clergy were asked to agree or disagree with an alternative statement of action regarding collaboration: As a member of the clergy, I partner my place of worship with secular organizations to improve neighborhood conditions. Again, a large majority of clergy (72 percent) agreed with the statement, although noticeably dropping off from the normative question to the behavioral question.

Another measure of network capacity is the ability of organizational leaders to interact purposively with other groups to achieve mutual goals and objectives. This ability can be measured by whether organizational leaders attend meetings with other organizations and serve in a voluntary capacity with other groups that deal with community problems and issues. Most Atlanta clergy (82 percent) report they

attend issue meetings sponsored by other community organizations. Of the clergy that attend community meetings, 67 percent volunteer their time with community organizations other than their own congregation.

Leaders who interact with other groups on community issues demonstrate a modest form of networking. Developing and maintaining partnerships for community problem-solving through collaboration make for a stronger form of networking. Therefore, the survey asked clergy of congregations operating social services programs in the Atlanta metropolitan community whether their congregations operate most of their programs alone or in collaboration with others. Approximately one-half of the respondents (49 percent) claim they collaboratively deliver social services. A slightly higher proportion of urban congregations (52 percent) collaborate with other groups to operate their programs than do suburban congregations (48 percent). Regardless of locale, small congregations are more likely to participate in partnerships with other organizations to provide social welfare services than are large congregations.

BUILDING CAPACITY FOR COMMUNITY DEVELOPMENT

Over the past 20 years, as Stacey Davis, president and chief executive officer of the Fannie Mae Foundation, concludes, “[faith-based organizations] have had a powerfully positive impact on affordable housing and community development in the United States” (Stanfield n.d.). Currently, faith-based community development is perhaps the fastest-growing segment of the community development system in the United States. The National Congress for Community Economic Development reports that faith-based organizations constitute the largest bloc of its newest members (Winstead and Cobb n.d.).¹⁰ Even so, the capacity of faith-based organizations, generally, and congregations, specifically, will determine the community development effects of the faith sector in the future. Accordingly, capacity building is vital to the expansion and effectiveness of faith-based community development. That is, it is necessary to have activities that permit congregations, as well as other faith-based organizations, to do what they do better and do more of what they do.

Three general forms of capacity building are *assessment*, *intervention*, and *expenditure* (Backer 2001; Letts, Ryan, and Grossman 1999). *Assessment* involves activities that discern the assets and deficits of an organization, inclusive of its ability to respond constructively to the recommendations of evaluators. *Intervention* refers to activities by external agents to transform the deficits of organizations into assets and leverage assets to increase the ability of an organization to meet its goals.

Expenditure concerns activities that transfer money from external agents to an organization for the purpose of purchasing necessary changes (for example, staff development or technology) or leveraging assets for organizational growth. Each type of capacity building is relevant to congregations and perhaps other faith-based organizations, as well as to secular community development organizations. The final remarks of this paper, however, focus on intervention.¹¹ Specifically, it raises two issues that those interested in increasing the ability of congregations to engage in community development should consider concerning intervention—knowledge and collaboration. These issues will influence the capacity of congregations to pursue their missions and achieve their goals as community developers over the next few years.

KNOWLEDGE

The Partnership for Community Action in DeKalb County, Georgia, hosted a resource symposium for the faith community in the spring of 2003. It introduced representatives of the faith community to key administrative personnel from federal and local agencies that help expand the ability of community organizations to transform neighborhoods and strengthen families. The administrators disseminated information to representatives of the faith sector about the work of their agencies and funding opportunities outlined in the Super Notices of Funding Availability for federal agencies. They gave PowerPoint® presentations, passed out brochures, exchanged business cards, and fielded questions. The sense among many participants, however, was that the sessions were too generic; they made too many broad references to agency responsibilities, program names, and invitations of proposals for funding but offered no practical training in how to do the things that make for a strong proposal, improve program management, or increase the effectiveness of initiatives. They recognized knowledge dissemination posing as knowledge development.

Nationally, the most clergy, and perhaps their congregants, are aware of public policies that seek to enable congregations and other faith-based organizations to apply for public money to fund faith-based community development. Accordingly, clergy may not need much more information-oriented intervention about general policy changes. They need the ability, however, to use the information in ways that take them past awareness and their congregations toward action. In short, they need knowledge. But, borrowing from Chaskin et al. (2001), attaining knowledge requires that those who intervene “must understand the difference between providing expert knowledge and building an organization’s capacity to apply new knowledge

effectively, between performing a particular service or activity ('doing it') and helping an organization learn how to provide that service or activity itself ('teaching the client to do it')."

Unfortunately, intermediaries may not have the capacity for intervention at the scale congregations and other organizations need to develop knowledge to expand their abilities. Consequently, federal funding of intermediaries to increase the capacity of faith-based organizations to design, implement, and evaluate community change initiatives across the country, along with the work of other intermediaries assisting the faith sector to build capacity for community development, may be less effective than we expect if they merely disseminate rather than develop knowledge. Some evidence shows that this is true. Thomas Backer (2001) notes that a study of twelve national intermediaries concludes that they "spend most of their energy on documentation, analysis, and knowledge dissemination to provide information that community-building organizations can use. Intermediaries also provide direct technical assistance, but this service receives much less of the intermediaries' attention." Looking at national and local intermediaries that assist faith-based organizations, in particular, however, Amy Sherman found that most claim to provide their clients with training and technical assistance, as well as assistance with program design (2002). The study did not assess the veracity of the claim by surveying the clients.

Nevertheless, considering the proportion of Atlanta clergy in need of organizational and programmatic capacity building, clergy and the laity engaged in or inclined toward community development need instruction that develops their abilities for change and sustainability. The required instruction will range from mapping and mobilizing the assets of faith communities to developing interested spirit-filled volunteers to assume professional positions to evaluating their "ministries" to discern socioeconomic effects. Such instruction requires that agencies, public and private, move beyond identifying their programs and funding requirements at public events to instructing audiences in vital capacity areas, such as managing organizations, acquiring resources, and administering programs. Although conferences and workshops are important tools for knowledge dissemination, they prove insufficient for knowledge development.

A way of developing knowledge among the faith sector to increase any of the five capacities, but especially organizational and programmatic capacity, is to use the Internet and Webcasts of events. The U.S. Department of Education, for example, maintains a Webcast on its Internet site that provides a grantwriting tutorial for those interested in obtaining funds to design, implement, grow, or improve physical

education programs for youth in kindergarten through twelfth grade. An opportunity also exists for greater productive use of electronic chat rooms to discuss the practical aspects of increasing the ability of congregations and other faith-based organizations to engage in community development.

Beyond the use of technology to provide various degrees of distance learning to clergy and laity, congregations need to receive direct assistance from professionals of highly effective congregations, as well as from secular organizations. Talent banks and fellowships would make a difference to congregations and other faith-based organizations starting out in the community development field or seeking to broaden their services. Borrowing from the model at the Community Development Resource Center at the University of Delaware, local, regional, and national organizations could recruit and pool professionals to give intensive, practical education on organizational growth and sustainability to congregations on a reduced-cost basis. Conversely, neophytes of new or less-effective organizations need to spend time with exemplary organizations learning for their current and future positions while on the job.

COLLABORATION

Most congregations in the United States are small in membership and revenue. Many will find it difficult as individual congregations to design and implement effective programs to serve disadvantaged groups, recruit volunteers from among their attendants, or obtain and manage funding for community development. Small congregations that seek to become community developers or expand the scale of their extant programs will need to collaborate among themselves or partner with larger congregations, perhaps even larger secular organizations. Within some congregations, it may be necessary to encourage greater collaboration among their internal programs, or even their consolidation into a single comprehensive initiative to expand their organizational, programmatic, and resource capacities. Moreover, some congregations providing social welfare services may even want or need to merge their programs rather than collaborate to maximize their effect in target communities, increase organizational efficiency, reduce duplication of services, and/or recruit professional, full-time personnel.

According to the Atlanta data, collaboration is an idea that most clergy support and their congregations practice. Nonetheless, many congregations do not collaborate with other organizations to design and deliver services to the disadvantaged in their communities or surrounding communities. As noted, of the sample of Atlanta

congregations that participate in social welfare activities, one-half of them operate programs independently of other groups. Certain barriers, however, prevent them from becoming partners with other organizations. Conflicts over theology and turf, contests among personalities and their visions, competition for attendants and tithes, as well as the strength needed to maintain commitments, build respect and engender trust, and share resources, impede collaboration by congregations. Also, procedural impediments—a lack of incentives and an absence of facilitation—limit collaboration by congregations.

To address the process issues that hinder collaboration, public agencies, as well as philanthropies and intermediaries, should induce partnerships within the faith sector, as well as between the faith sector and other sectors of society. Increasing collaboration for community renewal can be achieved by encouraging, and even requiring, congregations to partner with other organizations to receive and administer funding. Still, such an inducement will prove weak for broad-based collaboration, for most congregations do not want external support, especially from the public. Nevertheless, collaboration, either for or around the receipt of money or to achieve some other end, is key to the faith sector's increasing its ability to fulfill the duties and achieve the objectives of faith-based community development. It will, however, necessitate attention to and investment in facilitation for collaboration. In particular, congregations will likely need the assistance of professionals who understand the traditions, languages, ideologies, and behaviors of the faith sector. They must be able to address the cost and benefits of collective action for community renewal, and to guide conversations and foster consensus among congregations to move them toward partnerships. Sites for investment include seminaries and schools of theology, especially those that are opening their curricula to courses in community development and social enterprise, as well as denominations and paradenominations.

CONCLUSION

The faith sector is valuable to community renewal in the United States. Its value comes from the store of social capital the sector produces, maintains, and transfers. This capital refers to the set of norms, trust, and collective understandings that facilitate the development of relationships that assist members of a community in improving the socioeconomic standing of individuals and groups. Congregations, specifically, and faith-based organizations, generally, may expend social capital on behalf of disadvantaged people and places in at least three ways (Foley, McCarthy, and Chaves 2001). First, faith-based organizations may provide resources to poor individuals and poor community institutions from their own stock or through linkages

with governmental and nongovernmental resources. Second, they may proselytize in poor communities in an effort to absorb poor individuals and families into religious groups already endowed with social capital. Third, they may attempt to empower poor communities by employing their own social capital in ways that benefit not only their own members but also individuals and families who are not members. Although social capital may enable the faith sector to make positive differences for disadvantaged places and people, it alone is inadequate for community change.

Do congregations, along with other faith-based organizations, have the capacity for community development? The answer depends on the aspects of capacity one assesses, as well as the measures applied. If the Atlanta findings indicate the abilities of congregations nationally, the capacity of congregations for community development is mixed. Generally, congregations have many of the requisite abilities to practice community development. For instance, they have networks that keep them aware of community issues, clergy who interact with those outside their congregations, and congregations predisposed to collaboration, all of which may yield greater social capital for community change. Congregations, however, possess varying levels of the five abilities necessary for optimal capacity for community development.

Regardless, some claim that faith-based organizations can address all problems. Those who make these claims mortgage capacity to hope for things unseen. Unfortunately, “faith-based” answers to the question of the capacity of the faith sector for transforming neighborhoods and strengthening communities are insufficient. This paper begins filling the empirical gap between what we believe and what we know about the abilities of faith-based organizations to produce services that increase the assets of poor neighborhoods and expand the socioeconomic opportunities for their residents.

NOTES

¹ I use “faith-based organizations” to refer to those organizations and institutions that situate themselves theologically and socially in a particular faith community or that the public associates in its mind with a particular faith community. This assemblage, inclusive of what Steven Rathgeb Smith and Michael Sosin (2001, 652) term “faith-related agencies,” includes those groups with “a formal funding or administrative arrangement with a religious authority or authorities; a historical tie of this kind; a specific commitment to act within the dictates of a particular established faith; or a commitment to work together that stems from a common religion.” It also includes congregations and agencies built on particular faith traditions and acting

on behalf of certain religious tenets. It encompasses a complex set of religious, faith-motivated, religious-inspired, and faith-associated organizations, inclusive of coalitions of faith-associated service nonprofits, denominations, and paradenominational organizations. Used here, “faith-based organizations” cover congregations, congregation-operated social welfare ministries, and religious-associated service organizations independent of congregations and/or denominations.

Recognizing the inarguable centrality of faith to faith-based organizations, I leave open the question of whether “faith-based organizations” applies only to those organizations that incorporate religious doctrines and practices in their organizational behavior, especially their management, as well as the design and implementation of services they deliver. For more on the terminology for the organizations in question, see Smith and Sosin 2001 and Wallis 2000. For research about the function of “faith” in faith-based organizations, see Chambré 2001; Jeavons 1994; Unruh and Sider 2001.

² Faith-based CDCs have been on the agendas of policymakers before the current policy context (Cisneros 1996). New Community Corporation in Newark, New Jersey, Bethel New Life in Chicago, Renaissance Corporation in Los Angeles, and a host of other faith-based CDCs were key organizations that policymakers identified as exemplars in transforming the environments of the urban poor. They demonstrated to policymakers that the faith sector, or at least parts of it, could produce affordable housing, deliver social services, and create jobs.

³ I derived these figures from my independent analysis of the National Congregations Study dataset (Chaves 1998).

⁴ Some in the community development domain equate capacity with production. This notion is misguided. Production is possible because of capacity. Accordingly, while the production of services such as affordable housing units may be a goal, capacity does not equal production (Elliot 2002, 7). Furthermore, capacity is more than money. Money may build capacity. Unless organizations manage and spend it appropriately (that is, efficiently), however, money may not increase the ability of organizations to accomplish their goals. In short, while it matters a great deal to capacity, “money is not everything.”

⁵ As is the case with any geography, the boundaries of the Atlanta metropolitan community are arbitrary. One could speak only of the city and its limits when mapping “Atlanta.” One could also identify the boundaries that accord with the

jurisdiction of the Atlanta Regional Commission (ARC), the metropolitan planning organization responsible for the 10 counties that ring the City of Atlanta. Because of the growth among a set of counties just beyond the purview of the ARC, and their economic interdependence with the City of Atlanta and its inner-ring suburbs, the metropolitan community also could correspond to the 20 counties ringing the city of Atlanta. The latter definition is the one that matches the geography of the data.

⁶This paper does not replicate the work of Glickman and Servon. Its unit of analysis is the congregation, whereas their units were community development corporations and community development partnerships. Furthermore, the survey instruments of Glickman and Servon measured the five community development capacities with variables different from those used in the Atlanta research. The analysis presented here offers alternative measures of the fundamental abilities expected of effective organizations involved in community development.

⁷Two factors reduced the proportion of urban, minority, and/or non-mainline Christian congregations, as well as non-degreed clergy, covered by the survey. First, urban and non-mainline Christian congregations are less likely to have full-time clergy and/or staff available to respond to survey questionnaires. Second, the sampling frame, which the sponsor of the research provided, had a large proportion of clergy who graduated from or at least attended mainline Christian seminaries, rather than clergy possessing certificates from Bible colleges or those lacking university-provided theological training. As a result, 81 percent of respondents had attended seminaries. Together, these points reveal that the research design privileged the responses of clergy from “resource-rich” congregations.

Ideally, the sample would have included greater numbers of responses from urban, minority, and/or non-mainline Christian congregations, as well as non-degreed clergy. Value exists, however, in having low numbers of responses from such congregations and clergy. By asking the opinions of clergy whose congregations theoretically possess the greatest resources for community development, one may understand better the scale of capacity for community development by congregations generally. This is plausible if one accepts that urban minority and non-mainline Christian congregations, while perhaps more likely to practice community outreach, are less likely to match the resources of their suburban, white, mainline Christian peers for it. A finding that resource-rich congregations have low capacity would suggest that “resource-poor” congregations have lower capacity. Accordingly, the data enable one to consider the capacity of congregations generally to engage in community development activities, which is the focus of this paper.

While the sample skews toward suburban congregations, most of the suburban respondents are from inner-ring suburbs. In the metropolitan Atlanta context, that means that many of the suburban congregations are located in inner-ring suburban municipalities that possess many of the social problems, albeit at a smaller scale, as those faced by congregations in the urban core of Atlanta, particularly within the limits of the central city. Lastly, the suburban-heavy sample enables one to consider the interest and practice of suburban congregations collaborating with other congregations, as well as their own capacity for community development, which we too often assume to be high. This is even more relevant in light of the call by President George W. Bush at the National Religious Broadcasters Convention and Exposition (2003) for partnerships among congregations, especially interracial and metropolitan partnerships, to address the problems of the addicted and the afflicted.

⁸ A dearth of empirical investigations exists regarding the advantages of faith-based organizations for community development, despite calls for investigation and evaluation (Vidal 2001, 23). Emerging scholars, however, are beginning to fill the gap (for example, Hinesmon-Matthews 2003).

⁹ Surveys suggest that the public shares some of the opinions of the clergy. A 2001 poll by the Pew Research Center for the People & the Press found that a majority of respondents believed that faith-based organizations would do a better job than secular nonprofits or government agencies at addressing homelessness and hunger (40 percent) and rehabilitating prisoners (40 percent). The public seems to doubt, however, or at least question, the ability of faith-based organizations to treat substance abusers (27 percent), care for children (29 percent), and prepare people for work (5 percent).

¹⁰ The number of faith-based organizations in the community development arena should continue to grow. At least four catalysts—beyond the interest, mission, and “success stories” of faith-based organizations—are responsible for the expected increase. First, faith-based community development networks, especially those practicing the asset-based community development model, are expanding across the nation. Second, financial institutions such as Fannie Mae, JPMorganChase, and Fleet Bank, among others, are creating lending and grant programs specifically for faith-based organizations, particularly congregations, to use for community development projects. Third, the number of community development courses has increased at Harvard University, Michigan State University, New Hampshire College, Union Theological Seminary, the University of Delaware, and other institutions; these courses target clergy and the laity. Fourth, entire websites (for example, www.faithandcommunityatwork.com) are devoted to faith-based community devel-

opment. The trends suggest that the faith sector eventually may assume a predominant position in the field of community development in the United States.

¹¹ Assessment is a starting point for building capacity. It is useful in the absence of information. This paper, however, starts from a base of information concerning the extant of abilities of some congregations for community development. In addition, expenditure is fundamental to building the capacity of organizations, and it is necessary for assessment and intervention to occur. Nevertheless, an emphasis on expenditures seems premature at this time, based on the data at hand, previous findings that most congregations will not seek external financial support for their activities, and the contentious nature of the policy debate regarding direct public funding of faith-based organizations.

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EXPANDING ORGANIZATIONAL CAPACITY: THE HUMAN CAPITAL DEVELOPMENT INITIATIVE

Norman J. Glickman, Donita Devance-Manzini, and Sean DiGiovanna

Community development practitioners have long struggled to cultivate sound human resources policies in a field that has not historically adopted modern human resources management techniques. While community-based organizations (CBOs) have established models to revitalize distressed communities, further progress will depend on the availability of talent and the use of good organizational practices. To highlight some of the organizational issues facing CBOs, Anglin (2000) observes that many community development organizations “operate outside the norms of good organizational practice. Accounting is haphazard. Boards are weak and lack the diverse skills needed to guide an organization. Many are frustrating places to work because leaders are unable to nurture talent.”

Eisenberg (2000) adds that CDCs sometimes are “undercapitalized, overextended, and poorly managed.” Often, CBOs find themselves stretched thin, under pressure from funders to expand programmatically without substantially more resources. To succeed, the field must overcome high job-turnover rates, burnout, and impending succession among senior leaders, some of whom founded organizations and led them for many years.

The loss of key leaders can cost community organizations dearly in terms of productivity and missed opportunities, and the quick replacement of such employees is conducive to higher staff morale. As CDC founders age, concerns arise about succession planning, forcing some organizations to turn their attention to that issue. The migration of better-trained staff away from the industry, however, continues to plague the field: many find jobs outside the industry, especially with private developers and local governments. Some in the field believe that CDCs pay lower salaries and benefits than competing sectors. Although the limited existing compensation studies show this to be untrue, the perception of low wages remains. In addition, some community organizations receive criticism for not having staffs representative of the demographic makeup of the area they represent—such as maintaining a predominantly White staff in minority areas.¹ Rodriguez and Herzog (2003) say, “At the executive level, CBOs do not represent, in terms of race and ethnicity, the people they serve. The number of non-Caucasian executive directors range from 9% to 37%.”

A large-scale attempt has been under way to increase levels of human capital, a central component of organizational capacity. This experiment has taken place through the Human Capital Development Initiative (HCDI), which is part of the National Community Development Initiative.² The \$8-million demonstration project promoted human capital initiatives at the local level, working mostly through community development partnerships affiliated with the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation and nationwide through broad programs under the sponsorship of the CDC industry's trade association, the National Congress for Community Economic Development (NCCED). HCDI addressed human capital issues in four areas: (1) recruitment and retention, (2) education and training, (3) career development, and (4) human resources management and compensation.

Beginning in 1999, a team of researchers at the Center for Urban Policy Research (CUPR) assessed the HCDI.³ This paper draws from that assessment, summarized in Devance-Manzini, Glickman, and DiGiovanna (2002). CUPR developed several criteria to identify promising HCDI practices and programs. CUPR looked for programs that significantly and measurably expanded or enhanced the overall operating capacity of the CDCs; the political and professional standing of the CDCs; the skills and abilities of CDC staff; and CDC recruitment and retention, understanding of human resources and compensation issues, career development, education, and training. CUPR also looked for programs that were transferable to CDCs in other cities and had the potential to leverage HCDI dollars or draw and capitalize on other available resources. This paper summarizes results from the assessment and presents some reflections for further research and policy considerations.

RECRUITMENT AND RETENTION

HCDI sites looked for new ways to recruit people and to retain those already working in the field. Local community development partnerships (CDPs) focused on hands-on learning experiences (through internships, fellowships, work-study programs, and AmeriCorps) and marketing efforts to expand understanding of community development and attract talented people to the field. CDPs in Atlanta, Cleveland, and Washington, D.C., developed internship programs and reported that these efforts resulted in an appreciable number of successful placements. Atlanta and Cleveland estimated that approximately half of their interns subsequently accepted work in CDCs or in a related field.

Recruiting focused on the neighborhoods in which the CDCs work, institutions of higher education, and related industries and professions. Placements associated

with the academic minor developed with Howard University in Washington, D.C., showed great promise, for example. HCDI placed particular emphasis on the recruitment of women and people of color. Nine of the ten CDPs helped the CDCs recruit new people. The NCCED carried out national recruitment and retention efforts through a number of programs and organizations.⁴

EDUCATION AND TRAINING

HCDI provided training in leadership and management skills at all staff levels and for board members. Participating CDCs identified their specific needs and the initiative furnished programs through single sessions or a series of workshops. HCDI provided access to established training institutes and skill-development programs, as well as single-topic training sessions and workshops. The program delivered formal education (for example, certification and degree programs) in traditional classrooms and through distance learning. The local intermediaries provided technology and other resources to the CDCs. All of the partnerships sponsored educational or training programs.⁵ The sites adopted good training models from both the non-profit and for-profit sectors or customized training to meet CDCs' needs.

Although CDCs understood the value of training, they also feared that as staff became more proficient, they might depart for other jobs. It became clear, however, that staff highly valued training opportunities, as well as the opportunity to network with peers. Thus training also helped increase job satisfaction. In time, the CDCs began to recognize the importance of coupling training and skill development with advancement opportunities either within the CDC or within the local network of CDCs.

TRAINING MODELS

The local intermediaries identified general training needs (basic skills, technology, and so forth) and found consultants with CDC experience to help their CDCs. For example, Boston's partnership hired experienced consultants to conduct workshops on supervisory training and career development; Seattle worked with a local consultant to customize board and executive training needs; Chicago, Boston, and Seattle provided individuals and organizations with small scholarships to attend training. Mentoring also took place by pairing senior and junior staffers—although this model required a considerable time commitment.

CAREER DEVELOPMENT

HCDI supported professional development to help practitioners strengthen important skills. They marketed the field and promoted it through publicity about the HCDI programs and through brochures, job fairs, and referrals. They also used other publicity vehicles such as programs at colleges and universities, Web sites, and job banks. The CDCs offered one-on-one counseling and personal-skill-assessment strategies to community development professionals. All of the partnerships promoted the community development field as a career option.⁶

CAREER COUNSELING

Targeted one-on-one career counseling was a primary component of Boston's Career Paths initiative and a secondary component of Philadelphia's Career Action Program. Individual counseling sessions with experienced career counselors enabled CDC employees to develop tailored career plans and identify training needs to prepare them for the next step on the career ladder. This type of career counseling produced two major benefits. First, participants reported that the programs restored their confidence in community development as a feasible career. By identifying individual career ladders, CDC employees discovered they did not have to leave the field to enjoy greater responsibilities and job satisfaction. Second, this targeted approach—particularly in the case of Boston's Career Paths—resulted in real gains in the number of minority candidates moving from entry-level to management-level positions.

INTEGRATING CAREER DEVELOPMENT INTO ORGANIZATIONAL CULTURES

Boston's collaborative linked the education of CDC senior managers with the development of entry- and mid-level staff; as a result, Boston CDCs raised the perceived value of career development among participating CDCs. Supervisors worked with staff participating in Career Paths to help implement their career plans. The Boston partnership aided this process by providing CDCs up to \$1,000 in matching funds for individual training needs—admittedly a small sum, but one that caused CDC directors and boards to take the process seriously. The coordination of these programs helped CDC directors provide enhanced opportunities for employees *within* their organizations, thereby reducing the likelihood of employees leaving.

Both strategies were relatively expensive. Individual counseling costs both money and time. Nevertheless, the demonstration projects produced concrete, positive results—especially in increasing the representation of minorities in CDC management positions and retaining talented employees within the field.

HUMAN RESOURCES MANAGEMENT AND COMPENSATION

Human resource management consists of programs designed to increase a CDC's capacity to recruit, hire, manage, and retain competent staff. Management practices include building career ladders within CDCs, assessing individuals and departments, determining compensation and benefits, and performing other functions. To increase capacity in this area, the partnerships sponsored organizational assessments and human resource audits, compensation studies, diversity training, and other human resource programs.

ORGANIZATIONAL ASSESSMENTS AND HUMAN RESOURCE AUDITS

Organizational assessments are external reviews designed to improve an organization's performance, staffing, and practices in human resources management. Human resources audits consist of evaluations of human resources practices and can provide more attractive workplace conditions. The partnerships used audits to build CDC capacity by creating and upgrading state-of-the-art personnel systems to ensure that hiring and firing, as well as compensation and benefits, are managed in a legal, professional, and productive manner.

In addition, CDCs tried to improve board retention and functioning through training so that board members knew more about hiring practices, organizational management, leadership, oversight, financial management, and other board functions. Comparative studies of compensation and benefits helped CDCs measure their human resources environments against those of comparable positions in other fields, increasing their ability to attract and retain employees. In addition, improved human resources programs helped CDCs recruit and retain a more diverse workforce, which included more community residents, and increase the political and network capacity of CDC leaders.

COMPENSATION STUDIES

The intermediaries carried out surveys of employees' salaries and benefits to get a better understanding of how they compared to those in related fields (social work, education, government, and so forth). These compensation studies were conducted in Chicago, Portland/Seattle, and St. Paul. For instance, the St. Paul study compared salaries and benefits offered at different CDCs and related them to the salaries and benefits offered by other kinds of nonprofit organizations.

Despite the prevailing belief that CDC salaries fall below those for competing jobs, a number of the compensation studies found that many CDC jobs were in the same salary range as other nonprofit jobs in the region. The partnerships used the studies in different ways. Chicago and St. Paul developed presentations for funders to educate them about variations in salary levels. CDCs in Cleveland used the survey results for internal reviews of compensation costs and program overhead costs. More than 50 percent of St. Paul's active CDCs, funders, and other key community development partners got involved in discussions of these findings.

HUMAN RESOURCES DEVELOPMENT

Quantum Leap (QL), an initiative of Cleveland's Neighborhood Progress, Inc. (NPI), addressed the ways CDCs do business and adapt culturally. QL sought to increase the organizational capacity of Cleveland's CDCs with a combination of intensive technical assistance and training related to organizational and human capital issues, including financial systems, recruitment, and board training. QL represents the most comprehensive approach to organizational change of all the HCDCI sites. The fundamental approach known as the "Jubilee Method" requires that people learn within their own organizational environments by talking to their colleagues and through self-discovery. Quantum Leap's methodology includes customized "in-culture" training of individual staff and in-group classes. NPI also ran best-practices workshops on subjects of interest to community groups (for example, asset management and fundraising). To increase volunteerism, QL carried out board recruitment and training activities. QL also helped CDCs conduct executive searches and trained executive management and boards to perform those functions in the future. Through these actions, QL helped recruit, evaluate, and place several executive- and management-level positions during the demonstration.

CONCLUSION

The HCDCI initiative started slowly, with considerable experimentation over the first 2 years. Once the programs were in place, however, several lessons were learned about this sort of capacity building. First, nonprofits interested in improving human resources management should do so in an integrated manner. That is, instead of approaching the various aspects of human capital development in isolation (recruitment, retention), they should understand that each element is related and should be approached as part of one, integrated problem, not as an individual concern.

Second, collaboration with actors outside the CDC field proved useful. In St. Paul, for example, partnering with other nonprofit entities to complete its compensation study provided additional funding as well as depth and comparative value; similarly, Seattle's Community Development Partnership (CDP) found outside groups useful in its human resources audits. Third, changing workplace culture is difficult, time consuming, and expensive. For example, CDC leaders struggled to believe that human capital issues should be part of everyday operational concerns; we found that some leaders feared making such investments because of the possibility that well-trained employees would leave for other organizations. Moreover, in looking at the overall accomplishments of HCDCI, the costs were high relative to the expenses involved. Because this was an experiment, however, with actors relatively new to the field of human capital development, the field should be hopeful that future work will come at lower costs, once good models are better known.

One final observation: the HCDCI and the participating initiatives went forward with limited use of information and experience from other fields. The organizational development literature is quite substantial, and community development need not recreate the wheel. Going forward, funders and other stakeholders should support initiatives informed by experiences and experiments from both the nonprofit and for-profit sectors. This initial upfront research and development will save time by avoiding paths that either cost too much or yield little return on investment.

Throughout the HCDCI demonstration, CDPs found ways to collaborate and use existing resources to meet their goals. Many of these linkages would not have occurred without a dedicated program of similar scale and magnitude. In the end, the local partnerships learned that developing human capital in the community development field depends far less on devising new strategies than on identifying and harnessing existing resources and adapting them for local use. Importantly, HCDCI called much-needed attention to the field and armed CDPs with the funding and support necessary to tease out these elements, networks, and resources. The challenge for community development stakeholders is to sustain the momentum gained from the first round of HCDCI demonstrations by providing other communities with the tools to identify the elements necessary to support their own integrated human resources strategies.

NOTES

¹ Intermediary staff members at both the national and local levels say that the relatively large proportion of white staffers is due to the need for "well-trained profes-

sionals” and that they are training as many minority staffers as possible. We discuss such efforts later in the context of the Human Capital Development Initiative. Seessel (2003) discusses the paucity of minority staff among national funders and intermediaries.

² We report here on the first round of the HCDI, which ended in 2002. A second round is under way.

³ The Center for Urban Policy Research of Rutgers University assessed the HCDI from 1999 to 2002.

⁴ For example, the Emerging Leaders Program (ELP) brought together undergraduate and graduate students and recent college graduates from around the country to learn about the field. The Community Development Internship Program (CDIP) offered graduate public policy students the chance to gain on-the-job experience at CDCs during the summer. The Community Development Leadership Association (CDLA) provided information, job postings, and other community development resources to alumni of the NCCED student recruitment programs to keep them connected to the field. The NCCED published a community development career guide (Brophy and Shabecoff 2001) to provide examples of career and job opportunities, education programs, career planning, and other valuable information on careers in community development.

⁵ NCCED developed a series of “how to” publications for the NCCED Community Development Toolbox. The first two publications of the series were on management self-assessments and recruiting techniques. NCCED (along with the National Consortium for Community-University Partnerships) tried to establish core competencies and standards for community economic development practitioners by providing the basis for curriculum development and training programs.

⁶ NCCED promoted the field through distribution of its publications (for example, newsletters and a career guide), information provided on its website, internships and training, the ELP, the CDIP, the CDLA, and a listserv for CDLA participants.

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THE ROLE OF EMPLOYEE BENEFITS IN BUILDING A HIGH-IMPACT, HIGH-PERFORMANCE COMMUNITY-BASED DEVELOPMENT ORGANIZATION

Roland V. Anglin and Joseph McNeely

The community-based development field has made significant progress in the past 30 years.¹ Community-based development organizations and community development corporations (CDCs) now play a significant role in producing affordable housing, developing local economies, and hosting job-training programs (Grogan and Proscio 2000; Harrison, Gant, and Weiss 1995; U.S. House 1995). CDCs accomplish their missions under difficult circumstances (Walker and Weinheimer 1998), relying on sporadic income based on project revenue, government programs, philanthropic support, and over the past 15 years, support from national and regional intermediaries (Walker 2002). The national and local support structure for these organizations has progressed to the point where CDCs and like organizations can claim a high level of stability and impact (Ferguson and Stoutland 1996; Hoereth 2003).

Despite the progress CDCs have made in both improving distressed neighborhoods and establishing themselves as solid organizations, a critical set of organizational challenges must be addressed before CDCs can be relied on as a significant antipoverty strategy (Weinheimer 1999; LISC 1998, 2002):

- Uneven patterns of skill acquisition.
- Uneven patterns of leadership and staff recruitment.
- Lack of clear standards for organizational performance and impact.
- Organizational cultures that do not motivate and value talent sufficiently.
- Uneven patterns of core funding support.

These needs cannot be blamed solely on the lack of a solid income stream. Growing high-performance organizations, as part of a larger community development field, presents a complex challenge (Rodriguez and Herzog 2003). This paper examines and summarizes one important aspect of building high-impact, high-performance community development organizations: assessing the role of benefits in attracting and retaining good leadership and staff. Despite sparse evidence, enough work has been done over the past few years to give a better sense of whether benefits represent a looming crisis or a manageable issue that will not retard the progress of these organizations.

SALARY AND BENEFITS: THE MAJOR ISSUES

Limited academic and applied literature exists on the role salary and benefits play in improving the work of CDCs and raising the satisfaction of employees. Indeed, an important work looking at the “management challenges” of the CDC field highlighted critical issues such as the lack of trained property managers but did not examine the significance of benefits in attracting and retaining property managers (Bratt et al. 1994). Other literature addresses such challenges as the oversupply of CDCs, the loss to retirement of the founding generation of leaders, questions of governance and board responsibilities, and management expertise in general; but even these studies include only a minor mention of salary and benefits (Rohe, Bratt, and Biswas 2003; Zdenek and Steinbach 2000, 2002). In part, the absence of detailed analyses may result from a prevailing sense by researchers, stakeholders, and funders that any deficit found in the salary and benefits structure of the field would conclude with a call for significant infusions of resources beyond the reach of most funding entities. Despite these difficulties, some researchers have addressed the role benefits play in building the infrastructure of the field.

FIELD CONTEXT: A SHORT HISTORY OF BUILDING AN EMPLOYEE-BENEFITS INFRASTRUCTURE

In the mid-1980s the CDC field expanded rapidly, masking its status as a relatively young, turbulent, growing industry (McNeely 1994, 2001). The norm for the field exhibited low salaries, almost no benefits, and high turnover among staff and executives. Stakeholders, funders, and technical-assistance providers worried that such norms limited the impact of CDCs. In 1991, in response to a “salary and benefits crisis,” seven national community development intermediary organizations began to explore the connection between benefits and retention and to discover methods of intervening. The concerned organizations were the Center for Community Change, the Development Training Institute, The Enterprise Foundation, the Local Initiatives Support Corporation (LISC), the National Congress for Community Economic Development (NCCED), the National Council of La Raza, and the Neighborhood Reinvestment Corporation. Finding very little data, the organizations commissioned a study in 1992 by Charles W. Cammack Associates (a benefits consulting firm) and Audience Concepts (an organization specializing in market studies and focus groups.) The study reported a high percentage of groups with medical benefits but a severe deficit in pensions. Only 22 percent of the organizations reported the availability of any pension, of which very few enlisted an employer contribution. Moreover, the study identified the cumbersome process of evaluating and installing pension plans

as a major barrier for organizations. Cost, though an issue, seemed almost secondary to the administrative burden and time involved (Audience Concepts and Charles W. Cammack Associates 1992).

The seven organizations pursued pension options for the field. In forming the National Benefits Consortium (NBC), they hoped to use their combined credibility to “endorse” a reliable, cost-efficient, customer-centered package and help small CDCs avoid replicating the selection process on an individual basis. In 1993, the NBC published a request for proposals. From 16 responses, NBC chose Metropolitan Life to offer a range of plans from a simplified employee pension (SEP)/IRA to a full 403(b). In 1994, the NBC launched the national plan and began promoting membership. As more and more organizations adopted the nationally available plan, individuals could carry their pensions with them within the industry; the more organizations that used the same supplier, the more likely the individual could retain the same pension provider from job to job. Today, the Metropolitan Life plan remains in place and functioning. The company has since decentralized the plan to its agents across the country and provided them with education to market it to appropriate nonprofits.

In 1994, the NBC decided to broaden its human resource agenda by inviting seven additional national and regional organizations to join it in forming the Human Resource Consortium. Each organization sponsored a local CDC leader as one of its two representatives on the Consortium. The Consortium sought to promote best practices and information sharing within the five major areas of human resource development: recruitment and retention, compensation and benefits, career development, education and training, and human resource management (Glickman, Devance-Manzini, and DiGiovanna 2000; Devance-Manzini, Glickman, and DiGiovanna 2002).

Inspired by the Consortium’s work, the National Community Development Initiative, a consortium of 11 national community development funders, put its substantial resources behind the 1996 launch of the Human Capital Development Initiative (HCDI). A major infusion of money to the field followed, the first such effort intended to increase the human resources capacity of local organizations. Administered by the NCCED, the program included a number of national research and demonstration initiatives hosted by 12 community development support collaboratives.² HCDI provided the collaboratives with resources to analyze local human capital needs and experiment with a variety of interventions for improving human capital investment. HCDI supported a number of studies of salaries and benefits, as well as efforts by the collaboratives to improve compensation. The

salary studies helped educate the field, particularly its boards, leading to salaries that are more competitive and improvements in benefits due to group buying (Glickman, Devance-Manzini, and DiGiovanna 2000; Devance-Manzini, Glickman, and DiGiovanna 2002). Toward the end of the HCDI program, the NCCED began offering group purchasing of insurance products. After this rich history, the field must ask whether any of the above experiments led to improvement and innovation in the provision of benefits by CDCs.

ACADEMIC INQUIRY

Unfortunately, academic efforts to study the impact of benefits on improving CDCs do not provide much to examine. In one of the only academic studies of salaries and benefits in the community development field, Ban, Drahnak-Faller, and Towers (2002) found a nuanced set of issues that argues against simplistic analysis and solutions that rest on the availability of resources. Surveying 30 human service and community development organizations in Allegheny County, Pennsylvania, the authors looked at the “seriousness” of problems commonly reported by practitioners as they struggled to attract and keep staff because of low salaries and benefits. Respondents reported that their ability to pay comparable salaries and benefits lagged behind the private sector (and to a certain extent the public sector), but such a deficit did not prevent them from hiring their first choice in professionals at all levels of the organization. Practitioners reported that new employees predominantly based their decisions on motivations such as social change, working with communities, and finding a place in an organization that values their work. Moreover, the sample reported relatively low turnover related to other opportunities paying higher salaries and more benefits.³

Ban, Drahnak-Faller, and Towers conclude that executive directors in the sample probably had an accurate view of motivational factors superseding concerns for higher salaries and benefits. They did not have, however, an overall conception of how to create high-performance organizations. The executive directors reported that positive organizational culture and personal motivation attract and retain personnel, but they did not have the training to intentionally create such an environment.

The Ban, Drahnak-Faller, and Towers study presents one extreme of existing studies on salary and benefits. Applied studies also exist that calibrate and assess the impact of salary and benefits on CDC performance. We took some of the salary and benefits surveys generated during the HCDI and assessed the validity of the common hypoth-

esis that CDCs are not on par with other nonprofits regarding salaries and benefits. The data in these surveys do not lend themselves to the complexity and nuance found in the Ban, Drahnak-Faller, and Towers study, but they indicate that CDCs do not lag significantly behind other nonprofits in the quality of salary and benefits.

METHODOLOGY

This paper uses two sets of data to draw conclusions. The first set of data combines and summarizes (through content analysis) surveys of salary and benefits commissioned by five community development support collaboratives in Portland, Cleveland, El Paso, New Orleans, and Chicago. First, we establish a baseline and make some summary judgments regarding the effect of salary benefits on CDC organizational development as a class of organizations. We then match the five salary and benefits surveys of CDCs from the HCDCI project with data on the larger nonprofit community in those same cities to produce a simple aggregate analysis.⁴

Recognizing that five geographic cases might contain specific biases (such as the strength of the local CDC infrastructure and the age and size of component CDCs), we thought a broader survey of salary and benefits might yield more widely applicable findings. Therefore, from July to August of 2003, we fielded a nonrandom survey of CDC executive directors throughout the country.⁵ Using an existing list of more than 2,000 CDCs, we randomly selected a maximum number of three CDCs in any targeted locality. The survey is nonrandom in the sense that the original list was not generated in a random fashion and probably contains bias relating to size and organizational tenure.

Designed to take no more than 15 minutes, the survey asked for minimal demographic information before asking questions about the role of benefits. Of the 90 executive directors contacted through letters and e-mails, 75 agreed to participate, and we made appointments to contact the executives and administer the survey by phone. The derivative survey instrument used questions from a number of existing salary and benefits instruments. Responses were entered directly into a database for later analysis.⁶

DATA FROM THE COMMUNITY DEVELOPMENT SUPPORT COLLABORATIVES

The first stage of the analysis focused on comparing benefits structures using an assessment protocol that examines the following factors:

- Health/medical insurance (including the percent of employee and family medical coverage paid by the organization).
- Vision/dental insurance and pension/retirement plans (including the level of employer contribution).
- Long-term disability insurance, life insurance, and day care.

Using this protocol, we reviewed the related contents of each benefits survey and disaggregated responses into raw numbers. Table 1 presents the summary data.

Table 1. Summary Content Analysis of Support Collaborative Benefits Data

Benefits	Neighborhood Partnership Fund	Neighborhood Progress, Inc.	El Paso Collaborative for Community & Economic Development	New Orleans Neighborhood Development Collaborative	The Chicago Collaborative
	Portland, OR	Cleveland, OH	El Paso, TX	New Orleans, LA	Chicago, IL
	N=37	N=34	N=58	N=44	N=39
Health/Medical					
Yes	100%	91%	78%	59%	82%
No	0%	9%	22%	41%	18%
Employee Medical Insurance Paid by Organization					
All (100%)	88%	100%	n/a	n/a	n/a
None	0	n/a	n/a	n/a	n/a
Other %	12%	n/a	n/a	n/a	n/a
Employee & Family Medical Insurance Paid by Organization					
All (100%)	12.5	n/a	n/a	n/a	n/a
None	68.75	n/a	n/a	n/a	n/a
Other %	18.75	n/a	n/a	n/a	n/a
Vision					
Yes	68%	35%	31%	41%	41%
No	32%	65%	69%	59%	59%
Dental					
Yes	76%	56%	33%	34%	69%
No	24%	44%	67%	66%	31%
Pension					
Yes	97%	60%	40%	16%	49%
No	3%	40%	60%	84%	51%
Long-Term Disability Insurance					
Yes	32%	35%	35%	27%	46%
No	68%	65%	65%	73%	54%
Life Insurance					
Yes	35%	56%	41%	41%	62%
No	65%	44%	59%	59%	38%
Day Care					
Yes	n/a	n/a	n/a	9%	3%
No	n/a	n/a	n/a	91%	97%

n/a = not applicable.

The table indicates that, in aggregate, a *significant* majority of the composite survey CDCs provides health and medical, although noncomparable data make it impossible to determine if all the CDCs pay for the entire package. The Portland collaborative stood out, though: 88 percent of the CDCs paid for the full cost of health and medical. Roughly half of the organizations provide the rest of the basket of benefits except disability and day care, which most organizations do not provide.

We must interpret the table with care. The summary data capture only a binary choice, not the depth and quality of the benefits.

Examining all categories of benefits in Table 1, Cleveland, Chicago, and Portland stand out as high performers, with their CDCs offering strong salary and benefits packages. We interviewed the executive directors of those three collaboratives for an explanation of their relative strength in the analysis. All three pointed to the following factors:

- Long-standing programs to help CDCs gain access to information about instituting cost-effective benefits programs.
- Local efforts at collectively negotiating and buying benefits packages.
- The relative longevity of their CDCs—many have been around for 15 years or more, giving them the experience, credibility, and resources to do the more creative budgeting necessary to offer competitive benefits packages.
- A connection to larger organizations (such as a church or hospital) through which coverage may be available.

In summary, the CDCs in the collaboratives seem to offer much of the basic benefit packages that one would expect in any organization. Next we must determine if these general findings hold in our national survey of CDC directors.

A LIMITED NATIONAL SURVEY OF THE IMPACT OF SALARY AND BENEFITS IN CDC ORGANIZATIONS

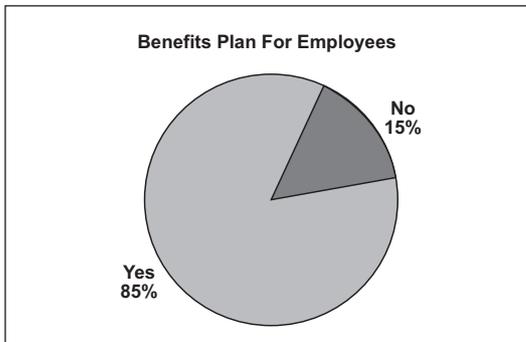
Table 2 gives some sense of the size and age of the sample used in our national survey (see the Appendix for a geographical breakdown of the CDCs). In terms of employees and budget, these are not large organizations. Most employ fewer than 10 people, have been in existence less than 10 years, and have annual budgets ranging from \$100,000 to \$500,000.

Table 2. National Survey of CDCs: Basic Profile

Full-Time Employees	(%)	Budget	(%)	Years of Operation	(%)
1-10	60	\$100,000-\$500,000	43	1-5	24
11-20	32	\$500,000-\$1 million	38	6-10	50
More than 20	8	More than \$1 million	19	11-20	20
				More than 20	6

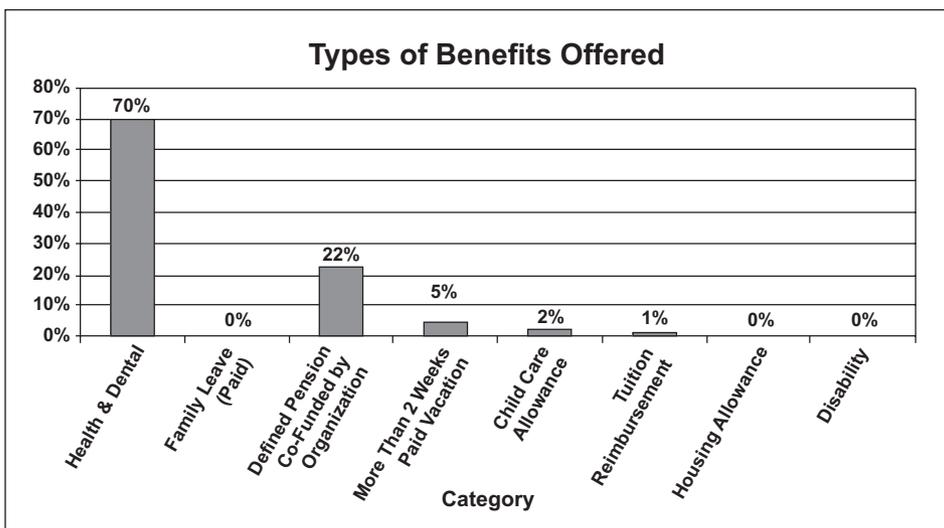
When asked if they have a clear benefits plan for full-time employees, most organizations said they do. In the context of the collaborative survey, this majority is not surprising, but it might not be expected given that the organizations in this sample are smaller and younger than the CDCs in the collaborative surveys.

Figure 1. Benefits Plan for Employees



Looking at Figure 1, one might cautiously conclude that the depth of benefits means more than the simple provision of those benefits. Figure 2 presents the types of benefits offered by CDCs. A *significant* majority provided medical and dental benefits, but provision of subsequent benefit types substantially declines. With only 22 percent of the executive directors reporting that the organization contributes to employee pension plans, retirement funding clearly remains an issue.

Figure 2. Types of Benefits Offered

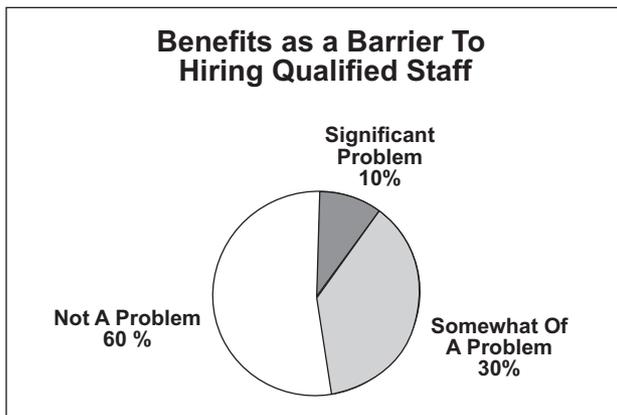


The level of benefits, though, does not seem to play a significant role in the executive director's ability to hire highly qualified staff (see Figure 3). Similarly, executive directors do not believe that the level of benefits hinders other CDCs in their community (Figure 4).

Figure 3. Ability To Hire Highly Qualified Employees Due to Benefits Package



Figure 4. Benefits as a Barrier to Hiring Qualified Staff.



SUMMARY

The data presented in this paper point to one clear heading: benefits do not represent the problem once perceived by community development practitioners and funders. CDCs provide a level of benefits comparable to their nonprofit colleagues. They have made significant progress on this issue over the past 10 years. Older surveys indicate that CDCs provided competitive medical benefits, but lagged dramatically

in providing pension plans (McNeely 1994, 2001; Audience Concepts and Charles W. Cammack Associates 1992). Even this finding, however, must be tempered by the fact that we do not possess empirical information on the depth of benefits provision. Except for rising costs to the organizations, we suspect that health and medical benefits do not form a barrier to attracting and retaining personnel. Not enough information exists, however, on the quality of long-term pension plans. The data from both the collaboratives and the national survey reveal that not many organizations provide funded pensions.

The lack of pensions does not seem to present a problem in hiring, but should stakeholders ask employees to ignore the lack of long-term pension plans that are staples in other sectors of the economy?⁷

On another note, the findings in this paper indicate that the most important motivators in the CDC field are mission and commitment, but we still do not have high-performance community development organizations that can harness employee commitment. The real question, then, is how to build healthy organizations that offer family-sustaining benefits while motivating and challenging their employees. Achieving this balance is a monumental step toward building high-impact, high-performance community development organizations.

Beyond comprehensive efforts to create high-performing organizations and improve the executive leadership of organizations in the field, a number of actions can continue to be performed on benefits at all levels of the field.

CDCs themselves should commit to providing competitive and equitable compensation in both salaries and benefits by reviewing their benefits package and, if needed, budgeting for improvement that bring them to standards commensurate with other nonprofits of similar size and budget. CDC board members and other stakeholders, including funders, must be involved in this review and discussion. Comparisons should be made to the following standards: What do nonprofits in the area provide? What benefits are offered by employers from whom CDCs would want to recruit or who actively recruit away CDC staff? This last question prompts us to keep in mind that CDCs compete with the private sector for certain positions (for example, loan underwriting, financial packaging of real estate, and property management).

CDCs should keep abreast of innovations in benefits improvement. Currently it appears to be in the area of pensions, but the next issues are long-term disability and daycare. Because being able to contribute to a tax-deferred 403(b) program represents a major employee benefit, CDCs should establish pension plans even if

they cannot contribute. Even these CDCs, however, should budget an employer contribution to the pension and set a goal of reaching a contribution of 6 percent over a period of years. A contribution of 2 percent should be considered the minimum. The goal may seem expensive, but a calculation demonstrates that 2 percent does not represent a large amount of money. For a CDC with six employees and a payroll of \$240,000 annually, a 2 percent pension contribution is only \$4,800.

CDCs can provide other inexpensive benefits. For example, a tuition reimbursement benefit helps an organization grow employees and creates an atmosphere of interest in each person that promotes retention. Intermediary organizations—whether local, regional, or national—that support CDCs also can play a role in building a better benefit structure by addressing compensation and benefits as part of their organizational development work. They can promote a standard for pension contribution by employers and help the CDCs educate their staff, board, and funders. Where intermediaries provide direct financial help, they can support adequate compensation in budgets.

To encourage a better understanding and easier adoption of plans, intermediaries and funding organizations might share information on their own benefit plans with CDCs and their boards. They can promote a nationally endorsed plan as an easy step to adopting some benefits and even help arrange group purchase or investigate group purchases for which CDCs are eligible. In a local community, it could be helpful to retain a benefits broker to help find plans or recommend a broker to CDCs so they do not have to do all the research themselves. Finally, by encouraging CDCs to gather data, or by actually gathering data and promoting their use, intermediaries can help move the dialogue beyond opinion-based decisions to evidenced-based practice.

Finally, funders can make compensation and benefits part of their grantee review discussion, signaling an interest in adequate compensation and benefits. They could amplify that signal through other means of encouraging equitable benefit plans. Foundations could share information on their own benefit plans and encourage data gathering and its use.

Benefits have become competitive in the CDC world. Despite this ostensibly good news, the field needs to maintain its focus on the full range of leadership development to create high-performing, healthy organizations that can attract and retain skilled and dedicated workers. There also should be continuing efforts to improve compensation and benefits, particularly in the area of pensions. Benefits represent real costs that must be routinely budgeted into the cost of doing business. These reasonable costs certainly are less expensive than hiring new staff and dealing with high turnover.

NOTES

¹ This research was principally supported by the Living Cities Milano Collaboration, a project funded by the Living Cities funders (<http://www.livingcities.org>) and hosted by the Robert J. Milano School of Management and Urban Policy at the New School University. In addition to their primary affiliations, the authors are senior researchers on the project.

² Community development support collaboratives are local and regional entities that aggregate financial (from local and sometimes national philanthropic organizations and banks) and technical support for a designated set of community development organizations. The community development organizations receive grant and technical support as part of an organizational development process that lasts anywhere from a 2-year cycle and beyond. Many of the salary and benefits studies were funded through the National Community Development Initiative and a Ford Foundation-sponsored effort to assess and improve human capital in the community development field. Called the Human Capital Development Initiative, it was hosted by the National Congress of Community Economic Development.

³ Much of the turnover in this sample is related to turnover of senior management. For example, a new executive director comes aboard and some employees decide that it is a good time to move on to other opportunities.

⁴ To date, there has been only one survey on compensation and benefit practices in the nonprofit world which disaggregated and compared the data for CDCs to the nonprofit general performance. That survey was conducted as part of HCIDI by a professional human resources organization for the Neighborhood Partnership Fund in Portland, Oregon in 2001. The survey covered 161 nonprofits in the State of Oregon, and separated for comparison 37 CDCs. In most benefits, the CDCs performed better than the nonprofit averages: more of them provided health benefits, covered a greater portion of the health benefits costs, provided a pension more frequently and gave a higher level of employer contributions to pension. The CDCs offered dental and eye care coverage on a par with nonprofits generally. They fell behind the nonprofit averages only in providing life and long-term disability insurance. There is no reason to suspect that the CDCs in Oregon are in a position relative to their fellow nonprofits different than CDCs in any other area of the country where there is a functioning funding collaborative like the Neighborhood Partnership Fund. See MLB Group, LLC report, "NPF 2001 Nonprofit Salary Survey," Portland, Oregon.

⁵ Research methods employed in this part of the study include survey interviews and content analyses using descriptive statistics. The data-gathering process took place December 2002 and January 2003. Executive directors at 17 support collaboratives were contacted by letter and phone regarding the proposed study and asked to supply the most current salary and benefits information available for their respective localities (such as municipality or state), as well as relevant human capital development-related documents (training manuals, program evaluations, and so forth). Six of the collaboratives sent material. Of those six collaboratives, five provided salary and benefits surveys that offered potentially meaningful comparisons between nonprofits and CDCs.

⁶ For the purposes of this paper, the survey results are meant to give timely, usable information that informs the dialogue on salary and benefits. In fall 2004 our colleagues at the Community Development Research Center at the Milano School expect to publish the results of an unbiased, random survey that includes detailed questions on the impact of salary and benefits on CDC organizations.

⁷ A recent survey by Flynn Research for The NonProfit Times reveals that a higher percentage of nonprofits (87 percent) offers pension plans than the Department of Labor reports for entities overall (50 percent). Many small for-profits offer benefits that are worse than those offered by nonprofits, but pension plans are a staple among larger companies.

APPENDIX: NUMBER OF RESPONDENTS BY CITY

City	Number of Respondents	City	Number of Respondents
Atlanta, GA	3	Los Angeles, CA	3
Baltimore, MD	2	Louisville, KY	3
Boston, MA	3	Memphis, TN	2
Bridgeport, CT	2	Miami, FL	3
Brooklyn, NY	3	Milwaukee, WI	2
Buffalo, NY	3	Minneapolis, MN	2
Charleston, SC	2	New Brunswick, NJ	3
Charlotte, NC	2	Newark, NJ	3
Chicago, IL	3	Philadelphia, PA	3
Dallas, TX	1	Providence, RI	3
Denver, CO	1	Richmond, VA	2
Detroit, MI	2	San Antonio, TX	1
Hartford, CT	2	Seattle, WA	2
Houston, TX	2	Washington, DC	3
Jackson, MS	3	Wilmington, DE	2
Kansas City, KS	1	Worcester, MA	1
Lexington, KY	1	Yonkers, NY	1
Total 75			

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LEARNING FROM ADVERSITY: THE CDC SCHOOL OF HARD KNOCKS

William M. Rohe, Rachel Bratt, and Protip Biswas

(This article originally appeared in the May/June 2003 issue of *Shelterforce*.)

When East Side Community Investments in Indianapolis experienced a financial crisis and ultimately failed, a clear wake-up call rang for all who care about community development corporations (CDCs) and the work they do.¹ East Side had been one of the biggest and most productive CDCs in the country.

Previous studies of CDCs focused on their rapid growth and success across the country. The time has come, however, to take a close look at the failures and learn from them. East Side Community Investments was not unique. Our research into CDC failure led us to examine more closely four other organizations that failed, or were forced to downsize, and to draw lessons from their experiences so that other CDCs might avoid their fate.

MILWAUKEE: COMMUNITY DEVELOPMENT CORPORATION OF WISCONSIN (CDCW)

In the late 1980s Milwaukee's leaders in both the public and private sectors saw a need for a large developer of affordable housing. CDCW came into being in 1989 to develop small- to medium-sized apartment complexes in the predominantly African-American Northside area. Northside has the highest poverty rate in the city and many older housing units in need of repair. Facing political pressure from the city (its major funder), CDCW also took on properties from other CDCs that had gone out of business. Many of these properties needed repair and had problem tenants and low occupancy rates. CDCW staff spent considerable time turning these developments around.

By 1997 CDCW had developed 21 separate housing projects with a total of 722 units and managed the property for its own and other developers' rental complexes. The organization had a staff of 25 and an annual operating budget of more than \$1 million.

Financial problems, however, also began to surface in 1997. For some time CDCW had been losing money on its property management operation; demand for housing

in the Northside area was soft, tenant screening was inadequate, and personnel problems increased. Unable to compete effectively with the higher salaries and better working conditions offered by private management companies, CDCW had trouble keeping competent management staff. The financial losses did not create an immediate crisis, however, because the organization covered the deficit with funds generated from its multifamily development work.

In 1998 changes in city policies affected CDCW's development activities. CDCW built its staff to rehabilitate multifamily developments using the Low-Income Housing Tax Credit (LIHTC) program, but the city decided to focus its resources instead on the purchase, rehabilitation, and resale of single-family homes. The city allowed neighborhood organizations to determine how to spend community development block grant funds in their areas, and these groups drastically reduced the funding for affordable housing. CDCW could not keep up with the rehabilitation of single-family units and had difficulty selling units once they were rehabilitated. This combination of problems severely reduced CDCW's operating income and the red ink began to spread.

CDCW belatedly sought assistance, but could not secure funding. City officials thought the organization was too far in debt and unlikely to overcome its problems. CDCW asked its lenders to restructure their loans, but without city support the lenders were unwilling to do so. In March 1999 CDCW filed for bankruptcy and closed its doors.

MINNEAPOLIS: WHITTIER HOUSING CORPORATION (WHC)

The Whittier Housing Corporation was an offshoot of the Whittier Alliance, created in 1978 to revitalize Minneapolis's Whittier neighborhood. For the next 12 years the Alliance pursued its mission by sponsoring a variety of neighborhood improvement activities, including buying and rehabilitating multifamily housing developments.

In 1990 the Whittier Alliance was chosen to participate in the Neighborhood Revitalization Program, which provides \$20 million a year for neighborhood development and improvement projects in Minneapolis. The Alliance developed a plan that provided additional affordable rental housing and social services for the area's lower income residents. Homeowners and private apartment owners got wind of the plan, however; they orchestrated a takeover of the Alliance and developed a plan that did not include rental housing. The new board had little interest in continuing to own and manage the multifamily properties the Alliance had developed

during the 1980s, so it established WHC as a separate organization, transferring the properties—7 leasehold cooperatives with 16 buildings and 158 units.

Many of these buildings needed further renovation. WHC sought assistance from the Interagency Stabilization Group (ISG), a consortium of the city's major funders of CDCs. The ISG, however, would not provide funding without seeing a stabilization plan; when WHC complied, the plan was judged inadequate. Eventually, the ISG provided some support, but not enough for extensive rehabilitation. WHC staff also had difficulty finding effective property management companies, and the buildings continued to decline. At its height WHC had a staff of three—a director, a co-op organizer, and a secretary—and contracted with private asset and property managers. In 2000, after a final attempt to secure additional equity investments from the National Equity Fund, WHC went out of business.

SOUTH DALLAS: OAK CLIFF DEVELOPMENT CORPORATION

In 1987 the housing outreach program of a local Lutheran church formed Oak Cliff Development Corporation (OCDC) in response to an overwhelming demand for affordable housing in the South Dallas area. Since its inception, OCDC has focused on developing homeownership projects for low- and middle-income families with support from the region's financial and philanthropic institutions. In 1993 OCDC was made administrator for the Dallas infill housing program, which enabled the organization to focus on new construction of single-family homes. With adequate administration fees for the expanded services provided by the contract, OCDC hired additional staff. At its peak, OCDC had eight full-time staff members.

Even as OCDC flourished, however, several experienced staff members moved on to better positions, leading to project delays. The organization also had to contend with vocal community opposition—accompanied by unfavorable media and political attention—to its Independence Park Project, a planned development of 112 new homes. The most significant factor leading to the organization's downsizing, however, was the loss of the infill housing contract and the subsequent reduction of OCDC's operating budget.

The city elected not to renew OCDC's infill housing program contract when it expired. Caught unprepared, OCDC unsuccessfully appealed the decision. During this time, holding costs and legal fees drained the organization's reserves. Housing production suffered greatly, cutting into OCDC's income from developer fees. OCDC also could not find alternate sources of operating support and had to reduce

its staff to an executive director and one part-time employee, greatly diminishing its production capacity.

PHILADELPHIA: ADVOCATE COMMUNITY DEVELOPMENT CORPORATION

Among Philadelphia's first CDCs, Advocate Community Development Corporation (ACDC) was founded in 1968. The organization, which completed its first housing project in 1971, also developed an area master plan that led to positive changes in public policy, including more financial resources for target neighborhoods. ACDC also undertook several larger housing projects and led a successful effort to designate the Diamond Street area the city's first historic district. By 1998 ACDC had completed 365 houses.

Throughout these years, the organization received widespread recognition for its work and was well supported by funders. Much of the organization's success came from the charismatic leadership of its founder, who served as president of the board of trustees until 1996. She was also de facto executive director; for most of her tenure ACDC did not have an executive director. During these years, the number of permanent staff members was kept to four or five. The organization relied on consultants and contract employees to supplement its staff.

ACDC began facing challenges when its founder developed health problems and could not devote the same time and energy to day-to-day activities. Staff members could not handle the complexities of development projects. After the founder resigned, the board found it difficult to provide leadership, especially after several other members resigned. Communication with funders suffered and ACDC lost much of its operating support, which led to staff layoffs. Several development projects stalled and became community eyesores.

ACDC struggled with the search for a new executive director. The first two choices did not work out, and illness cut short the tenure of the third. Development of new projects decreased, along with developer fees. Without adequate operating support, ACDC was forced to downsize its staff. Existing plans went unfinished, and for several years virtually no new projects were started.

DRAWING LESSONS

These four examples lead us to several suggestions for avoiding downsizing and failure.

- 1. Develop and periodically revise strategic plans.** Two major problems the downsized and failed CDCs faced were changes in local housing markets and city policies. Strategic planning can help anticipate and respond to such changes. In Milwaukee the weakening demand for housing in CDCW's target area was at least partially responsible for the unexpected turnover and vacancy rates in the organization's rental housing portfolio. Similarly, a soft rental market in the Whittier neighborhood in Minneapolis did not allow for the rent increases needed to cover rising maintenance and repair costs. CDCs need to read the market and position themselves to remain competitive.

Unanticipated changes in city policies also played an important role in the failures of CDCW and WHC and in the downsizing of ODCD in South Dallas. Strategic planning that assesses the political environment may help organizations anticipate, influence, and effectively respond to change. CDCs need to be involved in formulating, reviewing, and commenting on city policies that may affect them.

Strategic planning is neither cheap nor easy, and many CDCs will need financial support and technical assistance to implement this critical exercise.

- 2. Diversify activities, geographic areas served, clientele, and sources of funding.** CDCs must walk a fine line between diversification and specialization; a strategic plan should address how much it should do of each. Specialization requires a narrower range of staff expertise, which deepens with each new project, but which also makes an organization vulnerable to changes in funding priorities and community desires. Diversification makes an organization less vulnerable to those changes, but may lead to performance problems caused by a lack of staff expertise or financial resources. CDCs that failed or were downsized tended to have narrowly focused missions in terms of activities, geographic areas served, clientele served, and funding sources. For example, ODCD specialized in infill housing and WHC specialized in multifamily development. They had little to fall back on when local support for those activities evaporated.

In addition, CDCs that targeted small and/or homogeneous geographic areas were vulnerable to changes in market conditions in those areas. The units that CDCW and WHC owned and managed were concentrated in neighborhoods where the demand for housing decreased significantly. The CDCs could not raise rents to meet higher operating costs, and financial problems ensued. A larger, more diverse target area enables a CDC to diversify the location of its properties and reduces the organization's vulnerability to market weakness.

Housing very-low-income households typically requires deeper subsidies that are increasingly difficult to acquire, and CDCs that focus exclusively on such households may increase their financial vulnerability. In Minneapolis all of WHC's housing developments served very-low-income households that could not afford the rent increases necessary for proper building maintenance. A portfolio that includes housing for moderate-income households may provide enough revenues to cross-subsidize developments for very-low-income households and generate more community support.

CDCs that mostly rely on one funding source seem to be particularly vulnerable. Abrupt changes in the policies of city agencies, foundations, or other principal funders can leave CDCs with little time to find replacement funds. The CDCs in Milwaukee, Minneapolis, and Dallas all depended heavily on single sources of funding that left them in serious financial crises when that funding was interrupted. Diverse funding sources also provide CDCs more autonomy and some protection from the dictates of funders who want CDCs to adopt certain agendas or programs at the expense of local concerns.

The decision to diversify should be approached cautiously and involve both residents and the local CDC support community. Small CDCs just beginning to gain expertise in a given area may find that diversification is not possible or desirable. Becoming proficient in delivering or carrying out the group's core set of activities is important for all young CDCs. In addition, risks that may be associated with increased diversification may not be evident in our case studies; if not done carefully, and with sufficient resources, diversification may lead to poor performance and loss of funder or community support.

- 3. Work hard to earn and maintain the support of residents.** A lack of community support for various CDC activities proved an important factor in the failure or downsizing of three of the organizations studied. In Minneapolis vociferous community opposition to the Whittier Alliance's focus on rental housing for very-low-income households led to the "takeover" of the Alliance

and the creation of WHC. Similarly, OCDC's plan in Dallas for a new 122-unit subdivision of affordable homes generated considerable community resistance and contributed to the loss of city funding.

Board members and staff need to build support for CDC activities by opening dialogue with community residents, involving them in the review of proposed activities, and inviting them to join committees. The board should periodically convene general meetings with the larger community and hold social events in those areas in which the CDC is developing projects. CDCs also must ensure that the properties they own or manage are well run and maintained.

4. Pay more attention to training and retaining board members and staff.

In all four case studies, project development problems caused difficulties, including inaccurate financial projections leading to cost overruns, overly optimistic underwriting assumptions, inadequate cost control and accounting systems, and poor-quality construction. Within the four CDCs, property management problems also consistently appeared, including inadequate procedures to screen and evict tenants, inadequate property maintenance, and lack of social support services for tenants. Passive boards were another factor in organizational decline.

The CDCs may have avoided such problems if staff and board members had received periodic training to provide strategic leadership and set policy guidelines for staff. We need to understand why many staff and board members do not take advantage of national initiatives to increase CDC capacity and to ensure they receive the training they need. In particular, we may need to provide access to tailormade, onsite consulting help. Perhaps the most important type of needed assistance could come from outside experts who could work with a CDC's board or staff on a range of issues or help sort through issues with funders.

Many organizations found it difficult to retain experienced staff because city agencies and private sector companies pay substantially higher salaries. Organizations need to offer better staff salaries and benefits to increase retention, and they must plan for leadership transitions. Of course, public agencies and local and national nonprofit intermediaries can ensure competitive salaries and generally support CDCs by instituting programs that provide funds to cover core operating expenses. This support can be contingent on standards of productivity and professional competence.

- 5. Maintain frequent and open communication with support community and respond quickly to problems as they develop.** Communication problems played a large role in all four case studies: problems between executive directors and their boards, between executive directors and funders, and between executive directors and city officials or politicians. When CDCs undertake potentially controversial projects, they would be wise to inform and involve local political leaders early in the process. CDCs that rely heavily on support from local government should be particularly aware of this need.

Identifying and acknowledging problems as they arise also is important. CDCW management did not ask for help in addressing property management problems until the organization descended into deep financial trouble. Similarly, several of those interviewed in Minneapolis thought WHC should have dealt with its problems sooner and more decisively. Funders also should have stepped in sooner to provide the necessary support or find other organizations to take over the units.

The cases presented here signal some important warnings. Strategic planning that assesses the opportunities and threats in the local political and economic environment, and that assesses the organization's mission in light of changes, should be a standard practice among CDCs. Staff training and retention also help create effective and financially sound organizations. Ongoing communication with both the residents of the service area and funders also is critical to maintaining political and financial support. Finally, if CDCs do get into trouble, they must identify the problems quickly and reach out to their local CDC support communities for assistance. For their part, communities need to respond positively by helping CDCs work through problems so they can continue providing vital services to their communities.

NOTES

¹ See www.nhi.org/online/issues/104/steinbach.html.

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SECTION III
TRAINING AND CAPACITY

EDITOR'S NOTE

Training to build organizational and individual capacity is given special attention because it provides an obvious leverage point to address many of the organizational challenges facing community-based development. Although training is an important part of the community economic development system, we know so little about curriculum, who needs training, and who provides training. In addition, we need to emphasize the quality of training. Whether training is provided at community colleges or universities, or through training intermediaries or individual consultants, the quality of training is a defining factor in individual and field success.

THE LEADERSHIP CHALLENGE: CREATING AN ENDURING ORGANIZATION

Robert O. Zdenek and Carol Steinbach

(This article originally appeared in the November/December 2000 issue of *Shelterforce*.)

Managing a community development corporation (CDC) has never been easy. The task is even harder today. Competition for resources has intensified, and keeping talented staff is especially tough in today's tight job market.

Add to these longstanding CDC trials new organizational challenges. With the advent of the information age, the pace of commerce everywhere has accelerated. Precious little time exists for reflection or recovery from mistakes.

The demands on CDCs are growing, too. Being good at real estate development no longer is enough. To help residents take advantage of rising opportunities in a strong economy, many CDCs feel pressure to become involved in a broader range of unfamiliar activities more closely related to human services—including education and job training, job placement, child and elder care, and transportation to metropolitan counties with a surplus of jobs.

As CDCs mature from upstart organizations to enduring institutions in their neighborhoods, paying attention to management issues can make or break a CDC's ability to respond to these organizational challenges. No management component means more to success than leadership development. CDCs must create good leadership structures and nurture the appropriate kinds of leadership.

DISPERSING DECISIONMAKING

A visionary and entrepreneurial leader lies at the heart of the traditional CDC model—and in the early stage of a CDC's life, this type of leader often performs the best. He or she probably grew up or worked in the community, and often has the high drive and energy needed to catalyze change. CDCs thrive on that special quality of vision: the ability to look out at a block of blighted buildings and imagine a new employment center, a bookstore, or a health clinic. Many entrepreneurs micro-manage—but during an organization's formative stage, a hands-on approach can be a plus. Young CDCs need to complete projects to build a track record of success.

As a group begins to mature, gain expertise, and widen its community responsibilities, the traditional CDC leadership model sometimes becomes less effective. The entrepreneurial leader typically builds the organization around his or her specific relationships. These relationships become hard to sustain as the CDC's activities expand. Most entrepreneurs use a "command-and-control" leadership style—an approach that can be a drawback in today's "networked" economy, which places a premium on working collaboratively, forging alliances, and sharing information widely among many people who make decisions for the organization.

What leadership qualities should CDCs seek instead? The single most important is dispersion of leadership. Instead of a dominant director and perhaps a few leaders at the top of the organization who manage everyone else, CDCs should seek the creation of a guiding coalition (composed of staff, board, volunteers, and other stakeholders) whose members take personal responsibility for the CDC's results. In this new configuration, staff teams handle most projects and activities because they have the most knowledge, and ultimately can be held accountable to the particular constituency or project. The executive director does not delegate functions while maintaining overall project control. Instead, the team—staffed with people who can get the job done—takes responsibility.

TRAINING

More and more people believe that leaders are made, not born. A flat decisionmaking structure within a CDC functions as internal leadership training because more people become involved in decisionmaking. CDCs, however, must also focus explicitly on providing employees and volunteers with formal leadership and technical training and other leadership development support such as coaching or mentoring.

CDCs and their funders are starting to invest more in training and learning opportunities, primarily technical training. Increased training, however, is not enough. Technical training has an important place in developing leaders, but too often, a person with technical capabilities is promoted to a management and supervisory level without the needed management and leadership skills. Staff need continuing exposure to both technical training and leadership and management training, as do CDC boards.

CROSS-TRAINING

Any organization, from sports teams to Fortune 500 corporations, relies on versatility and depth. CDCs are no different. As CDCs expand, senior staff need to understand all parts of the organization. For example, workforce development and economic development staff need to communicate clearly and often to ensure CDC job training programs really help make individuals more employable and achieve job-creation objectives.

Such cross-training could be achieved by simply having one day per quarter when professional staff share their expertise. Business development staff could show human services personnel how to identify market opportunities or maximize revenue. Human services staff, in turn, could show business development staff how the services they provide help stabilize businesses by strengthening employees. Such cross-training helps ensure that all CDC knowledge is not lost should senior staff depart. It also encourages a more team-centered environment.

SUCCESSION

Even with dispersed leadership, the executive director's role remains vitally important. Most CDCs, however, do not have succession plans for directors, or for senior staff or their boards. Enough challenges arise when an executive director leaves. When the director and several senior staff depart, a CDC can literally face disaster without a succession plan. That scenario occurred at Eastside Community Investments in Indianapolis, when long-time president Dennis West resigned at the same time as major senior positions were vacant or filled with new staff who had limited knowledge or experience. Already facing serious problems, within a few weeks the CDC collapsed financially. (See <http://www.nhi.org/online/issues/104/steinbach.html>.)

Succession planning should always be in place for executive directors, as well as for senior management of larger CDCs, especially those with vice presidents, controllers, and major program directors. In many large organizations, replacing the executive director can take up to a year. A succession plan will identify and prepare another staff person to maintain the relationships and momentum of the CDC in the short term while the search for a new director commences. A succession plan should define the process and timeline for the search and recognize that a new executive might need a different set of skills than the previous one as the organization moves forward.

Succession planning also is important for boards. A sudden lack of leadership or continuity on the board is like a ship without a rudder. Someone needs to be ready to step in when a volunteer leader leaves. For a board chair, the vice-chair often can fill the role. Someone also needs to be prepared to take over from the treasurer, who maintains the fiduciary health of the organization. A learning curve faces any treasurer for a multifaceted CDC, and an assistant treasurer probably will perform better as interim treasurer than will someone who has been only a general board member.

LEADERSHIP FROM THE BOARD

In many CDCs, executive directors make strategic decisions, with input from the board. That equation should be reversed. Boards should do the strategic planning, with staff input. “Lots of organizations die from making poor strategic decisions,” says George Knight, former executive director of the Neighborhood Reinvestment Corporation. “Private companies fail from taking the wrong strategic path, too. Maybe even nations. That’s why strategic decisions should be the top concern of a CDC board.”

Community residents, business and civic leaders, and outside professionals typically compose CDC boards. While most board members provide valuable service—and some perform extraordinarily—the Achilles heel of many CDCs is their board of directors.

Sometimes boards conflict with staff or try to micromanage. Other boards ossify. Continuity can be a strength in managing an organization; but boards need turnover, too, to infuse new energy and ideas.

“As the CDC grows, the board needs to have the know-how to assist the executive director and bring sophistication to the policy decisions and monitoring of the corporation,” says Anita Miller, former director of the Comprehensive Community Revitalization Program initiative in the South Bronx. “The key is to keep adjusting.”

Most successful CDCs spend a great deal of time figuring out how to identify and solicit potential board members whose service could help the organization. “Our board members are carefully selected for their willingness to work,” says Jim Dickerson, founder of Manna, Inc., in Washington, D.C. “If a board member misses two meetings, he or she is subject to being replaced.”

CDCs use a variety of strategies to ensure a good mix of skills, tenure, and personalities on their boards. “We use a skills grid to decide who to put on our board,” says Dee Walsh of REACH Community Development in Portland, Oregon. As with many successful CDCs, REACH makes board training a high priority. “Board members have mentors and can take training courses each quarter in financial management, development and other community development and organizational essentials,” Walsh says.

INVEST IN ORGANIZATIONAL NEEDS

CDC funders shoulder much of the blame for poor management practices across the sector. They put their money into CDC projects, programs, and services instead of organizational development. As a result, the community development field tends to offer relatively poor salaries and benefit packages, limited training resources, and limited opportunities for professional development. These poor practices must change if CDCs are going to prosper in the 21st century. In today’s competitive environment, it is no longer smart or practical to continue making minimal investment in the human capital and organizational needs of CDCs.

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THE HISTORY AND FUTURE OF TRAINING AND EDUCATION FOR FAITH-BASED AND COMMUNITY DEVELOPMENT

Joseph McNeely

Training and education opportunities for faith-based and community organizations working to expand the social and economic capacity of low-income communities have been available for 40 years (Mott 2000).¹ This training, however, often has been short term and short-lived. Of the relatively stable programs, a few offer participants an opportunity to master a broad curriculum over a period of time, including a specific graduate degree in community economic development (Conservation Company 1997; Seedco 2001). This paper examines the evolution of these programs, draws some conclusions from the experience, and suggests issues for a research and policy development agenda.

Some definitions will focus this paper and establish a framework for analysis. Most of the terminology in this field is used equivocally or situationally by different institutions and providers. The paper will use the term *community development corporation* to encompass all faith-based and community organizations directly engaged in the process of housing and economic development on behalf of a specific geographic neighborhood or constituency to whom the organization is accountable and representative. These groups are part of the larger field of community development that includes public agencies, large nonprofit housing providers, financial institutions, private developers and foundations, and social investment institutions.²

THE TRAINING SYSTEM

The work of community development corporations (CDCs) has grown exponentially in the past 20 years. Their well-documented successes have led public and private policy to increasingly recognize their contributions as an important part of the community development system (Grogan and Proscio 2000). Despite the collective success of these organizations, the field continues to be composed of a large number of small, undercapitalized organizations (Vidal 1992). The training and education system supporting the human capital for these nonprofit small businesses itself suffers from fragmentation and undercapitalization. Few providers operate

more than one consistent training and education program. Those providers with multiple, consistent offerings face a constant struggle for funding. Beyond financial support for operating current programs, virtually none has capitalization for taking successful programs to scale or substantial program improvement and innovation such as distance learning (Conservation Company 1997; Seedco 2001).

Training and education serve as a means for developing and building organizational capacity in several ways. First, training and education help develop better management structures and professional styles for CDCs. They show CDC staff and boards how to plan strategically as well as systematically address their neighborhoods' needs. These management skills also help CDCs respond effectively to changing funding and neighborhood environments.

Second, training and education can help CDCs respond to the interdisciplinary nature of the CDC model. Faced with complex and labor-intensive work, staff and boards seldom have time to step back and look at the broader picture. Training and education programs provide them with an opportunity to develop or re-examine their vision of community development.

Most important, training and education help sustain CDCs over time by reaching the essential component of human resources. Training and education provide a systematic way to transfer skills and knowledge from one generation of leadership and staff to another. Thus, training and education programs also act as vehicles to professionalize the community development field. In summary, training and education programs support the long-term viability of both CDCs and the community development field.

In the discussion of training and education, this paper will distinguish between training, education, and technical assistance. Training encompasses short-term programs that impart information or build skills, generally offering only one session of modest duration (as little as an hour or as long as a week). In the community development context, training often supports the implementation of a new program or set of regulations. Training also may be used to build narrowly focused skills, such as a specialized accounting system for property or asset management. Educational programs last longer and focus on the transmission of discipline-based information, skill building, and, usually, some philosophical or values framework. Educational programs feature more comprehensive content than training programs and more extensive opportunities for learning and application. Education programs may be offered by academic or nonacademic organizations and are not necessarily accredited. Some discussions distinguish between educational programs requiring the

demonstration of proficiency to “graduate” and those simply requiring attendance and participation (Conservation Company 1997).³

Some adult education literature argues that the most effective mechanism for building skills and imparting complex information is a program combining several structured educational experiences spread over a finite period with the opportunity for practice and application between sessions. In addition, such a program should incorporate a high degree of participation by the students in setting goals, selecting content, and measuring progress. In general, methods of adult education recognize that participants themselves are a resource and exploit participant interaction and learner-driven initiatives (De Vita and Fleming 2001; Morgan, Ponticell, and Gordon 1996).

Distinct from training and education, technical assistance also builds the knowledge base and competence of individuals and the capacity of organizations. While education and training programs are provided to groups in a formal setting with a structured curriculum (objectives, course outline, materials, method of evaluation), technical assistance often is informal, individual, and responsive to the immediate situation of the individual or organization receiving it. Technical assistance may be fairly narrow or broad, and it may focus in the short or long term on projects, finance, management, organization development, or other topics (Kinsey, Raker, and Wagner 2003).

Some distinguish between technical assistance that builds the capacity of recipients and short-term work approximating the work of full-time staff. Often technical assistance is used for crisis intervention in a project or portfolio or as part of an audit of troubled assets and organizations.

TRAINING THE FIRST WAVE: THE ORIGINAL CDCs

In *Corrective Capitalism*, Neil Pierce and Carol Steinbach (1987) argue that CDCs evolved in three waves: an original group of the Ford Foundation and federally sponsored CDCs; a significant growth of development activity by community organizing groups in the 1970s and 1980s; and the movement of many direct service, constituency-based, and faith-based institutions into development activity in the late 1980s and 1990s. Here I will use the three time periods to discuss a sample of the development of training efforts and programs for CDC organizations and practitioners.

The first wave began with the original Ford Foundation and federally sponsored CDCs in the period from 1965 to 1975. An amendment to the Economic Opportunity Act in 1966 created the Special Impact Program (Title I; changed in 1972 to Title VII) to provide grants to CDCs. These CDCs were to focus on a special impact area, a specific target area qualified for the federal poverty program and usually already served by the education, health, and social services programs of the federal poverty effort. Only around 50 CDCs had implementation funding (Perry 1973).

To undertake this mission, the CDCs were given multiyear core operating support that would allow them to retain a highly qualified, experienced professional development staff, especially staff reflecting the ethnic character of the impact area. They were to use private sector techniques and private sector financing to buy and expand or create business ventures. These CDCs were given venture capital with “no strings attached” to invest in businesses and other development projects, as well as special access to federal programs (Perry 1973).⁴ This funding included support for creating a National Training Institute for Community Economic Development (NTICED), a government organization under the Office of Economic Opportunity created to train CDC practitioners and establish training and organizational development standards for CDCs receiving Title VII Special Impact funds. A companion corporation, the Center for Community Economic Development, provided information and research and maintained a library of books and documents related to the work of CDCs. NTICED first focused on training CDC boards of directors and later worked on comprehensive provision of staff training. Like many efforts, though, the loss of these organizations meant that stock knowledge and practice could not be preserved and built upon, so that subsequent training efforts had to start from the beginning.

Apart from training for the burgeoning CDC movement, many of the federal government’s Great Society programs paid considerable attention to training community volunteer leaders, new staff, paraprofessionals hired from the target communities, and Volunteers in Service to America (VISTA) volunteers. These programs helped train a significant number of community leaders who went on to manage many social programs and, in some cases, hold elective office.

Nongovernmental national centers and programs of religious denominations offered training in federal affordable housing programs to nonprofit sponsors and consultants.⁵ Through VISTA, the “War on Poverty” sought to enlist the American Institute of Architects (AIA), AIA members, and university schools of architecture and planning to help provide technical assistance and planning to poor communities. In addition, the oldest university-based advocacy planning organization in the country,

the Pratt Institute Center for Community and Environmental Development (PICCED), was established in 1963 to serve organizations struggling to address issues of urban deterioration and poverty. PICCED launched three interrelated program areas: technical assistance (consulting), training and education, and public policy analysis and advocacy. PICCED assistance to the Bedford Stuyvesant Planning Council led to the formation of the Bedford Stuyvesant Restoration Corporation—one of the first CDCs (Carlson and Martinez 1988).

As the “second wave” of CDCs grew in the seventies, more formal training programs evolved, in many of which the first wave CDCs participated. During the 1980s, budget cuts in social welfare and other public assistance programs dramatically impacted the community development field. In 1981, the Community Services Administration, which assumed the responsibility for programs formerly operated by the Office of Economic Opportunity, was dismantled, along with the National Training Institute. The few remaining resources, allocated through discretionary funds under the Department of Health and Human Services and through community service block grants, became more fragmented and limited. This increasingly restrictive funding environment had a detrimental effect on the original CDCs as they struggled to maintain their approach of integrating social service delivery with physical and commercial revitalization activities.

In terms of training, what did we learn from this initial period of social intervention and experimentation? In retrospect, a lack of examination limits what can be said regarding the efficacy and impact of education and training efforts between 1965 and 1977. We do know that education and training for community economic development evolved in much the same fashion as support for the larger field. In a time of perceived social crisis, funds flowed to support social change, but as the crisis abated, and competition for scarce resources increased, these resources declined sharply. The resulting deficit stymied a move to learn about the impact of community-based development organizations and building the capacity of the people leading them.

TRAINING THE SECOND WAVE: NEIGHBORHOOD ORGANIZING TO DEVELOPMENT

The neighborhood development organizations that constitute the second wave of CDCs arose in the mid-1970s. The CDC model started to resonate beyond core neighborhoods and communities characterized by high poverty. Many communities, including many ethnic communities, began to organize around neighborhood

revitalization, rehabilitation, community reinvestment, and neighborhood commercial revitalization (Carlson and Martinez 1988). Thousands of community groups fighting urban renewal plans, highway construction, private disinvestment, and property abandonment changed major public policy and brought private businesses to the bargaining table. Soon, many groups viewed developing and owning real estate and business ventures as the best method of institutionalizing their gains (Boyte 1980; Carlson and Martinez 1988).

Second-generation CDCs, however, did not have the resources enjoyed by the first-wave organizations, such as multiyear operating support, venture capital, or priority standing to get public subsidy for development. Gone were the program-specific federal grants directly from Washington to individual nonprofit organizations and communities. Nonetheless, their number grew (Carlson and Martinez 1988). Without flush support from the federal government and the foundation community, the emerging CDCs often could not hire staff with private sector development and management experience. National organizations such as the Center for Community Change and the National Center for Urban Ethnic Affairs served as intermediaries between large national foundations and emerging organizations. The national centers provided consultants, training programs, and seed money to help build organizations and, subsequently, to move some of those organizations into development (Carlson and Martinez 1988).

The Carter administration responded to the growing neighborhood movement by creating an Assistant Secretary for Neighborhoods at the U.S. Department of Housing and Urban Development (HUD). The Office of Neighborhood Development launched a \$5 million program of short-term training offerings through a diverse set of contractors and an information program covering the basics of community-based development coupled with 125 Neighborhood Self-Help Development Grants. Though it ended in 1981, the office helped many community and faith-based organizations take their first steps toward development.⁶

Several CDC directors for the early CDCs held senior posts in different agencies of the Carter administration, opening a variety of new resources to community-based developers. Despite its focus on neighborhoods, however, the Carter administration presided over the reduction or elimination of many programs targeted to the original CDCs. In some cases, those programs were opened to a larger number of organizations. The Reagan administration reversed those changes and further cut programs for communities.

Testimony to its mounting significance, the CDC movement continued to grow without large-scale help from the federal government. As the number of community development groups grew in the 1980s, so did the need for formal skill development programs that were more comprehensive and/or longer term than the short workshops offered previously.

In 1982, the Development Training Institute (DTI), then a division of Public/Private Ventures in Philadelphia, created the National Internship in Community Economic Development. The program was the first sustained comprehensive education program for executive leadership of CDCs.

DTI has been active in developing and providing training and education programs for community economic development (CED) practitioners. DTI's original program goal was described as "helping individuals and groups engaged in community economic development gain the technical skills to plan, finance and manage development projects in their neighborhoods." DTI has developed a wide variety of programs not only for CDCs but also for other CED actors, such as funders and banking institutions. The following summaries describe DTI's programs:

- **The National Internship in Community Economic Development.** DTI's oldest and largest program is an 8-month session in Baltimore providing training in finance, real estate and business venture development, strategic planning, and organizational effectiveness. The internship targets senior-level management staff—executive directors and senior development managers—in community-based development organizations.
- **The Project Development Training Program.** Designed to train community-based organizations with some experience in development, this program helps groups to successfully plan, finance, and manage their first project. The program consists of four workshop series, the delivery of direct technical assistance, and the availability of predevelopment funding and project financing. The Project Development Training Program usually is undertaken through local intermediaries, such as Community Development Partnerships, regional organizations serving CDCs, or local offices of national groups such as the Local Initiatives Support Corporation (LISC).
- **Training on Community Development Lending for Financial Institutions.** DTI developed this training to educate bankers and help improve their ability to develop coherent programs, practices, and systems for meeting their obligations under the Community Reinvestment Act. The

goal of the program is to increase bankers' participation in the community development lending process.

- **Organizational Management and Board Training.** DTI has developed training programs focusing on the organizational management of CDCs and the role and responsibility of CDC boards of directors. The training program, which is similar to the Project Development Program, is contracted by local or regional intermediaries.
- **CED Training for Foundation Program Staff.** This training program gives corporate and nonprofit foundation program staff a working knowledge of the community economic development field. The goal of the program is to improve the program officers' ability to design, evaluate, and revise foundation program policies in CEDs and evaluate CED projects and potential grantees. The 2-day workshop covers the evolution of CED, an overview of foundation approaches to CED, real estate development, housing development, business development, commercial real estate development, and some case practices.

It is worth noting that DTI remains the only national training intermediary, proving that mounting a sustained, high-quality training effort requires significant resources over time. Such resources have not been direct and continuous from philanthropy, the public sector, or the private sector. As a result, no other major effort to provide national training to the community economic development field has come forward.

Higher education also stepped in to meet the need for skill development with both short-term and comprehensive long-term training and education programs.

Southern New Hampshire University, then New Hampshire College, created the first dedicated master's degree in community economic development in a university.⁷ The Pratt Institute in Brooklyn, New York, supplemented its highly regarded technical assistance to neighborhood organizations with a formal 1-year program based on and jointly designed with the Development Training Institute's National Internship in Community Economic Development. These education and training efforts, however, are very expensive and rely in large measure on grants from the philanthropic world. One recent assessment of these programs shows how they struggle severely to keep their offerings going, and some have even shut down. Unless community economic development education is added to the regular curriculum of planning and other disciplines such as management and law, internship-based programs will have difficulty sustaining themselves (Seedco 2001).

The late 1980s saw a number of locally sponsored training programs initiated by state associations, community development partnerships, and national intermediaries working with their local offices (and DTI), CDCs, or affordable housing providers. With some exception, most of these training programs focused on completing real-estate projects. While the field needs competent real estate developers and managers, helping these community-based organizations grow their internal strength and governance structure also is important. Many different institutions in the CED field now realize the importance of organizational development and human capital development as the field faces mounting challenges, such as limited scale and impact. The knowledge base, however, on how to build strong community-based organizations remains limited. Even if our knowledge base was on solid footing, however, resource providers may not direct continuing support toward building human capital and organizations.

TRAINING THE THIRD WAVE: DIVERSIFICATION IN THE 1990s

Observing the success of the first two waves of CDCs and responding to the growing recognition of CDCs in the late 1980s by government and private funding sources, many organizations without a geographic base decided to incorporate development techniques into their program activity. Faith-based institutions and social service organizations, such as centers serving youth or the homeless, saw business development as an opportunity to generate income and job experience. Constituency-based organizations, such as those serving immigrants, the homeless, and women's groups, saw economic development as an avenue to help their constituents. All of these organizations recognized the challenge to their constituents of finding affordable adequate shelter and regarded the success of CDCs in rental housing as a model for new program activity.

DTI, the Neighborhood Reinvestment Corporation, LISC, and The Enterprise Foundation had started new training programs for emerging organizations during the second wave. These flourishing programs became a major training support for third-wave organizations entering development for the first time in the 1990s. New private resources, however, did not enter the system. Instead HUD's new HOME program became the major new source of expansion capital for training and education. In 1995, HUD announced the first request for proposal for technical assistance and training under funds provided by the HOME program and the specific funds set aside for Comprehensive Housing Development Organizations. That funding and other major changes in the industry spawned both proliferation and specialization of training and education.

PROLIFERATION

The significant resources brought to education and training by the HOME program ushered in a “new era.” Many of the earlier local and national programs received infusions of HUD resources or expanded their offerings. While welcomed, the field (and specifically HUD) should not have let the moment pass to elevate and track carefully the performance of training organizations. Such tracking would have been somewhat difficult until we solved the complex issue of which competencies and what type of training and education produce the best community economic development practitioners. HUD could have used this key opportunity to establish and highlight innovative training providers. A recent GAO study of the HOME technical assistance program noted the success of individual providers to produce desired outcome but the lack of an overall program framework in HUD for defining and then evaluating the success of the total program (General Accounting Office 2003).

On a limited scale, a knowledge-building exercise has been going on for the past 7 years. The National Community Development Initiative (NCDD), a collaboration of HUD, foundations, and financial institutions pooling their funds to support CDCs through Enterprise and LISC, created a special Human Capital Development Initiative (HCDI) to respond to the demands of the field for building human capital and supporting groundbreaking research work. NCDI allocated \$8 million and housed the initiative at the National Congress of Community Economic Development. The vast majority of the funding provided grants for human capital initiatives to local Community Development Partnerships. Six of the 13 demonstration sites in HCDI created training and education programs. Their local sponsors have now continued several of these initiatives, even though HCDI is no longer a feature of NCDI (Glickman 2003).

Higher education, often encouraged by HUD, has expanded its role.⁸ As documented by Brophy and Shabecoff (2001), 176 programs, specializations, and degrees at colleges and universities help prepare individuals for jobs in community development. Most are graduate degree programs offering some opportunity for specialization. Since many of the programs are modifications in longstanding degree programs in business, planning, social work, public administration, and public policy, it is difficult to date the evolution of these programs. The HUD Office of University Partnerships database and the Brophy and Shabecoff (2001) Appendix offer ample information on the programs and their availability. A few offer a full degree in community economic development, such as Southern New Hampshire University, Eastern University in Pennsylvania, or Los Angeles Trade-Technical College. Some offer a specialization within a more generic degree, such as the Pratt Institute, Cleveland

State, UCLA, or University of North Carolina. Most offer a course or two as an elective within a graduate program, such as the University of Maryland, University of North Carolina, and Case Western Reserve. In all cases in which these degree programs have survived and thrived, they are an integral part of the intellectual life and course offerings by their departments and schools (Seedco 2001).

SPECIALIZATION

In addition to the growth and proliferation of the earlier types of programs for emerging and moderately successful development organizations, the 1990s saw an increase of specialization for advanced or mature groups. Some specialized training drilled down into narrow topics, such as property management, that had been a shorter part of more comprehensive programs. Other specialized training expanded beyond earlier boundaries, looking for more comprehensive approaches to community development. Still other specializations focused on particular sets of partner organizations such as banking institutions.

For example, in 1990 the Association for Neighborhood and Housing Development (ANHD), a 20-year-old umbrella organization of 82 New York City nonprofit housing developers and operators and community organizing groups, created an extended education program leading to a certificate in apartment management. A collaboration of banks that lent to ANHD members operated the training and provided the funding.

The Enterprise Foundation, LISC, and the Neighborhood Reinvestment Corporation also responded to the need of the groups successful enough to be overwhelmed by the burden of managing a considerable stock of rental housing. They joined forces to create the Consortium for Housing and Asset Management (CHAM). After extensive planning and some short programs, CHAM began offering two certifications in 1999: the Nonprofit Housing Management Specialist and later the Certified Housing Asset Manager.

CONCLUSION

A substantial number of training and education programs now serve CDCs. By most reports, however, they meet only a portion of the training, education, and human capital development needs of the field. Brophy and Shabecoff (2001) identified 176 academic programs offering at least one course. Mayer (2003), in the first structured

cross-program comparison of academic and nonacademic training and education for CDCs, estimates attendance at a variety of sessions at 25,000 in 2002 (allowing that some of the same people probably attended more than one session). Most of the offerings are short-term trainings. In addition, the number of comprehensive programs grew only marginally in the last 20 years, during which the number of CDCs quadrupled and the largest, most successful CDCs expanded dramatically.⁹

We have learned much over the last 40 years about *how* to provide training and successful comprehensive education that leads to high-quality skill enhancement, increases in housing and other production, and improvements in genuine organizational and community leadership development. The two longitudinal surveys that exist indicate a high correlation between comprehensive training and success in the field (Kirkpatrick 1998). But we still need to know more.

Mayer (2003) identifies the dramatic level of success of the nonacademic programs in producing participants who find and stay in jobs in CDCs compared to the academic programs. Nonacademic programs, however, are vulnerable regarding long-term funding. A notable exception is the Neighborhood Reinvestment Institutes with their substantial annual federal funding. Either federal funding needs to be dedicated to some of the other programs or there needs to be experimentation with alternative financial stabilization models that will ensure the long-term availability of these programs so clearly needed in the field (Seedco 2001).

POLICY RECOMMENDATION: SUPPORT FOR EDUCATION

Among federal agencies, HUD is notable for its low level of support for education for critical workforce elements. The Department of Education supports teacher education. Health and Human Services supports social work education. The Public Health Service supports nursing education. HUD has only a small program supporting work-study students in planning. Because HUD depends on a well-educated workforce at the local level to administer its programs, the Department should increase its investment in professional education, not just training. What are the appropriate policy frameworks, mechanisms, and administrative structures for such financial support? What is the case, both in policy research and politically, for that investment? Should the investment be made by HUD alone or in collaboration with private philanthropy, academic institutions, or others? These questions should have a fair hearing and be resolved or rejected on their merits. The status quo, though, continues to ignore the ever-increasing supply of those willing to work in community economic development coupled with an almost random access to the tools that would make them competent professionals.

POLICY RECOMMENDATION: DEFINE CAPACITY BUILDING

Only minimal research exists in the identification of critical indexes of community development capacity and measures for grading the effect of different investments. Apart from specific program evaluation, the last theoretical work completed under HUD's Office of Policy Development and Research funding was conducted by the Urban Institute in 1978 (Mayer and Blake 1978). More recently, Norman Glickman and his associates have published a widely regarded framework for specifying capacity-building objectives (Glickman and Servon 1999). Walker uses other measures in evaluating NCDI (Walker and Weinheimer 1998; Walker 2002). The HUD headquarters CPD technical assistance office is working to establish a common evaluation framework for capacity building by providers under technical assistance in the HOME program. A recent General Accounting Office (GAO) report (2003) on technical assistance and Section 4 of the Community Development Block Grant also addressed the need for a better evaluation framework for capacity building on the part of HUD. The GAO report commented that individual providers of capacity building often have rich and well-structured evaluation mechanisms for their individual activity, but that HUD lacks an overall framework for evaluating whether the Department is getting what it needs and intends through its dispersed capacity-building efforts.

Very little research specifically focuses on the effect of capacity building (even when well defined) on program goals, such as housing production and neighborhood impact. The absence of that evidence makes it even harder to make the case for training and education or to track specific differences that have allowed a better selection among or improvement in training and education programs (Lamore et al. 2003).

POLICY RECOMMENDATION: SUPPORT LONGITUDINAL EVALUATIONS

Like most academic institutions, training and education programs can demonstrate the achievement of specific education objectives by participants. They also can collect and report the evaluation of their program by participants. These evaluation data might be considered immediate *outputs* of the training and education programs. Many education programs also have documented the application of program gains by participants to organizations and programs in their communities, thereby identifying *outcomes* that result from the outputs of the programs. The degree of causality cannot be objectively established but must rely on the report of the participants. The degree of specificity in the participant report of the connection between elements of the program and specific outcomes in the application is one indicator of the strength of the data. Many sponsors of education and training,

however, are interested in the long-term impact of substantial investments in education on community development goals, such as transformation of target neighborhoods. These impacts are only achieved over a long period of time and are less subject to an acid test of causality.

Longitudinal studies, however, are rare and, to the extent they exist, highly focused. Sociometric data collection, ethnographic field observation, and case studies are appropriate methods to incorporate in the longitudinal study. Mayer (2003), for example, notes that only the Development Training Institute (DTI) and Southern New Hampshire University have attempted longitudinal studies of their past participants on the issue of longevity in the field. Longitudinal studies are useful to investors who supported the educational programs with the hope of building talent that would stay in community development for long periods.

POLICY RECOMMENDATION: CREATE A FRAMEWORK FOR CROSS-PROGRAM CREDENTIALING

The field needs a method of common credentialing so that participants can cross-matriculate at academic and nonacademic programs and achieve some recognized universal credential. One method of cross-certification would be to anchor program offerings to a set of competencies required by various jobs in the field, and having each of the institutions (or some common body) identify their offerings that pertain to a particular competency. Participants cross-matriculating could then build a competency resume.

To make the cross-program credential valuable, employers also would have to recognize the validity of the competency resume. A related piece of research, therefore, is to cross-tabulate the competencies with key jobs in different fields that are related to community development. A framework for that research is presented by the cross-tabulation of jobs to institutional settings found in Brophy and Shabecoff (2001). Some level of study of core competencies might be necessary. To date, only one formal competency study in the field exists, and that study looked at coordinators of collaborations for comprehensive community building (Development Training Institute 2000).

POLICY RECOMMENDATION: MAKE ACADEMIA PRACTICAL

Mayer (2003) reports the significant underachievement of academic programs in producing graduates who find jobs among the CDCs. Both participants and employers reported that graduates lack the particular skills needed to work within CDCs at the level the CDCs were willing to hire the graduates. In most cases, even where

participants in academic programs wanted to work in CDCs, academic graduates moved disproportionately to the public sector. If academic programs are to become a reliable source of new talent for CDCs, further research is needed on better defining the deficits and identifying alternative remediation measures.

It is especially critical that community colleges are allotted a higher level of involvement in training and education since community and economic development is a significant feature of their overall mission. Some funding for such research might be offered under HUD's Community Outreach Partnership Center program.

POLICY RECOMMENDATION: INCREASE ATTENTION TO PEOPLE OF COLOR

Mayer (2003) identifies deficits in existing programs for specific ethnic groups, most particularly Latinos and Asian-Americans/Pacific Islanders. Others have noted the disproportionate absence of African-Americans in senior positions in intermediary and funding organizations in the community development field. Better documentation is needed of the demographic facts and dynamic analysis of underlying causes so that appropriate remediation might be designed, demonstrated, and implemented.

POLICY RECOMMENDATION: PROMOTE THE FIELD

Investigators in the field constantly report that employers complain about the small supply of talent (Vidal 1992; McNeely 1995; Brophy and Shabecoff 2001). People who would like to work in CDCs complain of the inability to find a job. There needs to be some investigation, testing, and careful tracking and evaluation of alternatives for promoting the field and its access point to the potential supply lines of new talent, like undergraduate and graduate departments in academic institutions. Perhaps some bridge mechanisms or employer education might help overcome the gap.

POLICY RECOMMENDATION: FOCUS ON HUMAN CAPITAL DEVELOPMENT

In 1992, the Senate Appropriations Committee took the initiative to fund an analysis and create a human capital development plan for the field by designating resources within the budget of the Neighborhood Reinvestment Corporation for a joint venture with the DTI. After completing a field-wide analysis, they organized the Human Resources Consortium representing 14 major organizations in the CDC

field, both national and regional. The report *Human Capital for the Year 2000* (McNeely 1995) captured the research and the work of that group. The Consortium initiated several programs: a common pension for the field; an Internet-based job and resume posting service; a collection of human resource management tools; a practitioner-oriented, real-time database of training in the field; and regular news features on human capital.

Subsequently, the National Community Development Initiative, in which HUD participates, invested \$8 million dollars in a multiyear human capital demonstration program operated by the National Congress of Community Economic Development. The final evaluation and closing report on the demonstration was done by Rutgers University and published in 2003 (Devance-Manzini, Glickman, and DiGiovanna 2002). The large Human Capital Development initiative has been replaced by a smaller research and development effort by NCDI (now called Living Cities) at the New School Milano Center in New York. The investment, however, is small compared to the need for ongoing work in stimulating human capital investments. Supporters of the community development field, including foundations and HUD, should aggressively fund research on human capital needs, demonstration of human capital interventions, and dissemination of best practices in human capital investment and human resource management in the CDC.

APPENDIX. CHRONOLOGY OF SOME FORMAL TRAINING PROGRAMS FOR FAITH-BASED AND COMMUNITY DEVELOPMENT

1963	Office of Economic Opportunity, the War on Poverty Training
1963-Present	Pratt Institute Center
1972	National Training Institute in Community Economic Development (NTICED)
1971-75	National Council for Equal Business Opportunity (NCBO): Economic development internships
1978-86	Neighborhood Reinvestment Director Training
1978-81	HUD Office of Neighborhood Development
1978-Present	Community Economic Development Assistance Corporation (CEDAC)
1977-Present	Chicago Rehab Network
1978-Present	National Development Council (NDC) Economic Development Finance Program
1980-81	NTICED Master's
1981-92	Development Training Institute (DTI): National Internship in Community Economic Development
1983-90	DTI-NFG Foundation Training in Community Economic Development
1982-Present	Southern New Hampshire University (formerly New Hampshire College): Master's Degree in Community Economic Development
1983-2001	Tufts Summer Community Economic Development Institute
1985-95	Pratt Internship in Community Economic Development
1985-92	MIT Minority Developers Program
1985-Present	DTI Project Development Program (PDP)
1987-Present	Neighborhood Reinvestment Institute
1987	LISC Bay Area PDP
1988-Present	LISC Expanded Training

BUILDING THE ORGANIZATIONS THAT BUILD COMMUNITIES

1989-Present	The Enterprise Foundation Rehab Workgroup & Training Department
1990-Present	ANHD Apartment Managers Training
1990-Present	New Jersey Affordable Housing Network Housing Development Program
1990-93	North Carolina Association of CDCs, Community Development Training Program
1994-Present	National Community Development Lending School
1995-Present	HUD HOME/CHDO Funded Training
1995-Present	NDC Housing Finance Training
1995-Present	Neighborhood Reinvestment Community Leadership Institutes
1995-99	DTI Leadership and Management Program (LAMP)
1996-Present	Atlanta Neighborhood Development Partnership Certificate
1997-2000	HCDI (Human Capital Development Initiative) of the National Community Development Initiative (NCDI)
1997-Present	DTI Bank of America Leadership Academy
1998-Present	Proliferation of University and College Programs
1998-Present	Southern New Hampshire University Ph.D.
1998-Present	HUD Section IV Capacity Building
1998-2002	US Treasury Community Development Finance Institutions (CDFI) Training
1999-Present	Consortium for Housing and Asset Management (CHAM) Management Training
2002	Neighborhood Reinvestment Advanced Practitioners Program

NOTES

¹ The author is the founder and president of the Development Training Institute, the only national training organization operating in the community economic development field. He has participated in the development of the community economic development field from his role as a CDC director to the assistant secretary of the U.S. Department of Housing and Urban Development.

² CDCs are distinguished from community-based planning and citizen participation organizations by their direct engagement in the sponsorship, development, and management of housing, commercial real estate, business ventures, and loan funds. They may undertake community organizing, youth and family services, education, health, or arts and culture activity in addition to their development work.

³ Training may be rendered in person or through distance learning via printed materials, audio and video reproduction, cable and satellite TV, or computer-based applications using CDs and/or the Internet. Educational programs may also incorporate distance learning, but almost always require regular face-to-face contact between participants and “faculty” or content experts.

⁴ The program was changed in the late 1970s to project-specific, annual competition open to all community- and faith-based organizations. It currently is administered by the Department of Health and Human Services.

⁵ The Health and Human Services Office of Community Services still offers training programs for some of the federal programs that remain, including Community Action and the successor to the CDC funding program.

⁶ Not all of the activity at this time happened at the national level or through federal agencies. In 1978, the Commonwealth of Massachusetts created the Community Economic Development Assistance Corporation (CEDAC) to serve organizations funded by the Commonwealth’s new community economic development funding program. CEDAC began providing technical assistance, predevelopment lending, and consulting services to nonprofit community economic development organizations. Today, CEDAC has added services to groups involved in housing development, workforce development, neighborhood economic development, and child-care facilities. These organizations include community or neighborhood development corporations, nonprofit developers, and tenants’ associations (<http://www.cedac.org>).

At the city level, the Chicago Rehab Network (CRN), one of the nation's first city-wide coalitions of neighborhood-based nonprofit housing organizations, was founded in 1977 to create and preserve affordable housing in Chicago and the region through research, publications, policy and advocacy, training, and technical assistance (<http://www.chicagorehab.org>). After years of offering short-term training programs, in 2000 the Chicago Rehab Network and the College of Urban Planning and Public Affairs at the University of Illinois at Chicago began offering a comprehensive educational program, the Urban Developers certificate (<http://www.uic.edu/cuppa/gci/programs/profed/udp/index.htm>).

⁷http://www.snhu.edu/Home_Page/Academics/General_Info/School_of_Business/MSCEDNWP.html.

⁸ <http://www.hud.gov/progdesc/copc.cfm>.

⁹ No census of organizations as defined for this paper exists. Existing surveys define the groups to be counted differently. The NCCED survey uses a narrow definition of CDCs and relies on voluntary mail back. They count 3,000. On the other hand, HUD has a list of 3,000 CHODs, 2,700 of which have been funded.

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URBAN MINISTRY TRAINING AND CAPACITY-BUILDING PROGRAMS OF FAITH-BASED ORGANIZATIONS

David J. Frenchak

This paper presents an overview of the history of training opportunities for urban ministry from the mid-1960s to the present time for individuals preparing for ministry within the Christian faith, specifically the Protestant tradition. The reader will get a big picture of Christian faith-based training opportunities during this time, some of which continue today. The paper also enables the reader to appreciate the shifting focus and direction that faces organizations, churches, and individuals seeking to prepare for urban ministry. Two characteristics of this shift immediately stand out. First, we see a significant emphasis on developing leaders who know how to become effective agents of change in communities with heavy concentrations of people, diversity, and issues. Second, we see an emphasis placed on community building and community development as part of urban ministry.

The programs identified by name in this paper serve only to illustrate its points, with apologies to the many fine training programs that might serve as equally credible examples. One outcome of this paper might very well be identifying the need for research that could create a credible list and clearinghouse for the multiple constructive efforts at faith-based training presently under way. Such a list would be a valuable resource to community development efforts seeking to further develop their leadership potential, and also that of others, around the complex environment of the city.

While highlighting the educational and training options of the past 40 years, this paper will provide a framework to aid individuals seeking to expand their understanding of leadership that responds to the ever-changing environment of our urban world. This short paper concludes with a brief suggestion that an opportunity exists to do some “out-of-the-box” thinking about the development of a faith-based training process that respects the definition of collaborative learning and community building.

Historically, training for urban ministry has been outside the well-established seminary and official academic leadership development programs of most Protestant denominations. Such limited opportunity for education and training for urban min-

istry remains true today. With few exceptions, urban ministry and urban ministry training receive, at best, only very limited resources from the ecclesiastical system. Preparing for urban ministry is most often seen as “specialized ministry;” therefore, opportunities for faith-based education and training stand apart from and often are outside of the established faith-based educational system.

Because urban ministry and community development education and training programs are successfully marginalized, many of these education and training programs are underfunded, resulting in a pattern of urban ministry training programs becoming transient and existing for only a limited time.

Urban ministry frequently involves a working relationship with segments of our society who have been marginalized politically, socially, and economically. Education and training for urban ministry shares this marginalization. While such a conclusion may warrant further analysis, we do no favor to the church, to its educational programs, or to the religious systems they serve by allowing this perspective. We now live in an urban society that requires those doing ministry anywhere, whether professional or lay, to understand the dynamics and dimensions of the contemporary urban environment. If the church desires to grow and keep pace with the present growth patterns of our world, then urban ministry and community development should be central to denominational and faith-based institutions of education and training at both the undergraduate and graduate levels.

This paper takes some generalized looks at faith-based training options that have been available to the church and to individuals over the past 40 years. Divided into four sections, it begins with the response of the organized church to the demographic changes and social dynamics that occurred in cities in the late 1960s to the mid-1970s and the rapid development and decline of action-training centers around North America. Following close on the heels of the decline of these centers, a number of seminary programs emerged, designed to give students not only exposure to the city but also a theoretical basis for thinking critically and strategically about cities, as well as training in the skills to conduct effective ministry in an urban environment. The third section focuses on community organizing that seems parallel to the action-training centers and the seminary programs. Much of the community-organizer training focused particularly on the faith-based community. The fourth section brings us closer to our immediate time, enabling us to see the shift in focus. The further away in time we get from the crisis epitomized by the burning cities of the 1960s, the more strategic becomes the thinking and direction in urban ministry. Issue-orientation programs and service-provision programs give way to a more holistic approach that emphasizes community development. Many faith-

based educational and training programs for urban ministry in the 1980s and 1990s reflect this type of shift. In some cases, education played an instrumental role in developing the thinking behind the shift, particularly about the role of the church in community.

EXPOSURE/ORIENTATION

The 1960s proved to be a critical period in the history of the United States in recognizing and addressing the complexities of modern city life, particularly the issues of racial division and poverty. Throughout this period, urban centers experienced unprecedented levels of unrest and revolt. For many, the eruption of violence in major metropolitan cities made it clear that the problems associated with the social, political, and economic inequalities among the races could no longer be ignored as they had been in the past. As the civil rights movement moved into full swing, powered for the most part by African-American church leaders, the churches and seminaries of White Protestant denominations recognized a need to develop new tactics and strategies to educate their clergy and laity for mission and nurture in inner cities. These religious institutions recognized that they were “called upon not only to contribute to change in others, but to change themselves as well,” and so set about developing a kind of training distinct from that which had come before (Younger 1987, 2).

One important methodology shared by many of the theological educational programs that developed during this period was the practice of learning through “action/reflection.” Focusing on education through experience, many of the programs assigned great importance to their students’ developing an understanding rooted in and followed by personal engagement. According to Clinton Stockwell, “Before we move to the ‘world as it should be,’ we must understand ‘the world as it is’” (Stockwell 1994).

The importance of active experience for these clergy and lay folks can be traced largely to the population distribution at this time. Following World War II, many major cities experienced a significant population shift, as Whites (along with their churches and institutions) moved out to the suburbs and southern African Americans and Hispanics migrated into the inner cities. For the White and/or middle-class students who wanted to minister in urban environments, it was therefore a crucial first step to witness and identify with a reality very different than their own. In his analysis of the religious training programs of this period, George D. Younger identifies this level of involvement as “Orientation—exposing the training

group to information about urban society, racism, Afro-American history or other subject areas in which they had little previous experience.” While this initial level of involvement was considered primary to the education process, the goal was to eventually move beyond orientation to analysis and the cultivation of concrete skills relevant to the specific problems of the city. The extent to which programs realized this goal varied, and oftentimes participants did not move far beyond the exposure and orientation phase (Younger 1987).

A specific example of the “action/reflection” theological education that emerged from the ferment of this time can be seen in the action-training centers that developed in major cities around the country. The first of these centers, known as the Urban Training Center for Christian Mission (UTC), was established in a West Side ghetto of Chicago in 1963. Inspired by a proposal of Donald L. Benedict to the National Council of Churches for developing an ecumenical training center, UTC’s purpose was “to explore and communicate the relationship of the Christian faith to the urban industrial society, in order that the church as the carrier of the Gospel may find renewal in our generation.” Among the action-training centers, UTC had the largest budget, staff, and number of trainees. In addition, it generated the most widespread publicity and acted as a key consultant and resource for the other emerging training centers (Younger 1987).

A program known as “the plunge” most vividly illustrates UTC’s commitment to experiential learning. Participants would live on the streets for days at a time, dressed in shabby clothing and with little or no money, to experience firsthand the powerlessness and frustration of poverty and glimpse the citadels of wealth and affluence from a different perspective. This symbolic experience could be interpreted in widely different ways. In Carl Siegenthaler’s analysis, this “prophetic fellowship” could be understood as any or all of the following: a commitment to be with people in very different situations, an openness to both the chaotic and redemptive forces within our society, a desire for greater sensitivity to the Word of God as expressed in the inner city, and an indication of the church’s willingness to be changed while engaging in the work of transformation. When reporting on their time in the UTC program, many participants cited the plunge as a profound part of their urban experience, as well as their day-to-day visits to the center on the West Side (Younger 1987).

ACADEMIA

Academia, often influenced by individual faculty whose social consciousness found fuel through participation in one of the action-training programs, began to explore ways to provide educational opportunities for students who shared the faculty's social consciousness. Two patterns evolved in academically accredited programs of urban ministry study. First, a pattern of consortia efforts developed, with schools joining together to organize and structure an educational experience offered to all students from the member schools. Second, a pattern of individual efforts emerged, with schools joining forces with an urban ministry program in the city to provide training and educational opportunities for workers in the ministry and students from the school.

The first pattern can be easily identified in a program entitled Urban Ministry for Pastoral Students (UMPS). In 1973 Dr. Gill James, a professor from Asbury Theological Seminary, sought and received funding from the Lilly Endowment, a long-standing supporter of urban ministry endeavors, for this 3-year, 8-week summer program for students from eight evangelical seminaries in the Midwest. Using the teaching technique of the plunge as the starting point, followed by an orientation to the city, this program set up students in urban ministry internships that forced political and theological discussion regarding a variety of urban issues. The program was well attended and well received; when the funding ran out, however, the program—like most of the action-training programs that preceded it—ceased.

The concept of consortia programs for urban ministry education lived on, however, and several consortia efforts for urban ministry training emerged in the 1970s and 1980s in cities that included New York, Philadelphia, Atlanta, San Francisco, Washington, and Chicago. History has not been kind to this pattern of academic efforts to provide education and training for urban ministry. The only consortium program of theological education for urban ministry begun during this time and still operating today is the program in Chicago. The Seminary Consortium for Urban Pastoral Education (SCUPE), which traces its roots to the earlier UMPS program, continues to offer its twelve member schools contextual and experiential education, including academic course work integrated with urban ministry internships. Linked with the seminary program, SCUPE also has designed a new program of theological studies called Nurturing the Call. The market for this program is not those already registered in an institution of theological education, but those engaged in ministry in the city who have not had the opportunity to pursue theological studies. This program allows participants to begin their theological studies by taking courses in urban ministry and to transfer these credits into an accredited

degree program at one of its member schools. A third program SCUPE designed and now operates, in partnership with a Chicago university, is a master of arts in community development. SCUPE organizes the Congress on Urban Ministry, which is the largest biennial conference on ministry in the city and is designed to address leadership development for both lay and professional ministers. This event provides a variety of workshops, academic courses, and site visits that reflects the diversity of urban ministry programs in the metropolitan area. An outgrowth of the Congress on Urban Ministry is a 3-week Summer Institute on developing grass-root and local church leadership with the vision, skills, and competencies for community revitalization. Finally, SCUPE now is creating an urban ministry network, the Association for Metro/Urban Ministry (AMUM). This membership network serves as a central clearinghouse of information on urban ministry and connects people doing urban ministry across lines of geography, denominations, professions, and more.

In the 1990s the Pew Charitable Trusts initiated the startup of several new consortia efforts of training for urban ministry. A couple of these efforts stand out as examples of renewed consortia programs. Contextualized Urban Ministry Education Northwest works with three Bible colleges in developing an associate's degree in Christian ministry for ethnic leaders. It also networks four seminaries in the Northwest to provide programs in urban ministry studies. The City Gate Project in the Twin Cities of Minnesota, under the administrative care of North Central Bible College, works with 15 different colleges and seminaries to develop coordinated curricula at varying levels of study. City Gate has created institutional partnerships among schools that cross lines of denominations and among urban ministerial partnerships that surmount theological, cultural, racial, and economic differences that have served as barriers to collaboration.

Many academic programs of urban ministry studies were initiated either by individual schools or church-related agencies in the major cities in partnership with academic institutions. One such program is the Bresee Institute, a church-based training and resource center for urban studies and ministry located in Los Angeles. Bresee offers an educational experience that integrates theological, practical, and spiritual foundations in course offerings for urban ministry at both graduate and undergraduate levels. The Institute also offers an inner-city internship for students. Another program is the Center for Urban Theological Studies of Westminster Seminary in Philadelphia offers four bachelor of science programs and a master's degree program "to provide education, training and resources to develop servant-leaders for the urban church, community and marketplace." Westminster also offers a doctoral degree in ministry in urban mission with a

strong emphasis on international contexts. The Institute for Urban Studies, accredited by Colorado Christian University, aims its program at urban youth and allows college students linked with the Denver public schools to teach character and life skills in for-credit classes. The program not only provides a real context of learning but also provides a series of college-level courses focused on understanding the city.

Perhaps the most adequately resourced program in this category is the Center for Urban Ministerial Education in Boston. This program, initiated and developed by urban ministry leaders from the city, has become Gordon-Conwell Theological Seminary's Boston campus and offers graduate-level courses primarily for the in-service training of both Spanish- and English-speaking pastors and church leaders. Courses are scheduled either in the evenings or on weekends throughout the metropolitan area. The program emphasizes "seeking the shalom of the city—a shalom which breaks down the cultural, ethnic, and socioeconomic barriers that divide us."

COMMUNITY ORGANIZING

The curriculum of the earlier action-training centers and many academic programs, such as SCUPE, includes an emphasis on community organizing. The history of community organizing can be traced to the ideas of the Founding Fathers, as witnessed in their fundamental concern for the creation and promotion of justice and equality through the democratic process, and their protection of the right of groups to assemble and organize for political purposes. Community organizing gives voice to marginalized people and expands public conversation and decision-making through the development of the human resources of communities, as individuals and as collaborative associations. Conceptually, community organizers' central and most basic issue is *power*, as agitation promotes the ability of people without resources to act in ways that combat destructive existing power structures and secure the health of their environments.

The methods of community organizing employed by the church largely can be attributed to groundwork and writings of Saul Alinsky, who continues to be a major influence on many of the faith-based organizations in the city. Alinsky often worked with faith-based organizations and institutions, though their relationship was controversial at times. Catholic parishes were important in his early work with the Back of the Yards Neighborhood Council, and starting in the 1950s he received

institutional support from Protestant and Catholic sources throughout the country (Parachini and Covington 2001).

Religious institutions have a variety of intersection points with community organizing. First, the language of faith and ideas that exists in churches and denominations has a certain congruence with the organizers' work of inspiring, affirming, and motivating marginalized people for positive change, as the prophetic tradition has been about the work of "comforting the afflicted and afflicting the comfortable" (Adams-Leavitt 2003). Second, religious institutions share the common goal of developing the social/human capital and vital networks essential to creating livable, just, and free communities. In a culture in which market values increasingly overflow into all spheres of life, and as group identities disintegrate while contractual and client relationships abound, the bonds formed through a common faith and place of worship are a rare and valuable asset. It may seem only natural, then, that the faith-based organizations that sought to educate leaders for urban transformation collaborated with the community organization groups active in the inner cities, and incorporated their insights and methodologies into their training programs.

In the late 1960s an organization called the Gamaliel Foundation in Chicago attempted to link local religious bodies with groups organizing around housing issues. The name of this organization was inspired by Biblical references to Gamaliel, a religious leader of Jerusalem who looked for God's hand in the activities of agitating groups and who was the teacher of Paul (who then went on to found many of the early Christian communities). The name reflects the organization's mission to recognize the existing forces for renewal, as well as train people for organizing. With its expansion over the years and reorganization in 1986, the Gamaliel Foundation now represents another unique model of faith-based education, one that seeks to empower community leaders through a congregational approach and attempts to "organize the organizers" on a national level.

The Gamaliel Foundation creates affiliates and sponsoring committees, who then work with local communities to identify priority issues and train people for the action necessary to realize their vision. Typically, developing these affiliates takes about a year, and currently the Gamaliel Foundation has 45 affiliates in 17 states. As part of the affiliate development process, the Gamaliel Foundation provides local groups with a step-by-step plan designed to organize local congregations across racial and denominational lines for the goal of public "actions" that give them influence among the other decisionmaking bodies of the community. The Gamaliel Foundation helps implement the plan in two ways: first, by helping to select and hire a professional organizer who can identify potential leaders and guide the activities,

and second, by providing retreats and educational events that teach participants the basic concepts of organizing and the skills needed to interact personally with political, corporate, and institutional leaders (Parachini and Covington 2001). While most of the educational events are open to all participants, the Gamaliel Foundation offers courses specifically for clergy designed to help them balance “the demands of maintaining their own institutions while at the same time addressing issues of justice and community concerns.”

URBAN MINISTRY AND COMMUNITY DEVELOPMENT

Most recently, the practice of urban ministry throughout North America placed significant emphasis on community and community development. Closely attendant to this link between urban ministry and community development is an emphasis in education and training programs on the necessity for understanding the dynamics of community and community transformation. Leadership development and the implementation of competencies and skills related to taking a leadership role in community transformation have become prominent. While an argument might be made that urban ministry is more than community development, it is helpful to recognize that community development provides a working framework for all the dynamics and dimensions associated with urban ministry that is not strictly service oriented.

The case for understanding urban ministry as community development begins with a very basic proposition: God created life to be lived in harmonious community. This theological proposition provides the basis for all religious dialogue and efforts for community building, community organizing, and community development that are not focused on gain of power. It provides the foundation and philosophical base for determining the content of community training, investment, and work for all humane and faith-based efforts aimed at revitalizing community. The proposition contains not only the theological but also the sociological, psychological, political, and economic implications for understanding urban ministry. Theologically, the proposition assumes an understanding that both life and community have their origin in the divine order of creation. Sociologically, the proposition states not only the possibility of harmonious community but establishes it as the objective of life. Psychologically, the assumption asserts that “well-being” does not come solely from finding oneself but from finding oneself in association with others. Politically, the statement sets priorities: the common good is politically correct. Economically, the proposition challenges the assumption that a scarcity of resources in God’s cre-

ation naturally leads to competition rather than harmony both within community and among communities.

More and more established educational and training programs for urban ministry now focus on community development, with new programs springing forth. Two such newly developed educational and training programs that serve as examples of this combined emphasis of community development and leadership development are the Campolo School for Social Change at Eastern University in Philadelphia, and the master of arts in community development at North Park University in Chicago.

The Campolo School's program in public education and the public school system addresses not only the problems but also the attending issues and causes of inadequate funding for city schools. It focuses on the need for job creation among the poor and has created graduate programs designed to equip students to empower indigenous people to develop and own faith-based microbusinesses and industries. The program intentionally looks to and at urban churches as resources and incubators that will nurture into existence a variety of microbusinesses. The school also implemented a new graduate program in urban public policy that engages students in the theories and techniques for impacting government and commerce with values that reflect Christian teachings about the Kingdom of God. The school has a commitment to working for structural change in the economic and political systems of the city and to this end has developed specialized programs in urban studies and leadership.

The master of arts degree in community development offered by North Park University is a practitioner-oriented degree program for working professionals who find their responsibilities demand enhanced skill sets and knowledge bases. The program was designed by SCUPE, which continues as a partner with North Park in the implementation of the design. The common mission is the creation of a supportive learning community of committed professionals from diverse backgrounds who share a passion for social, economic, and environmental justice and a desire to advance in the leadership skills necessary to build an inclusive and holistic community. The program seeks to prepare leaders in city neighborhoods to engage in effective grassroots community building by combining insights from business, politics, policy, economics, and social theory. A sample of courses includes Christian Traditions in Community Revitalization; Practical Applications and Theoretical Understanding of Social Change; Community Organizing; Advocacy, Ethics, and Policymaking; Advanced Skills in Statistical Analysis, Finance, and Urban Planning; and Networking Lending Institutions, Funders, Government Officials, and Programs with Community Leaders.

The program finds inspiration in the historical and religious understanding of the creation of communities, theories of social change, and a critical review of current strategies and programs in community development. The faculty members are all community practitioners, and the program is built around the experiences of seasoned community organizers, youth workers, executive leadership, community boards, agencies, churches, and organizations committed to serving people and families in the city. Students have the benefit of completing hands-on master's projects with classes and courses often taught within community-based organizations or churches. In 4 years the program has grown from an initial group of 8 students to a student body of more than 80. Such training programs, particularly when they stress asset-based community development, take urban ministry in a new direction that has potential for bringing health both to the community and to the congregations in urban settings.

CONCLUSION

While identifying patterns of movement that have occurred in urban ministry over the past 40 years is not easy, three patterns stand out. First, we have moved away from the issue orientation of the action-training centers toward a more holistic emphasis on the understanding of diversity. Second, we have moved further away from allowing urban ministry to be defined out of a service-industry motif toward that of a capacity-building work. Third, confrontation has become less of a hallmark of urban ministry, and community development has replaced community organizing as the more descriptive work of the church.

If these patterns prove correct, we must ask how training programs keep pace with the changing patterns. Unfortunately, the designs and structures of most educational and training programs simply do not lend themselves to strategic alliances with the broader community. Most programs, both academic and nonacademic, are organized and designed for the learning objectives and gain of the *individual* rather than the *group* or the *community*. Individuals who choose to benefit from training are most often required to leave their community where they live, often times never to return, to go to a center of training or institution of education. This movement out of community in order to get education drains communities of some of their best human resources and disrupts the flow and balance of developing community. Such disruption need not happen if we could consider a totally different design, structure, and process of training and education that does not exploit, disrupt, or take away from community—one in which the educational process actually builds and contributes to building healthy communities.

First, we should consider structuring an educational process that reverses the direction or flow of obtaining the community development training. Instead of individuals moving toward educational opportunities outside their community, what if they could take advantage of educational and training opportunities in their community? Imagine a faith-based training program in community development coming to a community or neighborhood for 1 year. The program would be only for churches, agencies, and organizations of that community that desire to collectively address the projects, concerns, issues, opportunities, and capacities of their community.

Second, we should build an educational curriculum, structure, and process around community learning objectives, which would be an improvement on emphasizing individual learning objectives. This approach would mean designing an educational process that would be responsive to cohort groups and the collective community of learners. Imagine a 1-year training program in your community that resulted in the following action:

- Having a real impact to improve your community and your neighborhood.
- Developing a collective network among faith-based leaders that is neighborhood-based and ward-based, as well as citywide.
- Linking faith-based community leaders to resources, government, and other institutions.
- Expanding the capabilities and capacities of the community.
- Expanding the field of possibilities of practitioners.
- Teaching leadership and community change skills.
- Emphasizing an asset-based/self-empowerment framework.
- Holding community-issues forums.
- Developing a neighborhood-information service.
- Using skill-building learning modules.

Such a vision is well within the realm of possibility and deserves the energy, attention, and resources of those who understand the importance and the strategic role that the faith-based sector can play to develop healthy communities.

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EDUCATION AND TRAINING FOR COMMUNITY DEVELOPMENT

Neil S. Mayer

Understanding how community development (CD) practitioners acquire education and training necessary to do their work is not well understood or documented in the literature. This study describes the state of education and training for community development practitioners. The growth of CD as a set of activities devoted to improving the quality of life in urban and rural communities has depended in significant part on the field's ability to build community-based institutional capacity. The professional education and training of community developers as they enter the field and progress in their careers form an important part of building community institutional capacity.¹

The following seven broad questions frame this study:

1. Who provides CD education and training?
2. Who are the students receiving the CD education and training? What characteristics define that pool of students?
3. What types of education and training do institutions provide?
4. What do participants in the CD education and training programs learn?
5. What do trained students do (or plan to do) after completing their programs?
6. How do employers rate the readiness of community development workers?
7. What can philanthropy and other stakeholders do to support, revise, and/or expand the preparation of new and continuing CD workers starting from the baseline detailed in these ways?

RESEARCH METHODS

This study employed the following four principal means of gathering information:

1. Reviewing existing literature and quantitative materials on CD education and training practice.

2. Surveying participants (students) in current CD education and training programs, undertaken specifically for the study.
3. Interviewing faculty and administrators of CD education and training programs and other experts in the field of CD education and training delivery.
4. Interviewing employers of CD practitioners who graduated from institutions in the participant survey.

The research team fielded a survey of current students at 17 educational institutions. Faculty at the institutions asked their students to respond to the survey. In all, 324 out of 405 students returned their surveys, for a response rate of 80 percent.² The survey focused on students' past education and training in CD, their past experience in CD work, their entry into the CD field, the nature of their current education or training in CD, the breadth and quality of the current experience, their plans for the future, and basic demographic and socioeconomic characteristics.

In addition to surveying students, the research team interviewed 49 faculty, training directors, and administrators at education and training organizations. These individuals responded to questions focusing on how their academic institution or organization helps prepare community developers for work in the field.

Finally, faculty members suggested the names of employers who had hired their graduates in the past. A limited set of 26 such employers were questioned using a separate open-ended interview guide. Employers identified key qualifications for hiring entry-level or experienced workers, the types of education and training they found helpful or unhelpful, and the roles of education and training, experience, and other factors in enabling people to succeed in CD jobs.

We analyzed the results of the student survey using basic statistical computations: frequency distributions, comparisons of means and medians, and cross-tabulations. We summarized the narrative information from faculty/observer and employer interviews and highlighted that information using qualitative methods.

WHO PROVIDES CD EDUCATION AND TRAINING?

Overall, community development education and training are widely available. According to a seminal study of the pathways to careers in community development (Brophy and Shabecoff 2001), 176 education and training programs operate

in a wide array of colleges and universities and a diverse set of nonacademic institutions.³ In 2002, an estimated 25,000 individuals attended some form of CD education and training sessions.⁴ While double counting of people involved in more than one training program substantially inflates this number, participation is clearly widespread.

Most CD education and training programs are in academia, in some combination of community colleges, 4-year colleges, and universities. After eliminating programs focusing exclusively on community organizing, about two-thirds of the community development efforts (counting each institution's program as "one," regardless of size) take place in academic institutions.⁵ The great bulk of that education is at the graduate level. At least among the 12 academic institutions selected in our potential sample, undergraduate education in CD was uncommon (two programs) and community college level programs less common still (one program).⁶

Nonacademic training is presented by many types of organizations: those that primarily focus on community development training (such as the Development Training Institute); community development intermediaries that provide training as one of several functions; associations of community development practitioners (such as the National Congress for Community Economic Development); and for-profit firms, faith-based institutions, and others. The largest categories of training programs are national training, faith-based training, and regional training. Some of these training programs work principally or partially with an internal audience of the trainers' own staff and that of partners (such as the National Reinvestment Training Institute).⁷ Because a few nonacademic training organizations present many multicourse sessions with hundreds of participants for a few days, a far larger number of people receive training in nonacademic settings than in colleges and universities.

The institutions and institutional categories cannot be divided into neatly independent groups. For example, the Fannie Mae Foundation (nonacademic) and the Miami-Dade Community College (academic) formed a partnership to implement a training module for organizations wanting to underwrite mortgages. Often two or more organizations partner with an educational institution to provide training. A good example is the housing-focused trainings in Chicago led by the Chicago Rehab Network and University of Illinois at Chicago. Later in the report, we will see that both academic and nonacademic institutions provide training and education for people ranging from those just entering the community development field to people with significant experience.

ACADEMIC VS. NONACADEMIC PROGRAMS

The study found that academic and nonacademic programs differ sharply in many ways. To adequately report these important differences, we decided to present separate results for the two elements of the system. In doing so, the report will use the words “academic” programs interchangeably with “education” programs and “nonacademic” programs interchangeably with “training” programs.

In general, CD academic institutions tend to employ faculty with doctorates in a CD-related area, although often not in the specific field or department in which they teach. Neither faculty nor students found this difference to be an issue. Not surprisingly, the training institutions focused more on particular field skills, generally using current and former practitioners as faculty, drawing from their own staffs and the wider CD community. In interviews with training administrators, we learned that training participants consistently expect trainers to demonstrate current experience in the field to be credible. From informal observation, it appears that academic programs also often invite practitioners to speak in class as a way of exposing students to real-world issues in their programs. Many full-time faculty members also share information about their experience in directing field projects.

An enormous range of community development fields and skill areas is available in the education and training programs. Table 1 lists the departments and concentrations in which students can participate from just our sample of 12 academic institutions. The largest numbers of academic students in our sample pursue degrees in urban affairs, business, nonprofit management, public administration, and planning.⁸

Table 1. Academic Institutions in the Student Survey Sample: Schools, Departments, Areas of Degrees and/or Concentrations

Institution	School or Department	Main Community Development Degree: Fields
New School University	Graduate School of Management and Urban Policy	Master's: Urban Policy, Nonprofit Management
MIT	Department of Urban Studies and Planning	Master's: Urban Studies and Planning; Housing, Community, and Economic Development
Cleveland State University	College of Urban Affairs	Master's: Urban Planning, Design, and Development
San Francisco State University	Urban Studies Program	Bachelor's: Urban Studies
Los Angeles Trade and Technical College	Community Development Technical Center	1-Year Certificate Associate's: Community Development
University of New Mexico	School of Architecture and Planning	Master's: Community and Regional Planning
Cornell University	Department of City and Regional Planning	Master's: Regional Planning
Northwestern University	Graduate School of Management	Master of Business Administration: Nonprofit Management, Executive Education
University of Maryland	School of Law	J.D.: Clinic in Economic, Housing, and Community Development
Georgia State University	College of Health and Human Services, Department of Social Work	Master's: Department of Social Work Partnerships
Mississippi Valley State University	Department of Social Science, Public Administration	B.A.: Public Administration Program Community Development
University of California-Los Angeles	School of Public Policy and Social Research, Department of Urban Planning	Master of Urban Planning: Community Development and Built Environment

FINDINGS AND CONCLUSIONS

The student survey and faculty, observer, and employer interviews yield a substantial list of conclusions about the process of CD education and training. These conclusions have direct implications for efforts to improve opportunities for intervention and investment. This section highlights these findings and implications in three groups:

1. **Major findings with clear evidence:** findings with broad implications for the field, supported by substantial evidence, often from more than one major source.
2. **Narrower findings with clear evidence:** findings with specific meaning for one dimension of CD education and training, supported by substantial evidence.
3. **Preliminary findings requiring additional information/research:** hypotheses suggested and/or supported by limited information that requires more research to clarify and determine implications for action.

In the interest of space, we present neither the detailed discussion of survey and interview results nor the actual tabulations from the student surveys (some 150 pages) that underlie many of the findings. The author can provide that analysis, as well as the interview and survey instruments and lists of institutional and individual respondents.

MAJOR FINDINGS WITH CLEAR EVIDENCE

Our research pointed clearly to 12 lessons for broad priority setting and substantive change in CD education and training policy and practice.

1. Continued, expanded training of project managers. The need continues for the technical and broader training of real estate project managers for community development corporations (CDCs) and other CD employers in housing and other types of development. The skill level of the people in these jobs has improved as more employees receive formal training to complement their on-the-job learning and as more employees enter the field with strong academic backgrounds. Expectations also have grown. To be taken seriously in project negotiation and management requires technical skills.

Students and faculty agree that nonacademic institutions do an excellent job of preparing these people in skills obtainable in the classroom. Project managers represent the occupation with the largest number of participants in nonacademic programs, followed by program assistants.

Employee turnover, however, remains a significant challenge, especially for CDCs, according to employers and training and education providers. The same observers say that even people newly graduated from master's degree programs do not have the full set of skills for this work. Academic faculty believe their schools do a good job preparing project managers and state that it is easier to teach the technical skills for this job than to teach many of the other skills future community development leaders need. Academic students, however, do not rate the project management area very highly. A significant share of academic students of community development study in programs that do not emphasize, or in many cases even include, the practical skills and approaches of real estate development and project management. Important subgroups, notably African Americans, are less likely than others to have these skills included in their programs. Finally, growing interest in nonhousing development seems to have outstripped growth in providing training in commercial and real estate development.

The various stakeholders agree that a well-equipped real estate project manager needs both experience and training, even after obtaining a master's degree. Obtaining project experience is often difficult in large organizations in which experienced staff often lack the time to train newcomers. In small organizations, a single new project manager may be the only staff person in a particular field, such as housing or commercial revitalization (or may be executive director and chief developer). Nonacademic providers must sustain and expand specific, hands-on training, and broaden their efforts in scope to include more aspects of nonresidential development. Training also needs to go well beyond "penciling deals" to teaching how to choose the right tools to solve problems, design strategies and select strategic projects, bring together necessary players, build support, and communicate effectively.

2. Expanded fieldwork. Students in academic programs need more opportunities for work in the field beyond the classroom. Expert observers—faculty, employers, and others—repeatedly cite experience on real-life projects and activities as critical to effectively prepare new (and senior) community developers. The survey data show that academic students most likely will enter the field without any experience in CD, and often without any experience or past schooling on the "development" side of community development. Only a portion obtain fieldwork opportunities, paid or unpaid, during their schooling. Many need to find those opportunities

on their own, without any assistance from their schools, especially if they hope to extend beyond modest hours in a single class. Some, however, rely on paying jobs outside the CD field, making the addition of unpaid CD work to their schedule very difficult. Faculty make substantial efforts to simulate fieldwork in classroom exercises of various kinds. It would be valuable, however, for schools, their potential clients, and funders to systematically extend the availability of internships, unpaid services, and jobs in the community to more of the participants, for more extended periods, and as part of a greater share of classes.

3. Further development of education and training for leaders. With the growing complexity, scale, and sophistication of CDCs and the array of other community development organizations comes a need for more effective leadership training, according to education and training providers and CD employers. Such preparation would best serve those who likely will succeed current leaders, including less seasoned executive directors of the CDCs and other institutions and senior staff (whether deputy directors or others). Shaping the next level of leadership education and training to be more effective in producing an expanding cadre of topflight performers in the CD field will require work. We must discern how best to identify potential stars not yet in top management positions and then nurture them to become future leaders.

The skills required of future leaders include a sensitivity to community dynamics and understanding of how to engage community members and develop and retain their support; management of an organization's growth; design of neighborhood revitalization strategy, despite the entire field's incomplete understanding of the process of community change; effective use of financial management information and other business management skills; fundraising for an organization and its projects from a broad array of sources; building staff capacity from diverse backgrounds; complex real estate development; elements of political and community organizing; provision of successful leadership given one's own personality and other characteristics; and other aspects of both organizational and community development. As one employer and training provider remarked succinctly about today's job as a CDC director: "This is not a hobby." The leaders of other types of community development organizations require a similarly challenging set of skills.

Many academic and nonacademic institutions provide training in leadership skills and functions, and most get ratings of good or adequate from students. A small but growing number dedicate programs providing midcareer training to experienced CDC executive directors and other leaders. Thoughtful faculty and administrators, along with employers and other senior observers, however, recognize they still

struggle to create programs that deliver the right combination of generic and CD-specific capabilities—especially capabilities that in the past emerged from long experience on the job or have grown from the new needs of a maturing and growing industry. Curricula, teaching methods, and some important parts of the theory and practice themselves must be further developed and improved.

Furthermore, CD leaders struggle to make use of the available training and education. Many of the skills require longer education and practice than leaders can (or believe they can) spare away from their offices and more attention to a specific task than competing demands allow. Educators and trainers seek to overcome these challenges in numerous ways, including partnering with those in related fields who have developed effective programs and tools, restructuring their programs to reduce consecutive time burdens and integrate leaders' regular work with their training, and expanding distance-learning and peer-learning components, as well as continuing to work on content and basic teaching methods.

Observers differ about the way efforts and resources should be split between current top management and potential successors. Some advocate advanced executive training for very mature leaders of sophisticated organizations, while others highlight the importance of developing successors, and also developing the leaders of new and emerging organizations.

Support for program *development* that addresses these various issues, along with continuing support for the most effective examples and models of leadership training, may be a fertile area for inquiry by CD stakeholders and resource providers.

4. Differentiated approaches to academic education and nonacademic training. This study found that academic and nonacademic CD programs consistently perform very differently. The nature and extent of these differences suggest that funders' and other policymakers' intervention strategies should be differentiated between academic and nonacademic programs of CD preparation. Careful thinking about how best to improve the performance of education and training systems should treat them separately. For example, many academic programs likely need expanded attention to actual development practice and to the use of fieldwork projects and other hands-on experiences in the education process. Nonacademic programs already focus heavily on the former and increasingly use students' own projects as the basis for training activities. The changes and extensions for which funders want to provide incentives inherently differ in the academic and nonacademic cases.

Some areas might benefit from making the education and training programs more similar to each other, by such measures as increasing real-world experience within both curricula, or coordinating and connecting them more substantially (for example, linking graduates of both types of programs to each other to expand peer-learning groups). But their objectives and modes of operation differ sufficiently to require continuing separate consideration.

5. The importance of combinations of skills. Choice of specific field of education/training—particularly among academic departments—does not seem very important in CD preparation for most purposes. The combination of academic and nonacademic preparation, plus on-the-job experience, proves more important in covering the mix of skills and knowledge needed for the technical specifics of development projects and growth into positions of management and leadership. Academic education and nonacademic training provide different types of preparation for community development, complemented by on-the-job learning. Some participants miss an essential piece, such as those who prepare in programs and jobs that do not focus on development—for example, by combining human services before school with education in a nondevelopment academic field. For people heading into or continuing in housing and other project development, a guided exposure to project work is important.

6. The importance of targeting the community development field. Academic programs often encompass community development as a specialization. They vary substantially in their proportion of students within the CD focus and in their proportion of students entering CD jobs. Interventions and investments that intend to support preparation for work in the CD field need either to target programs specifically in community development or be directed instead to individual students who have demonstrated a commitment to the field. A program or subprogram/concentration specifically defined as a community development track would serve the first approach.

Supporting nonacademic CD training of people already in the field best assures that graduates work in CD and that a significant percentage works for community-based organizations.

7. The importance of targeting concentrations of experience and education in CD. People with both prior education in CD and some, albeit often modest, experience in the field make up the bulk of participants in CD nonacademic training programs. Most participants in academic CD programs have neither previous education nor experience in the field. It seems sensible to design *training* programs

principally for the CD-educated and mildly experienced and *education* programs principally for the CD novice.

Faculty, administrators, and students concur that most programs are designed for everyone from novices to people well schooled and trained, current participants more likely represent the universe of people in CD pretty well. Aiming the design of respective programs to match the backgrounds of their principal clientele is a good place to do more rational targeting.⁹

The second largest groups of students in both training and academia have experience but not education or training in the field. These groups might sensibly be the second-level targets of education and training. Those in training, however, have significantly longer experience that might be taken into account in designing programs of study.

8. Issues for population groups. Our analysis points to significant differences in the education/training experience of key populations, focusing on race/ethnicity and gender. Asian Americans and Pacific Islanders appear, at least on average, at an education training disadvantage relative to other students. They operate with less previous schooling, CD work experience, financial aid, access to individuals and institutions to help them, and other challenges. Perhaps as a result, they rate their programs much less highly than do others. Latino students systematically rate education and training for developing leadership skills in particular as less available and at a lower quality than do others. African Americans obtain less academic preparation for CD work than do students overall. In seeking eventual resolutions of the questions these findings raise, we must find out more from Asian Americans, Pacific Islanders, and Latinos about the sources of their dissatisfaction, and from African Americans about any impact of their different mix of training and education.

9. Training in fundraising. Community developers express a significant need for more training in fundraising, both in the narrow sense of writing proposals and in the broader sense of planning strategies and campaigns, identifying possibilities, and building networks. Fundraising is one of the least widely taught subjects among both academic and nonacademic programs. Students describe fundraising as the subject least often presented at a high-quality level in both types of programs, and most often needing improvement or addition. Faculty report strong demand for fundraising courses that are presented. Employers say they look for fundraising skills in hiring more senior people.

While training opportunities in this skill outside the confines of community development programs are available, some combination of more information about those options and additional courses and resources within the CD network may be needed.

10. Missing: An introduction and portal to CD. The field of community development lacks an easy and widely available mechanism for introducing itself to people not already connected to the field. A reference publication could be extremely valuable. Brophy and Shabecoff's book potentially represents such a resource by identifying the nature and substance of the field, giving it a human face, and providing for next steps of entry. It has a long way to go, however, to become widely known and available so that people with a hint of interest would be directed to it.

The field lacks visibility in the mind of the general public and the popular press. Too few know the field exists to even search out and find the Brophy and Shabecoff book and similar resources. Lack of entrants limits the value of any education and training program. Toward the other end of involvement, no organized market exists for people seeking employees or employment opportunities following completion of an education and training program. Perhaps the growth of computer-based job networks creates opportunity to connect fragmented segments of the CD employment market. Such networks, if marketed well, might produce a more accessible portal to the field.

11. Importance of distinguishing training levels. In general, CD education and training programs attempt to serve people across the spectrum of previous experience and schooling. Programs lower costs and expand revenues by serving people with fewer courses and course sequences. Unfortunately, the undifferentiated offerings are difficult to teach to students with so broad a spectrum of skills and do not satisfy more knowledgeable students. Investment to present some courses at multiple levels of complexity and offer some additional advanced elements of course sequences could move the field forward and perhaps attract additional people into education and training programs.

12. Importance of recognizing that training and education do not stand alone. Past experience and study indicate that capacity-building activities such as training and education need to be complemented by other elements to build strong CD organizations. Other tasks requiring attention include building systems inside CD institutions, supplying adequate funding for basic operations, providing technical assistance on site and at a distance, developing organizational strategies, and delivering project and program monies.

Therefore, decisions about investment in training and education should not be made in isolation from information about the availability and impact of other capacity-building elements. Funders and other policymakers need to make resource-allocation choices not solely within the education and training category of support for CD organizations and workers, but between education and training and those other capacity-building elements. This study should help in that process by providing specific information about the needs and opportunities within the education and training field that must be balanced against other components.

NARROWER FINDINGS WITH CLEAR EVIDENCE

In at least six areas, our study produced findings about very specific issues, again based on strong and consistent evidence but with narrower implications for policy and practice.

1. Underserved fields. Smaller, community-based organizations have difficulty finding well-trained people in financial, asset, and property management. Many types of organizations with new interests in nonresidential development find it difficult to recruit well-prepared staff in those areas. Expanded training may deal with some of the problems, but salary levels may prove a large challenge.

2. Hands-on trainers. Providing training by experienced practitioners with current knowledge of their fields is attractive to training participants with some experience and establishes credibility for training programs. Participants also expect the training to be applied and interactive—at least by simulating challenges that they face or will face in their positions.

Academic students also prosper with practitioners as teachers, both with their own faculty who have field experience and projects and with people brought in from outside.

3. Well-educated participants. Consistent evidence shows that most academic and nonacademic students have college and postgraduate degrees. Therefore, further education and training should be designed to fit that profile. Since most students, especially in training, left college long ago, adult learning methods should be standard in their programs.

Few avenues to enter the CD field exist for people who have strong interest and experience but less education. Additional community college and undergraduate programs—such as the Los Angeles Community Development Trade Technology

program—may be needed to provide tracks to further CD skills and knowledge, including opportunities to improve basic skills. The Urban Developer's Program (between the University of Illinois at Chicago and the Chicago Rehab Network) and Southern New Hampshire University's Community Economic Development program provide additional model elements. They permit entrance by some people without formal college degrees, although they do expect students to have the ability to pursue studies at the graduate level.¹⁰ Additional thought should be given to providing more widely for a full sequence of steps from interest in CD to systematic education and training in the field for those with limited academic history.

4. Improved opportunities for upgrading basic skills. People with less education but substantial interest and perhaps experience face significant barriers to entering the CD field. Few programs integrate opportunities to raise basic skills in communication, computer literacy, math, and writing. Employers, however, stress the importance of these skills for both entry-level and advanced positions in CD. In CDCs in particular, we know that people from low-income neighborhoods (who, for various reasons, need to upgrade their basic skills more than others) are not as well represented in CD-specific education and training as the basic mission of CD would suggest as ideal.

Additional components for building basic skills, linked tightly to CD content, could aid workers and their employer institutions. Opportunities for remedial strengthening of some basic skills before starting CD education and for all students to build them during their programs could be valuable. In the basic skill of being able to work with the community, some students from low-income neighborhoods no doubt have much to teach as well as learn.

5. Commitment to communities in need. A wide consensus of employers, faculty, students, and other experts point to commitment to serving disadvantaged people and underserved and vulnerable communities as a crucial characteristic of people in CD and especially in community-based development organizations. This commitment cannot be learned principally from education and training, although most programs do emphasize the importance of the topic in at least some of the courses, and most current students depart their CD education and training with a clear focus on these issues.

Fieldwork with community members themselves helps grow this sensitivity, observers concur, and the leaders of education/training programs can provide student opportunities in that arena. Not surprisingly, the more direct contact students get with neighborhood stakeholders and real-life issues (whether working with a

professor and community members on a live problem, representing low-income clients through legal clinics, or interning at a CDC), the more likely the experience will produce a commitment of value.

In assuring commitment to the needs of low-income people and places, it would also be useful to increase the share of CD students who come from low-income neighborhoods. The low proportion of students currently coming from such areas exemplifies the need for additional and revised strategies in outreach, recruitment, and retention.

6. The value of additional tracking of graduates. Much could be gained by improving on the fragmentary information available about how well CD graduates have been prepared and the career tracks they have followed. Students, funders, employers, and consultants would be among the beneficiaries of greater information on the value of investment in CD education and training.

PRELIMINARY FINDINGS REQUIRING ADDITIONAL INFORMATION/RESEARCH

Because this research constituted the first detailed examination of many issues, it produced suggestive evidence on a number of policy and program matters that need further examination. Six important preliminary findings are summarized below.

1. Expanded financial aid in academia. A need may exist for additional scholarships/fellowships in *academic* institutions in particular. Most nonacademic participants receive stipends and/or continue paid employment during their training, but most academic students receive no stipend. More problematic, most very-low-income academics get no stipend. Further investigation may be warranted to determine whether paid jobs or other means serve satisfactorily to make academic programs accessible in CD, or whether the lack of stipends deters at least some potential students.

Nonacademic training providers believe a need also exists to expand funding for project managers, other senior staff, and executive directors in their programs. The survey data show that most of those in training already receive assistance in paying for training and living expenses, but employers might have additional people they would like to send but cannot afford the cost. This report does not have sufficient information from employers to determine the extent of that need, although the listing of financial aid as one of the primary determinants in choice of training programs supports the notion that it may be substantial. Need for additional funding for training warrants further investigation.

2. Peer learning. Peer learning and learning groups (within education and training programs and continuing or originating outside) are popular mechanisms among their participants. These methods may be effective means to link otherwise isolated people with similar work, to exchange information, and to solve problems. Peer groups formed with specific purposes and tasks at the outset appear particularly useful, often within a formal training program, and perhaps especially those with at least some limited resources to help move forward. It could be valuable to further investigate their effectiveness, along with simultaneous efforts to support their blossoming in additional forms and situations.

3. Project skills in academia. On the surface, it seems inefficient for students in master's degree programs to go to work (for example, at a CDC) and be faced immediately with a need for basic training in housing and other development, especially if the timing of the organization's training cycle happens not to match the timing of the student's hiring. Field experience during schooling or summers meets some of the needs, but for students with a strong interest in the field, universities could integrate more practice in these areas into their academic programs and provide more summer opportunities.

4. Retention in CD and within CDCs. Our limited information suggests a substantial share of people who receive schooling and training in community development remain in the field, while retention is lower within the narrower category of community-based organizations, where concern for this issue is acute. Availability of good jobs, quality of education and training, salary levels, and other factors may play key roles. Providing additional resources for core staffing to CDCs might be helpful in keeping trained and experienced people, but we need more information on the reasons for turnover to sort out an issue that relates only in part to training and education.

5. Needs of Native Americans. Given the smaller population of Native Americans and Alaska Natives, our survey sample was not of sufficient size to examine separately these groups' experiences with CD training. Thus, we still need a targeted first exploration.

6. More information sharing among faculty and administrators. Few of the expert observers we interviewed would comment about education and training other than in their own institution. Most said they simply did not know enough about how CD preparation was being done elsewhere. It might be useful to expand mechanisms for sharing information among providers (for example, about success-

ful and unsuccessful approaches to particular issues or about experiments in overall approach).

SUMMARY AND CONCLUSIONS

The growth of CD as a set of activities devoted to improving quality of life in neighborhoods and communities has depended in significant part on the field's ability to build capacity among community development institutions. Education and training of community developers, both as they enter the field and as they improve their skills, is one important part of that capacity building. This study provides perhaps the first empirically based look at the broad range of CD education/training, examining who the providers and students are; what types of education/training are delivered and absorbed, and how; in what roles students will use what they learned; and what role for and value of education/training employers perceive. But the primary goal is to translate the answers into lessons for action: lessons for investment in education and training; for approaches to teaching and learning; for development of new areas of and mechanisms for education and training; and for choices between education/training and other means of building capacity.

Our research shows that carefully focused analysis can better inform our choices and actions. For example, we now know the training and education skills project managers need to be effective. The other findings of the study suggest many more such areas for attention.

The findings of previous sections suggest that a wide array of institutions must refocus some of their work. Designers of CD education/training will want to revise and extend their programs. Faculty must reprioritize, funders must make adjustments in selecting and promoting program models, students and employers need to take a new look at education/training choices, and all groups must together discuss the best means to take on new challenges. The next generation of CD leaders must be prepared to address the issues raised by larger and more complex organizations; to lead and serve more diverse and changing populations and communities; and to perform new CD functions and pursue new opportunities. New technologies need to be implemented in training/education and in action in neighborhoods. Education and training will need to change if it is continue to play a central role in successful capacity building and neighborhood building.

Finally, we must remember where we stand in a continuing process. The CD education and training field has expanded enormously, helping to produce a highly

competent, skilled, educated workforce in an area of endeavor that did not exist a few decades ago. Only in the past few years has it expanded in critically important directions, such as supporting the movement of CDC organizations to significant individual scale. Now we find opportunities to measure the education/training field's progress and assess the focus needed for our next steps. We must sustain efforts to learn from our experience and use the lessons to support the next stages of growth and adjustment to change.

NOTES

¹ The Ford Foundation, with its continuing interest in capacity building, commissioned this study in an effort to inform the funder community and others about effective ways to invest in preparing community developers for work in the field.

² The total number of students in class may be slightly inaccurate because some faculty were uncertain about how many people were systematically taking their classes (versus drop-in, auditors, and the like).

³ Because a large-scale effort to enumerate all the community development education and training programs in the country had been carried out so recently (Brophy and Shabecoff 2001), this study did not attempt to replicate and expand the list. We found that most programs listed in Brophy and Shabecoff (2001) were still operating. We asked faculty and other experts in the field if they had observed systematic additions to the field within the past 2 years. Some identified the field of non-profit management as a growing area, often within business schools and including community development and many other types of nonprofit organizations. These programs may be modestly under-represented in our sample.

⁴ For several reasons, we cannot determine exactly how many people are participating in training and education programs. First, a given course or program may serve (and count) people who also are taking other courses and being counted there. Second, even within their own classes, faculty often do not know how many students are studying community development as opposed to taking a single course outside a different college major. Third, most community development courses, especially in academia, are contained within areas of concentration with overlapping interests, and then within departments. No simple rule enables even faculty observers to determine which students to include in a community development count.

⁵ We firmly acknowledge the vital contributions of community organizing to community development (as well as being an important path of action in its own right). For this study, however, Ford's emphasis on community development meant that training programs emphasizing organizing but not development were not included in this study. Many of the programs in the study, however, have community organizing components within them.

⁶ A possibility exists that researchers have a harder time finding the community college programs given their lower national visibility individually and the possibility that their CD programs target relatively narrowly fields (such as the Miami-Dade/Fannie Mae mortgage officer program in our sample, treated as a nonacademic training program with specific certification objectives).

⁷ National Reinvestment Training Institute (NRTI) is a large-scale training offshoot of the Neighborhood Reinvestment Corporation (NRC). More than half of NRTI's training participants are NRC staff or members of the NRC network of community-based organizations.

⁸ The number of students per field is an imperfect indicator of concentration in the student body since our sampling procedure selected only one class per institution, whereas some may have many more classes than others. The study does at least give a rough sense of distribution across fields.

⁹ Individual programs can and do differ in the types of students they attract.

¹⁰ Southern New Hampshire University provides courses for basic skill upgrade first for those who need it.

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SECTION IV
THE ROLE OF PERFORMANCE
MEASURES IN EXPANDING CAPACITY

EDITOR'S NOTE

The current support environment for community economic development encourages practitioners to measure the impact of their efforts. The intense competition for scarce resources for community economic development forces community-based development organizations to justify their activities in ways not requested a short 5 years ago. Some of the trends, matrices, and indicators purporting to increase impact are no more than make-work activities that give comfort to funders that their investments are justified. Yet performance matrices and indicators, if constructed and used wisely, cannot and should not be dismissed as valuable tools for advancing the field.

ORGANIZATIONAL CAPACITY: ISSUES AND CONCERNS REGARDING PERFORMANCE STANDARDS

Rikki Abzug and Mary R. Watson

After 30 years of housing development and neighborhood renewal, more and more stakeholders in community development ask how to measure effectiveness aside from the traditional means of bricks and mortar. Funders, in both philanthropy and the public sector, encourage (and often require) the nonprofit sector in general to measure the outcomes of their efforts. Tools of performance measurement and standards increasingly attempt to gauge and improve the effectiveness and efficiency of community development corporations (CDCs). This paper discusses three categories of performance measurement and standards:

1. Process measurements, which include systems and procedures such as quality improvement through total quality management (TQM).
2. Outcomes measurements, which apply to the results of systems, procedures, and production, such as housing units built or development leading to community improvement.
3. People measurements, which address issues of quality and performance in human resource systems, such as employee retention.

DEFINITION

In brief, performance measurements and standards create tools designed to assess the linkage between organizational strategies and achievements. These tools seek objective answers to critical questions, including these: How did a particular program engender the intended outcomes? How is this organization benefiting the community? How are management and human resource systems successfully developing organizational capacity?

Given recent pressures to extend and enhance performance measurement and standards, leaders in the CDC field need to raise and address additional questions about both standards that are set internally by individual organizations and those that are imposed externally by groups of organizations, intermediaries, and/or funders. For example, what accepted field-wide definitions of performance measure-

ment and performance standards exist, and should they? If they do, how can the community development field and CDCs in particular develop a coherent and widely accepted definition of performance measurement for their work? How should their organizations strive to achieve individual or field-derived standards? What benefits and costs of various approaches exist? The question of how and if the field would benefit from standards is complicated, controversial, and beyond the scope of this paper. The trend toward some degree of performance measurement and standards, however, seems to have taken root, and CDCs and community development practitioners cannot wholly avoid the trend.

EXAMPLES OF THE THREE CATEGORIES OF PERFORMANCE STANDARDS IN CDCS

Community development corporations operate under many of the standards for process, human resource, and outcome management that help govern the nonprofit sector generally. Focusing on three categories of standards may be particularly useful in the case of CDCs:

- 1. Process-focused standards.** Given the many commercial predilections and aspirations of contemporary CDCs, a host of standards aimed at measuring process has taken hold in this particular nonprofit field. For example, TQM—an organizing set of standards focused on process rather than inputs or outputs, which helps identify systemic flaws—has been used at the organization level. Other function/process measurements also have been used at this level, including lending ratios, amount/percentage of funding obtained, and budget growth.
- 2. People-focused standards.** On the human resource side, the influx of money and attention from funders such as the Human Capital Development Initiative (HCDI) and the ongoing work of local Community Development Support Collaborations have increased the use of human resource audits (Glickman 2003; The Urban Institute 1996). Likewise, preliminary work from the Living Cities Milano Collaboration should highlight a “People First” cultural standard, already posited to exist in high-performing CDCs. Future research will test these relationships (<http://www.lcmmix.org/links.cfm?cat=0&top=0>).
- 3. Outcomes-focused standards.** Initially, CDCs were held to performance measures of units and square footage of housing and commercial space constructed and rehabilitated. More recently, funders have begun to seek a broader set of

qualitative and quantitative standards relating to organizational capacity (Fredericksen and London 2000) and performance outcomes.

There are major differences between internally set organization standards and externally imposed field-wide standards:

- 1. Organization standards.** Much of the burgeoning evaluation literature within and around the CDC field suggests the organization is itself the best resource for impact indicators. Lately the CDC performance outcomes category has taken a giant leap forward through initiatives such as the Success Measures Project launched in 1997 by the Development Leadership Network with support from the McAuley Institute (as cited by the National Housing Institute, along with other evaluation resources found at <http://www.nhi.org/online/issues/119/EvaluationRscs.html>. (See the Success Measures Project's practitioner-friendly website at <http://www.developmentleadership.net/>.) This network of community development practitioners and other stakeholders has identified and created 44 community development program impact measures that can be grouped in three broad areas: housing programs, economic development programs, and community-building initiatives. The network's literature emphasizes that organizations select their own indicators to "reflect their own unique vision, strategy and circumstances." The indicators vary depending on the area of impact.
- 2. Field standards.** Networks of organizations, field intermediaries, funders, and even regulators have developed field-wide standards and applied these to organizations in the for-profit sector and, to a lesser extent, the nonprofit sector. Field-wide standards, however, have not taken hold in the CDC industry. Although CDCs operate under some generic standards applied to nonprofits, the debate continues as to how (and whether) to develop CDC-specific standards in process, human resource management, and performance outcomes.

THE BOTTOM LINE: WHAT WORKS BEST FOR CDCs?

Standards established within the organization are more likely to affect the internal organizational effectiveness of CDCs (for example, quality of service and staff motivation), whereas field-wide standards are likely to impact external outcomes (such as funding level, media perception of organizational effectiveness, volunteer interest, and so forth). Both sets of outcomes may be desirable under different circumstances, but in some cases, complying with field-wide standards may be costly and not fundable. The CDC field, as well as the nonprofit sector

more generally, has concerns about the wisdom of one-size-fits-all standards. Thus, it remains unclear whether internal or field-wide standards are superior. Performance enhancement may be achieved through standards derived from the organization, but external stakeholder resources may be more likely to be elicited through field-wide standards.

CONCLUSION

Given the questions raised by this paper and the various issues that CDCs must consider, we believe the community development field should proceed cautiously when considering performance measurement. Performance is in the eyes of the myriad beholders, leading some to believe that one-size-fits-all standards will never please everyone. Indeed, in the nonprofit sector, which includes vastly different organizations in terms of size, age, and even state nonprofit legal requirements, standards can have a chilling, conforming effect.

Certainly, the imposition of standards and certifications from without (or above) has a different effect from the encouragement of performance improvement from within organizations or across organizational fields. Only thin and disappointing evidence exists on the direct correlation between performance measurement and organizational effectiveness. Still, there may be reasons to move ahead, bearing in mind the lessons of experience across sectors.

Standards and performance measurement often confer legitimacy both within and upon a field; they can encourage organizations to endeavor to achieve the standards, which may in turn lead to greater levels of effectiveness. Further, if standards lead to additional accessible information and knowledge, benefits may emerge for constituents such as donors/funders, potential employees/partners, and, of course, communities.

If performance measures are to be useful, CDCs must align the category of selected performance standards (process, people, outcomes) with performance measures related to that category of performance. The effectiveness of process-related standards can be assessed best through measuring process improvements, whereas people-related standards should be tied to individual and group performance outcomes, and outcomes standards should reflect overall organizational performance improvement.

Performance measurement and standard compliance are costly (and rarely funded). The community development field must recognize the issues associated with measurement and standards, and leaders in the CDC field must address weaknesses with the proper perspective and resources. If field-wide standards are to be set, critical questions remain on how to do so. Who will set the standards? What are the expectations? What funding will exist for compliance? What are the costs and benefits of compliance and noncompliance?

Without satisfactory answers to these questions, this paper advises a considered review of the value of performance measurement and standards to the CDC field.

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PARTICIPATORY OUTCOMES-BASED EVALUATION: THE SUCCESS MEASURES PROCESS AND DATA SYSTEM

Virginia Seitz and Margaret Grieve

“We do not know much about what we know.”

For more than 30 years, the community development field has brought together community-based social activism with foundations and government to revitalize our declining urban and rural places. Much anecdotal evidence describes successful outcomes, but as with other aspects of the community development field, documenting and measuring those outcomes has been elusive. Anglin and Herts (2003) note the inherent contradiction between community development as a social movement and community development as the realm of effective and enduring institutional agents of change. This tension plays out in evaluation: evaluation does not fit the identity of community development as “more art than science,” and the “science” of evaluation measurement seems at odds with social change and community empowerment agendas. At best, evaluation tends to be a donor-driven accounting of outputs, rather than a learning tool by, for, and with community development practitioners, residents, and other stakeholders.

What we do know is that community development and related social change movements lack information about the changes happening at the community level that can inform ongoing program strategies, speak to national trends, and justify further investment. We also know that the donor community is requiring increasing accountability, not only of resources spent and targets reached, but also of impacts achieved. The traditional method of counting the number of affordable housing units produced or the amount of square footage of commercial space developed describes “outputs” but does little to show the impact of community building, housing development, human services, and economic investment. Even when community development organizations (CDOs) get motivated to go further to demonstrate their success in terms of outcomes, their inherent values often conflict with the “outside expert” model of evaluation.

A recent study of program evaluation in community development (Moore et al. 2001) found that the lack of knowledge and expertise in evaluation and the high cost of hiring professional evaluators are critical barriers to conducting evaluations

that could demonstrate CDOs' impacts, inform decisions to improve programs, and ensure accountability to both funders and constituents. Moore et al. (2001) found that community development organizations that do evaluate use the results; they also believe those organizations would make greater and more meaningful use of evaluation if they developed the technical capacity of their own staffs and staff of peer organizations so they could conduct future evaluations with the benefit of their intimate knowledge of community development work. Study participants saw great potential to use impact data to organize their communities, educate the public, and influence policymakers about the value of their organization and its work. If the inherent values of community development conflict with the "outside expert" model of evaluation, and if the field also recognizes the value of evaluation, then we must develop an approach and tools for evaluation that build local competency *and* produce credible evaluation data.

This paper presents a case study outlining the implementation of an important approach and set of tools for the use of participatory outcome evaluation in community development. The Success Measures Data System (SMDS) is a national initiative of the McAuley Institute to define and measure impact in the community development field. Taken as a whole, SMDS' component parts offer a significant innovation for evaluation and community development practice in the United States. The important components are as follows:

- A participatory evaluation research process.
- A set of indicators and associated research tools developed with the participation of CDOs and other community-based organizations.
- An application service provider (ASP) on the Internet that makes the evaluation process, tools, and data tabulation accessible to community-based organizations.
- The possibility of collecting and analyzing community development outcome data at a national level.

In merging participatory methods and tools with the power of Web-based technology to analyze data across the nation, the Success Measures Data System creates a level of standardization that promotes "enduring institutions" without losing "community control and direction" (Anglin and Herts 2003, 4).

THE IMPORTANCE OF PARTICIPATORY EVALUATION

Participatory evaluation offers a method of measuring impact closely allied with the values of the community development field. Edward Jackson and Yusuf Kassam offer the following definition of participatory evaluation:

Participatory evaluation is a process of self-assessment, collective knowledge production, and cooperative action in which the stakeholders in a development intervention participate substantively in the identification of the evaluation issues, the design of the evaluation, the collection and analysis of the data, and the action taken as a result of the evaluation findings. By participating in the process, the stakeholders also build their own capacity and skills to undertake research and evaluation in other areas and to promote other forms of participatory development. Participatory evaluation seeks to give preferential treatment to the voices and decisions of the least powerful and most affected stakeholders—the local beneficiaries of the intervention. This approach to evaluation employs a wide range of data collection and analysis techniques, both qualitative and quantitative, involving fieldwork, workshops, and movement building (Jackson and Kassam 1998).

In traditional evaluation research, outside experts control the decision processes around evaluation goals, methods, tools, analyses, and recommendations. In contrast, a participatory method emphasizes grassroots participation in designing, implementing, and analyzing information. A diverse group of CDO stakeholders, including community development beneficiaries, participate in an evaluation process in which they contribute to deciding which program outcome goals are important and assess how well these goals are achieved. The evaluation process itself contributes to organizational and community competency: “Through this approach, the capacity of residents is strengthened, leadership skills are developed, networks are expanded and a process of continuous community improvement actualized” (Jackson and Kassam 1998).

THE SUCCESS MEASURES DATA SYSTEM

Over the past decade, the strategic advantages of participatory evaluation have been widely recognized, especially in the international-development context in which participatory evaluation is acknowledged as producing superior outcome information and is used effectively by grassroots organizations to redirect

resources, increase accountability to donors, improve program management, and gain broad stakeholder involvement in program design.

The original Success Measures method for participatory evaluation grew out of concerns among grassroots community development groups concerned that they were not adequately documenting the most important impacts of their work. Initiated by the Development Leadership Network (DLN) and community-based organizations, Success Measures, including the method, indicators, and tools, were developed in partnership with the McAuley Institute. From its inception, the design of Success Measures demystified and democratized evaluation by engaging community-based development practitioners, residents, funders, and policymakers to achieve the following goals:

- Build local capacity to analyze impact.
- Empower community residents and organizations to determine priorities and how they are measured.
- Generate new and better information that contributes to more effective community development programs.
- Demonstrate the value and impact of community development to effect systems change.

In the first step of the Success Measures method, community stakeholders articulate a “benefits picture” that describes the impacts they hope to achieve, encourages them to think holistically, and enables them to articulate the entire range of interconnected benefits that can result from programs, beginning with the end in mind. Next, they identify the indicators of a community’s economic and social health by which the organization will measure its success. Success Measures’ current indicators measure benefits to individuals, the neighborhood, and the community that result from housing, economic development, and community building activities. After selecting indicators, the participants choose from qualitative and quantitative data collection tools. Put in the context of a 1-year evaluation, Success Measures steps are as follows:

1. Identifying stakeholders—1st month.
2. Articulating a benefits picture—2nd month.
3. Choosing and/or creating new indicators to measure progress—3rd and 4th months.
4. Choosing and/or creating data collection tools—4th and 5th months.

5. Collecting information (data)—6th through 8th months.
6. Analyzing results—9th and 10th months.
7. Reporting and using knowledge gained—11th and 12th months.

In designing their own evaluation, local organizations first must decide on the context for the process: some choose the “working group” approach to evaluation, taking care to ensure that all relevant stakeholder groups are represented and the voices of community residents clearly and respectfully heard. Other organizations have a small team of staff and volunteers and hold community meetings to involve other stakeholders in decision processes for the evaluation. Whatever the approach, the model is flexible for the circumstances and local context of the evaluation.

From 1999 to 2003, through the collective efforts of hundreds of practitioners, 44 indicators and associated data-collection tools were developed and field tested. The indicators measure benefits such as wealth creation, personal effectiveness and self-sufficiency, neighborhood security, housing quality, employment and income from job training, residents’ sense of social cohesion, local economic impact, social networks, and participation in community life.

Many groups have received targeted technical assistance and training on how to conduct their own participatory evaluations by engaging stakeholders, customizing the indicators to their local environment, gathering baseline data, measuring their success against the baseline data, and demonstrating their impact on communities. For example, the impact of housing development can be measured using the indicators of affordability, quality, self-sufficiency, community diversity, and local economic impact. Community building efforts can be measured through indicators such as evidence of community power, residents’ sense of social cohesion, external perception of neighborhood, and leadership in neighborhood organizations. The indicators, as well as a step-by-step guide to conducting participatory evaluation, are described in Success Measures’ initial information resource, the *Success Measures Guide Book*.

Development and field-testing of the approach over the past 5 years have demonstrated its validity and usefulness while underscoring the need for further lowering the barriers that organizations face in measuring impact. Basing new efforts on what it has learned in the test phase, the McAuley Institute is building new tools for current indicators and developing new indicators and tools to address other kinds of social-change outcomes. McAuley’s most significant step forward, however, is the development of the SMDS, which became available nationally in March 2004.

GETTING TO IMPACT THROUGH TECHNOLOGY

In contrast to many large-scale, externally led evaluations that primarily involve neighborhood residents and program participants only as sources of information, Success Measures builds the competency of local organizations, community stakeholders, and program participants to engage in a process of reflection, analysis, and dialogue to measure program impacts. This can be accomplished through any good, fully developed participatory evaluation method. What has been missing in participatory evaluation are the tools and technology to conduct evaluation efficiently, to track change over time, and to aggregate results of local change for the field.

The new SMDS takes the Success Measures method to the Internet in an interactive format and adds a customized data collection and management function, as well as peer learning and online tutorials. With the capacity to serve many thousands of registered users conducting annual evaluations, the Data System will increase the number of organizations conducting participatory evaluations and further reduce the time, cost, and in-house technical, research, and database skills needed by organizations using the Success Measures method. SMDS also offers intermediaries and funders an opportunity to provide their grantees with an evaluation tool that can be customized and, at the same time, provide them with a picture of outcomes across grantee sites.

The Data System enables practitioners to plan and manage their entire participatory evaluation process on line in their own secure area of the project's national database. Community-based organizations can select indicators, download corresponding data collection tools such as survey questionnaires and focus group formats, input their data directly into forms on the Web page, and receive basic tabulation reports produced by the system. Users may also export data for further quantitative or qualitative analysis and store and manage data over time in their own secure area of the site. Project sponsors and others with interest in aggregate data can draw on the data entered from participating organizations opting to share their data to analyze and report on community development impacts and trends across the country.

USING THE SMDS

The SMDS's key features are best understood through the actions of a typical user. For example, an executive director of a CDO may participate in a workshop at a state community development corporation (CDC) association conference on the

Success Measures method and view a guided tour of the Data System. On returning home and sharing information with her board of directors, she can go to the website, register, and follow a guided tutorial of the system that provides both an introduction to the Success Measures participatory-evaluation process and the Data System's features. Another option is for the CDO to be sponsored by an intermediary and have an opportunity to participate in a series of three workshops that provide group technical assistance during the first year of evaluation.

When the CDO is registered, the CDO staff identifies community stakeholders to participate in a working group for the evaluation. In a first meeting or workshop, stakeholders articulate their benefits picture that describes, in practical terms, the impacts they hope to achieve, beginning with the end in mind. As a part of this process, stakeholders also identify the indicators of their community's economic and social health by which the organization will measure its success.

Returning to the SMDS, the executive director then enters the benefits picture of desired program outcomes and the indicators her community chose for measuring them. She would then use a "wizard" to create an evaluation on line in an area secured just for her organization. She would select data-collection tools (such as surveys, questions for focus groups, and formulas for analyzing program administrative data) tied to the indicators she chooses. Her community respondents or program participants may complete the survey in writing or on the Web.

After the organization has collected and entered data, the system will tabulate data and generate evaluation reports. Data storage and graphic capacities will enable the organization to visually demonstrate changes. Further, the data is stored securely, so if the organization collects the data annually, it can track changes electronically and create maps, graphs, and charts to visually demonstrate the changes over time. The organization can use the evaluation information for a wide range of purposes, such as guiding program development, reporting to constituents and funders, marketing its services, and informing policy.

As a registered user, the executive director can view information posted by other organizations or share information to be included in the national database to inform policy. At any point in the process, she also can contact a help desk for technical assistance.

THE SMDS AND SYSTEMS CHANGE

From its inception, the Success Measures philosophy, methodologies, and trainings have focused on systems change. With the deployment of the SMDS, the McAuley Institute enhances opportunities for systems change by linking outcome data, generated in a process controlled at the local level, in a *system*. Creating a centralized database aggregating thousands of users' information, as opposed to disconnected databases, creates sharing and learning opportunities across organizational boundaries and allows for analysis of national impacts and trends in community development.

The SMDS also benefits people at the grassroots level while informing policy and advocating for systems change with significant implications for all community development stakeholders. It creates an environment for dialogue among grassroots organizations and public and private supporters around issues of impact as defined by community stakeholders. It also provides the catalyst needed to bring together grantees and grantors on the subject of program evaluation.

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COMPENDIUM SUMMARY

After 40 years, community-based organizations are making a substantial contribution to developing communities and improving the quality of life in distressed communities. The papers in this volume show that not only do community development corporations provide a significant vehicle in community-based development, but faith-based development organizations increasingly play a part in community development.

This compendium seeks to identify critical capacity and organizational challenges limiting the impact of secular community-based development organizations and faith-based organizations directly involved in the development process. The major points and findings of the authors are summarized below:

- A significant amount of basic research still must be done to understand the organizational dynamics of community-based development organizations. Without such basic research, improvements to the work and impact of community-based development organizations will remain episodic.
- Faith-based development organizations are not a new force in community-based development. They have been active since before the advent of the modern community development movement. Separating their work and underlying challenges from secular community development organizations is counterproductive. Faith-based organizations do have some advantages (such as moral authority), but building an organization that can actively participate in community development has more to do with creating a standardized process than with the faith origins of the entity. In fact, assets such as moral authority are balanced by the tensions of maintaining a development organization/program parallel to the operation of the faith institution.
- A community development infrastructure containing strong intermediary organizations (financial, technical assistance, and training) is central to the continued growth and impact of community-based development. As leadership organizations vested with the trust and financial resources of resource providers, intermediaries have a special responsibility to be custodians and bellwethers of needed change in community development. Such groups must scan the external environment and move beyond short-term self interest to focus on the long-term health of community-based development.

- Capacity as an operational term can be defined and put to use in helping assess the impact of community-based development organizations.
- Community-based development stakeholders must develop more case analyses of organizational success and failure. Current case analyses suggest that rapid growth without accompanying organizational infrastructure leads to a number of failures, but we also need to document the appropriate organizational practices that lead to success.
- Community-based development needs much more basic research on leadership and staff development. The evidence suggests that generational changes in the community-based development field will increase the demand for new leaders. New and existing practitioners also want much greater access to deeper training opportunities. Finally, new and different types of educational institutions, such as community colleges, should play larger roles in supplying the personnel needs of community-based development.
- The benefits infrastructure of community-based development has improved over the past 10 years, but further expansion of coverage to include pensions and training opportunities would greatly strengthen the human resource component of faith-based and community development organizations.
- Performance measures have the possibility for improving the work of community-based organizations, but they should not be used without practitioner input in the design of such measures.

This volume is the start of what should be a serious research agenda of the micro-foundation into what it takes to improve the operations and impact of faith- and community-based organizations. The field has demonstrated its potential. Reflective practitioners and researchers must now go the distance in devising appropriate learning opportunities and research studies to support this valuable field.