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

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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).<sup>1</sup> 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.<sup>2</sup>

### **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 |
|---|-------------|----------------|---------|
| <b>Resource Management Capacity</b>                             |             |                |         |
| 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    |
| <b>Organizational Capacity</b>                                  |             |                |         |
| 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      |
| <b>Programmatic Capacity</b>                                    |             |                |         |
| 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     |
| <b>Networking Capacity</b>                                      |             |                |         |
| 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      |
| <b>Political Capacity</b>                                       |             |                |         |
| 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**

| <b>Elements of Capacity</b>                                    | <b>Partnership CDC Responded<br/>“Very Important or<br/>Somewhat Important”<sup>a</sup> (%)</b> |
|--|---|
| <b>Resource Management Capacity</b>                            |   |
| 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  |
| <b>Organizational Capacity</b>                                 |   |
| 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  |
| <b>Networking Capacity</b>                                     |   |
| CDCs that said partnerships facilitated joint ventures with:   |   |
| Other community-based organizations                            | 43  |
| Private developers   | 14  |
| Governmental bodies  | 22  |
| National intermediaries  | 30  |
| Other  | 5   |
| <b>Programmatic Capacity</b>                                   |   |
| 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  |
| <b>Political Capacity</b>                                      |   |
| Improved access to elected officials                           | 26  |
| Facilitated relationship with the corporate business community | 41  |
| Strengthened relations with private-sector funder              | 60  |

<sup>a</sup> 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.<sup>3</sup> 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

<sup>1</sup> 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.

<sup>2</sup> 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.

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

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