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

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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
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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
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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).
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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).
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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
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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).
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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.

REFERENCES


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ADDITIONAL READING


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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.

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.

**Defining the Issues**

**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).
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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.”
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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.
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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.
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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.
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• 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
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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-
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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-
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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 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.
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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,
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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.
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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,
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and other private actors. 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. 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
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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. 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:
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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
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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.”
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).

**REFERENCES**


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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). 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; 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. Moreover, community development outcomes
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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.
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- 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-
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ture that could help CDCs sustain their efforts and grow to a scale in which projects
turned 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 inter-
mediaries—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
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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
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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.  

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,
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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.

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
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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. 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.

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.  

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.”
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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.

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 regions 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
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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
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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 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.

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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 workforce 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-
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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.
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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 barbeques), 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 outreach programs. 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 regranting 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
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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,
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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
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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:
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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.
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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.
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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
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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.

REFERENCES


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