



NAVIGATING COMMUNITY DEVELOPMENT

Harnessing Comparative Advantages
to Create Strategic Partnerships

ROBERT O. ZDENEK & DEE WALSH



Navigating Community Development

Robert O. Zdenek · Dee Walsh

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PRAISE FOR *NAVIGATING COMMUNITY DEVELOPMENT*

“In this important and timely book Bob and Dee use case studies and their considerable experience to lead us through the complex evolution of CDCs and describe how organizations can further transform themselves and adapt to a new environment that will demand further change. The work is vital, and this book will advance how community development practice can rise to the challenge.”

—**Carol Galante**, I. Donald Turner Distinguished Professor in Affordable Housing and Urban Policy and Faculty Director, Turner Center for Housing Innovation, U.C. Berkeley

“*Navigating Community Development* offers a unique perspective on how non-profit, community-based development organizations can successfully undertake the complex and interconnected strategies that are essential to the revitalization of urban and rural areas. Through the strategic deployment of capital—financial, human, and political, these institutions offer a comparative advantage to other redevelopment approaches, which the authors skillfully document in a series of case studies.”

—**Kevin McQueen**, Board Chair, Partners for the Common Good and Adjunct Instructor—Community Development Finance Lab, The Milano School of International Affairs, Management and Urban Policy, The New School.

“Zdenek and Walsh provide a 21st century roadmap of the community development field that recognizes economic constraints, regional contexts, the persistence and variation of poverty and the organizational diversity of community developers. They emphasize the need for multi-sector collaborations and for community development organizations to focus on what they do best and align, when

appropriate, with other stakeholders. The mix of theory, history, case studies and lessons makes *Navigating Community Development* invaluable.”

—**Robert Giloth**, Ph.D.

Vice President, Center for Economic Opportunity

Annie E. Casey Foundation

701 St. Paul Street

Baltimore, MD 21202

“*Navigating Community Development*” is a timely and valuable assessment of the evolving community development industry and an insightful investigation of how to enhance the impact of these important institutions. It will be an invaluable resource for practitioners, policy makers and students of this vital field.”

—**Christopher Herbert**, Managing Director, Harvard Joint Center for Housing Studies

“*Navigating Community Development* arrives just in time for practitioners who must navigate rapid and dramatic changes in politics, public policy and worsening income inequality. Don’t just sit back and read this book. Identify your non-profit’s most critical challenges—then use this as a guide for success.”

—**Douglas K. Smith**, Author and Architect of NeighborWorks America’s Achieving Excellence

“Bob Zdenek’s and Dee Walsh’s new book *Navigating Community Development* benefits from the authors vast, practical operating and policy experience over decades of the evolution of community development. Their insights into how organizations can use their comparative advantages derived from core competencies, at this critical juncture, to increase impact, efficiency, and growth is must reading for all practitioners. They not only explain the evolution of community development but how to navigate it today for success. It is full of sound, thoughtful advice and challenges to conventional thinking.”

—**Bart Harvey**, former Chair and CEO, Enterprise Community Partners

“*Navigating Community Development* presents a powerful and comprehensive roadmap through nearly a half century of community development practice and policy, highlighting the key lessons that bring greater equity and prosperity to low- and moderate-income communities. The authors take these lessons to frame out a vision for a 21st century version of community development that is designed to succeed in expanding economic opportunity so that no communities in our nation are left behind.”

—**Andrea Levere**, President, Corporation for Enterprise Development

“As a practitioner of community development for over 30 years, I believe that *Navigating Community Development* has captured the history and impact of our sector in a way that practitioners and policy makers alike would find compelling. Bob and Dee celebrate the unique role that community development has played in transforming economically challenged communities into viable places for families and individuals to thrive. At the same time that the community development sector is being celebrated, the authors provide a sobering and insightful look at the future of the field and challenge us to improve our competencies and be innovative in our techniques to address the ever changing needs of community transformation. This is a must read for anyone pursuing a community development career or desiring to bring about community change.”

—**Bernie Mazyck**, President and CEO, South Carolina Association for, Community Economic Development

“As our increasingly diverse nation confronts unsustainable income and wealth gaps, Zdenek and Walsh offer timely and thoughtful insights on the evolution and significance of the community development industry. *Navigating Community Development* will undoubtedly prompt constructive dialogue as the country seeks to navigate a complex matrix of social, economic and political realities.”

—**Bill Bynum**, Chief Executive Officer, Hope Enterprise Corporation

FOREWORD

Navigating Community Development is an important new book that is by turns a history, a practitioner's guide, an insightful critique, a policy agenda, a research agenda, and a road map to improving the community development field based on its "core competencies," as the authors explain. Bob Zdenek and Dee Walsh are two leaders and architects of the community development field with a combined 60 years of experience. They are particularly well suited to be both guide and guru for such an ambitious project.

This book wrestles with a central paradox that has plagued many of us who have spent a career in community development: Over the past 50 years this field has become dramatically more professional and effective and yet the problems we were founded to address remain stubbornly persistent. Zdenek and Walsh write, "Nonprofit community development organizations have done incredible work over the past 50 years. Billions of dollars have been invested in low-income communities, and hundreds of thousands of units of affordable housing have been built." Yet, "Recent studies show that the number of high poverty census tracts is increasing and the overall poverty rate is holding steady at 15% (Cortright and Mahmoudi 2014)." They acknowledge that historic disinvestment and racial and economic discriminatory practices along with larger trends in the economy (technological change and global trade) have been headwinds for this work.

Nevertheless, we have to ask ourselves are we bound to forever be tinkering on the edges—beating on as boats against the current. Or is some breakthrough possible? This book stays hopeful on this question. Zdenek

and Walsh believe that new ideas, new ways of working, new technology, and new leaders will forge a much more effective community development field in the future: One that is part of a larger “ecosystem” that at root does what community development always intended—to help places by involving the people who live in those places. But the ecosystem will be far more integrated with other fields and more capable of delivering the change communities need with “blended approaches to community development” that involve “partnering with education, employment, health care and environmental justice advocacy groups.” This will require “networks and collaborations” as “the best ways to achieve multi-sector integrative outcomes.”

In order to go forward, Walsh and Zdenek take us back to the beginning of the community development movement. Back, in fact, when debates raged on whether community development was a “movement” or an “industry.” As a field that emerged from the War on Poverty, they describe its evolution from early organizations such as the Bedford Stuyvesant Restoration Corporation (the country’s first community development corporation) to field of increasing complexity that was “cross-sectoral, multidisciplinary” and involved “a plethora of people, organizations and institutions.”

The growth of the community development field was captured by a series of increasingly optimistic titles of a survey of the industry conducted by Zdenek’s former organization the National Congress for Community Economic Development (NCCED) and later by the National Association of Community Economic Development Associations (NACEDA). From *Against All Odds* in 1987 to *Rising Above* in 2010, these surveys showed how a movement had turned into an industry; how a handful of community development corporations grew to be many thousands across the country.

That growth, however, was uneven and resulted in a wild array of organizations under the community development umbrella. In the book, Zdenek and Walsh make a useful distinction between three types of these organizations: community development corporations (CDCs), regional housing development organizations (RHDOs), and community development finance institutions (CDFIs). They go deeper in describing the vast variety within those categories depending on history, leadership, capital structure, region, etc.

What to some may appear to be hopeless heterodoxy is a positive strength to Walsh and Zdenek. They see in this variety institutions that

develop unique combinations of “core competencies.” This idea was first explored in a Federal Reserve Bank of San Francisco working paper in 2013 titled “Comparative Advantage: Creating Synergy in Community Development.” The book builds on that earlier work and creates a useful typology of competencies including: “organizational development and management; community engagement; planning feasibility; project development; lending; property and asset management; program management; resource development; communication; collaboration and partnering; and performance measurement and performance criteria.” Breaking these competencies down into their components both allows for better management of them and suggests a strategy of who to seek out as partners. The core idea is to find partners that are stronger in areas where other organizations are weak. In other words, this book is about creating new partnerships and networks where the sum is much greater than the parts. And that sum of organizations—working in concert—should be better positioned to meet the multiple and changing needs of a low-income community.

This is an important book at an important time. We need new ideas, new partners, and new resources if we are going to serve the needs of low-income America. The challenge always, however, is to stay true to the core value community development brings: improving a place while involving the people who live in that place.

David J. Erickson, Ph.D.
Director, Community Development
Federal Reserve Bank of San Francisco

PREFACE

In this Preface, we want to share some of our thoughts about community development and communicate our goals for the book and our reasons for writing it.

Community development can be defined as a purposeful effort to improve a place while involving the people who live in that place. Community development provides a forum for all voices to create a shared vision, with a goal of strengthening the economic, social, and environmental fabric of a community. Community development recognizes and builds upon community assets, rather than focusing on deficits. Community development engages residents and connects businesses, health-care institutions, educational institutions, faith-based organizations, elected officials, and administrators.

Finding solutions in the face of sometimes overwhelming odds is part of the DNA of community development. The community development sector identifies opportunity where others see adversity, creates new markets out of disinvestment, and brings hope to individuals and communities that have been ignored and disenfranchised.

While the core values, passion, mission, and vision of community development has been fairly consistent for the past 50 years, the practice of community development has evolved significantly. It has built a strong foundation based on what has worked, and it has adapted to dynamic economic markets and changing political conditions.

The raison d'être of this book is to provide guidance to practitioners, policy makers, and academics on how best to position community development efforts

in the future. There are an inordinate number of competencies needed for community development work. We believe that if organizations focus on a few of these competencies and become adept at leveraging their comparative advantages, it will lead to improved outcomes for individuals and the community.

Why Now?

The Presidential election of 2016 dramatically underscored how disconnected and polarized our country has become. The United States is divided between the haves and the have-nots, and the inclusive and the exclusive. There are those who welcome newcomers to our country and those who would prefer to build a wall to keep people out. Concentrated poverty is on the rise and racial tensions are running high. Given these dynamics, we believe that the time for developing strong, united communities is needed now more than ever, and that community development work is the way to achieve this.

The goal of this book is to show how building strong organizational competencies leads to comparative advantages that can build sustainable community development collaborations that improve economic, social, and health outcomes for underserved residents and communities.

The Authors

We bring over 60 years of leadership, program, and policy experience in community development at the local, regional, and national levels. Here is a bit on how both of us came to writing this book.

Bob's Story

I count myself very fortunate to have landed in the community development field in my early twenties at the National Congress for Community Economic Development (NCCED), the trade association of community

development corporations (CDCs). The late 1970s were an exciting time to observe and participate in the early days of the community development movement/industry. Three years later (1980), I was leading NCCED and continued to do so over a 13½-year period, just as the field was coming of age and experiencing an explosion of growth, strong networks, and intermediaries. At the time, community development was one of the few concepts and sectors that responded to the genuine aspirations, skills, and assets of diverse people and communities. NCCED felt like a mini United Nations with its core strengths being the diversity of its people and the skills they embodied, and its many resources. It was a mosaic of ideas and people. While I was at NCCED, we launched a number of partnerships with faith-based organizations, financial institutions, and funding groups.

NCCED left me with a lasting community development framework that I have utilized to work in a number of different sectors at the national, state, and local levels, including a 3 year stint at New Community Corporation in the Central Ward of Newark, New Jersey. I have been a catalyst in the asset-building world and in the human services field and have held leadership positions in the United Way system, as well as with disability economic self-sufficiency work, older adult “Age-Friendly Banking” and economic security work, and the healthy homes sector.

Through all this work, one of the key themes that I have followed and researched is how multi-sector collaborations build on strengths and competencies of diverse organizations to create lasting impact and outcomes. I have seen this type of collaboration first-hand—forging the community tax partnership model at United Way of America, and playing a lead role in Congregations as Partners in Community Development with Lilly Endowment, the Ford Foundation, Local Initiative Support Corporation (LISC), and NCCED.

The two things that excite me most about this book is that I had the opportunity to learn from some of the leading community development practitioners advancing multi-sector collaborations across diverse fields. Secondly, I was able to learn of the growing interest and skills of emerging community development leaders in broadening the impact of community development to address some of our most pressing social and economic challenges.

Dee's Story

I have worked in the community development sector my entire professional life. I was attracted to this work after I experienced my first substandard housing and “slum landlord” while attending university in a city with a severe housing shortage. I recognized that once I graduated and got a job I would have better housing choices, but that people with limited incomes and opportunities would not be so fortunate. In my junior year of college I got involved with a group of urban planning and law students who were forming a tenants’ union to help improve renters’ rights and housing conditions. This experience was a turning point for me and led me to work as a VISTA volunteer after college with a nonprofit housing agency, and later to a graduate degree in urban planning with a focus on housing.

My work experience includes stints with the community development departments of three cities, including a remarkable 2 years working in Seattle’s Chinatown-International District. In 1988 I joined REACH Community Development in Portland, Oregon, and during a 24-year period grew the organization from a small neighborhood-based CDC into a regional housing development organization. During my tenure at REACH, I launched three separate comprehensive community development efforts, partnering with private and public sectors partners. I also oversaw the development of 1300 units of affordable housing, including the one of the first passive house apartment buildings in the USA.

While at REACH, I was active on the boards of several national organizations including NCCED, Enterprise Community Partners, and the Housing Partnership Network (HPN). I also taught affordable housing policy and finance in the Master of Real Estate Development program at Portland State University. I left REACH in 2012 and spent 3 years as Executive Vice President for Network and Corporate Affairs at HPN and in early 2016 became the COO for the Network for Oregon Affordable Housing, a statewide, federally certified community development financial institution.

The book draws from my many years of experience, including first-hand work with the REACH-ACE merger, which is one of the case studies in the book. I have two goals for the book—to raise the bar of professional practice for the community development sector, and to attract young

people to the sector. It is my hope that this book not only provides helpful insights and examples for current practitioners, but also inspires the next generation to join in this very important work.

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Introduction

For much of the last century, the American dream of a home, family, and job has been at the heart of our nation's psyche. It has driven our domestic policy for housing, transportation, and employment, and it has shaped much of our landscape.

But the American dream has been delivered unequally. Economic recessions, structural income inequality, and racism have prevented universal success. Historically, disinvested communities that have suffered have had to learn to do more with less. In these communities, residents have discovered that to improve conditions they must band together to gain a political voice, articulate a vision, and organize others to improve their neighborhoods. There is no single solution. Each situation must be navigated based on its specific economic, political, and social conditions. This is community development.

Community development work has been underway for as long as there have been places that need improving. The work is led by those who are indigenous to the community, responding authentically to local conditions. In the last fifty plus years, there has risen a network of organizations—primarily nonprofit and public—that are dedicated to advancing this work. Community development is at its core “American” in that it embraces the concept of self-help, where people gain strength out of weakness and strive to improve their communities when government has not effectively worked. Community development is participatory and democratic, and involves hard work in lieu of handouts (Harvey 2016).

Given the unique nature of this work, there is no definitive road map. The challenge is finding the right tools and approaches to be successful. This book focuses on nonprofit community development organizations that are mission based, not profit motivated. These organizations work to advance the well-being of those living in urban, suburban, and rural areas who have not yet achieved the American dream.

A NEW WAY OF WORKING

Nonprofit community development organizations have done incredible work over the past 50 years. Billions of dollars have been invested in low-income communities, and hundreds of thousands of units of affordable housing have been built.

However, the conditions in our country have not become appreciably better, due in large part to macro and global trends. Today we face many challenges. Recent studies show that the number of high poverty census tracts is increasing and the overall poverty rate is holding steady at 15% (Cortright and Mahmoudi 2014). Government support for affordable housing and many community development programs has been steadily declining over the past 30 years (Center on Budget and Policy Priorities 2016).

In strong market cities, populations are booming and urban neighborhoods are being rediscovered and gentrified. The cost of housing in these places has skyrocketed and the number of homeless people living on the streets has reached an all-time high. Residents with modest means are often displaced to lower cost, less desirable parts of town. Suburban poverty is on the upswing.

For cities that are not booming, residents are struggling with decades of population loss and disinvestment, and with limited opportunities for economic growth and reinvestment. But every community has assets, and the key is to recognize and build upon these assets with bold solutions.

While community development organizations have spent decades honing their craft, the problems associated with poverty are complex and demand not a single multi-layered organization, but a team of organizations working together toward a common vision (Andrews and Retsinas 2012).

To effect change, community development practitioners need to be skilled collaborators and leverage their organizations' competencies with the competencies of other complementary organizations and institutions. In today's resource-constrained environment, an organization's ability to

use its comparative advantage by concentrating on those things that it can do more efficiently or effectively than others, is the most productive way forward. The goal of this book is to provide a framework and rationale for this approach.

THE FIELD HAS GROWN

In the five decades since community development emerged as a field to improve the social and economic well-being and sustainability of communities, it has grown and diversified. In the early years, holistic approaches to community development work that engaged local residents were primarily done by nonprofit organizations called community development corporations (CDCs). Today, a variety of organizations, including neighborhood associations, community development corporations, regional housing development organizations (RHDOs), community development financial institutions (CDFIs), community organizing and advocacy groups, private nonprofit anchor institutions (such as universities and hospitals), for-profit real estate companies, and local, regional, and state government, are actively doing community development work to varying degrees. With such a crowded field, it becomes essential that nonprofit community development organizations understand their unique capabilities and how to best utilize and leverage their comparative advantage.

While there are many more actors at work, nonprofit organizations play a significant role in executing community development initiatives. Not only have their numbers grown, but the quality of organizations working in the sector has greatly advanced. Of note, nonprofit community development organizations provide one third of the 4.6 million social housing units, which is affordable housing owned by public agencies and nonprofit organizations in the USA (Bratt 2012). They have lent billions of dollars to support housing and community development infrastructure (OFN 2014).

There are three types of nonprofits that do the lion's share of this work: CDCs, RHDOs, and CDFIs. While each type of organization has its own unique structure and approach, all of the organizations have similar missions: to improve the lives of low- and moderate-income individuals by creating vibrant, healthy communities.

Navigating Community Development describes how nonprofit community development organizations can strategically utilize their comparative advantages to achieve their mission. Our book offers seven case studies to help illustrate how organizations can utilize this approach.

SUCCEEDING IN THE FUTURE

In writing a book about how to undertake community development work in today's complex and interconnected world, a number of questions need to be answered. For example, are there core competencies that are essential to doing the work? Are specific competencies associated with specific types of community development organizations? How can organizations best leverage their competencies? What will the next generation of a community development system look like? These questions, and more, are addressed in this book.

We believe that to successfully navigate today's environment, community development organizations will need to respond systematically and comprehensively to the economic, social, and physical conditions that impact communities. By recognizing and leading with their competencies, community development organizations can bring their specialized areas of expertise to address complex community challenges, and effectively meet their missions and objectives.

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The Important Work of Community Development

THE BEGINNING OF A NEW ERA

When Senator Robert Kennedy (D-NY) toured the Bedford Stuyvesant neighborhood in New York City in 1967, he was challenged by neighborhood activists to go beyond rhetoric and help create tangible, programmatic solutions. Kennedy embraced this challenge and, with fellow US Senator Jacob Javits (R-NY), developed legislation that led to the creation of a new vehicle to attack urban decline: the community development corporation (CDC). Since then, CDCs and other participants in the community development sector have created important strategies for revitalizing the physical, social, and economic fabric of thousands of low- and moderate-income communities throughout the USA.

In the last 50 years, community development work, which is about engaging and empowering local citizens to improve and strengthen communities, has expanded and evolved to respond to changing social, political, and economic conditions. In this chapter, we provide a quick overview of the evolution of the sector to date.

COMMUNITY DEVELOPMENT IS COMPLEX

Communities are dynamic, complex systems, with an abundance of competing needs and differing views on best solutions. Frequently, the desire to make investments and improvement outstrips the available resources. Community development is complicated further by the accelerating pace of

economic, political, and technological change, which can drive transformations to social systems and culture. The work to improve communities is cross-sectoral and multi-disciplinary and involves a plethora of people, organizations, and institutions. Success depends on the effectiveness of the various parties and their ability to work together to define and solve complex problems (Amadei 2015).

Community development work can be carried out by a range of private and public entities. This book focuses on three types of organizations that have led and delivered the majority of the community development work by the nonprofit sector: CDCs, regional housing development organizations (RHDOs), and community development financial institutions (CDFIs). Each of these types of organizations has similar missions which typically comprises improving the lives of low- and moderate-income individuals by creating vibrant, healthy communities. However, the business models, approaches, and competencies of these organizations differ. Chapter 3 provides a detailed description of the characteristics of the three types of organizations.

Complex problems require comprehensive solutions that require considerable knowledge and resources. In a 1998 report, titled *More than Bricks and Sticks*, Glickman and Servon cautioned that community development organizations that take on a comprehensive approach to their work can face significant challenges because they may not have the financial and technical resources needed to be effective with a comprehensive agenda. A growing body of community development organizational research contends that supporting a large, diversified staff and series of programs is often too complicated and costly for organizations, which frequently operate on thin financial margins (Zdenek and Steinbach 2002). As circumstances shift, organizations may be forced to narrow their scope or specialize in areas where resources are available.

SHRINKING RESOURCES TRIGGER NEW WAYS OF WORKING

Financial support to community development organizations, which has historically included capacity building and operating support, and project support in the form of grants, low-cost loans, and project equity, has fluctuated over time.

Basic capacity building assistance typically included skills training and funds for operations. It was usually delivered by foundations, the public sector, and/or regional and national intermediary organizations.

These supporters of the community development sector, along with other community organizations, public and private institutions and businesses, formed a networked system for initiating and executing community development work. They functioned like an ecosystem, with interdependent organizations and institutions that are aligned in purpose and interact with each other and their environment.

Operating support and capacity building assistance took a big hit after the Great Recession of 2008 when there was a decrease in funding for the community development sector (Smith Hopkins 2012). The public sector tightened its spending and foundation support for community development operations and programs also suffered. As foundation investments experienced losses, grant giving was reduced. The demise of the Fannie Mae Foundation, which was a national leader in philanthropic support for community development, had a major negative impact on the sector. From its creation in 1979 to its closure in 2007, the Fannie Mae Foundation had spent more than \$1 billion to support affordable housing production across the nation (Adler 2007; Sullivan 2011; Baer 2015). The federal government helped fill the gap for community development projects with some short-term stimulus programs including the American Recovery and Reinvestment Act of 2009, but many financial institutions withdrew from the affordable housing market.

The financial crisis and recession brought harsh consequences for communities that had been struggling to revitalize. In the years leading up to the crisis, unscrupulous lenders, 85% of whom were not regulated, exploited low-income home buyers and communities with sub-prime loan products that resulted in 7 million foreclosures. The communities hit by home loss and abandonment were disproportionately communities of color (Harvey 2016). Relaxed mortgage lending standards, low interest rates, and the proliferation of sub-prime mortgages, all contributed to the housing bubble. With profits and greed driving Wall Street, the baseline for loan quality was at an all-time low. Bad and tenuous mortgage loans were packaged and securitized and sold to many unsuspecting investors. The creation of a “shadow banking system,” which included investment banks, hedge funds, and structured investment vehicles, became highly leveraged. When values stopped rising, the bubble burst and began a cycle of deleveraging and loss (Holt 2009). All of this meant huge setbacks for communities that were hit hard by the resulting foreclosures. The vast number of foreclosed properties resulted in lower property values and the reversal, in some cases, of years of community revitalization work (Hewings 2012).

After 2008, financial institutions, foundations, and public entities still working in community development gravitated toward the strongest organizations. As a result, these organizations did well and grew their portfolios during this period. The foreclosed home inventory and stimulus funding created opportunities for those organizations that were financially stable and able to take advantage of local and federal programs to acquire and reposition the housing.

But community development organizations with weak balance sheets found themselves with fewer operational grants and less access to capital and other flexible low-cost sources that they once had. These organizations suffered as project development opportunities and the related fee income shrank. With development no longer a feasible course of action, many had to redefine their role in the community and look to working with partners that could develop.

Community development organizations that still had access to capital found that the recession left them facing bigger challenges in their communities. This meant that they needed to find additional resources and/or expertise. These organizations recognized that to tackle the problems at hand, they had to work across silos with new partners who had resources and expertise to help solve the complex problems that lay before them.

In sum, after the Great Recession, the community development sector found itself needing to rethink its business approach and how it carried out its work in the community. To survive and thrive, it became essential for organizations to access new resources, become catalytic leaders, and work with new partners and constituencies.

MASTERING THE BASICS

Community development organizations have advanced significantly in the last two decades. Functioning as social enterprises that reinvest their profits to advance their charitable mission, community development organizations operate with multiple bottom lines in mind. Their real estate development and lending work must be financially viable, while meeting the social and economic needs of the residents, integrating well into the community, and, where applicable, being as environmentally sustainable as possible (Bratt 2012).

Organizations that are successful today have grasped essential competencies for doing community development work. They have mastered the “five components of community development capacity” as defined by

Glickman and Servon, which include resource, organizational, programmatic, network, and political capacity (Glickman and Servon 1998). Sophisticated community development organizations today have developed an array of technical and human skills that will allow them to function and thrive. Experienced organizations no longer have a need for “capacity building” assistance for basic skills and functions, but rather need advanced training and targeted assistance to advance sophisticated systems and processes.

Some community development organizations have found success in going deep in one particular area by creating a vertically integrated model that masters all of the steps in a particular business line. However, it can be difficult to transfer this expertise to other disciplines.

For example, Homewise, a nonprofit CDFI located in New Mexico, has created a company whose mission is to help create successful homeowners. They achieve this by offering homebuyer education, affordable home construction, financial products, brokerage services, and loan servicing (Homewise 2016). Since their start in 1986, they have developed expertise in all facets of the homeownership business, including financial products for home repair and refinancing. While Homewise has developed efficient systems for this work, if they moved into different business lines, such as job training or health care, they would either need to find a partner with that expertise or spend a lot of time and money to add organizational capacity in those areas.

PARTNERSHIPS AND COLLABORATIONS GAIN IMPORTANCE

At the same time that community development work has become more complex, funders, investors, public officials, and external stakeholders are placing a premium on strategic partnerships and collaboration, due in part to the wide breadth of community development needs. There have been some efforts on the part of funders to encourage partnerships between organizations, such as the LISC Sustainable Communities initiative which works with multiple organizations to improve the quality of life in low-income communities; the Living Cities Integration Initiative which strives to reshape programs, policies, and resources to achieve positive change for low-income communities; and the JP Morgan Chase PRO Neighborhoods program designed to encourage collaboration among CDFIs (LISC and JPMorgan Chase 2016). There is recognition that community development intersects with numerous fields and that the work

of building communities needs to align with other systems that affect the success of that community, such as health care, education, employment, transportation, and environmental quality.

MORE PLAYERS ENTER THE FIELD

The movement of organizations not traditionally involved in community development to become more active in this arena stems from the fact that human needs are not neatly organized in silos. Addressing human needs requires a multi-sector approach to achieve results. As social service agencies, educators and health providers consider the influence of place on their clients, they have moved to provide solutions that are community development in nature.

For example, the affordable and decent housing can improve health outcomes. Thus, some agencies working with populations with special health needs have begun developing housing for their clients. As safe, affordable homes can help individuals in their recovery from mental and physical illness, mental health organizations have developed housing to fill this need for their clients. Agencies working with the elderly have developed programs to make housing more age-friendly.

In the future, to be relevant and impactful, community development organizations will need to respond to the economic, social, physical, and health determinates that negatively impact communities. They will achieve this by leveraging their comparative advantages and collaborating with diverse types of organizations that have complementary abilities and resources.

GOALS FOR THIS BOOK

The primary goal of *Navigating Community Development* is to propose a framework, guidance, and current examples of how community development organizations can maximize their core competencies in a strategic way to increase their outputs, outcomes, and impact, all of which are important. Outputs are those things that are done by the organization. Outcomes are the recognizable effects on the beneficiaries, while impact is the degree to which the activities of the organization improve upon the larger issues (Stannard-Stockton 2010). For example, homes built are outputs. People living more affordably and safely are outcomes. Reducing housing needs in a community is an impact.