



Building Capacity, Changing Systems

Supporting neighborhood organizations
to promote equitable communities

Patricia Voltolini
Senior Research Associate

David M. Greenberg
Director of Research
and Evaluation

Sara Feierstein
Program Officer,
Knowledge Management

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Contents

- 2 Executive Summary
- 6 Introduction
- 8 Case Studies of Innovative Approaches to Build Equity
 - Economic Development
 - Housing
 - Safety and Justice
- 22 Capacity Building for Equity and Inclusion
- 30 Recommendations
 - Recommendations to the Philanthropic Sector
 - Recommendations to the Public Sector
 - Recommendations to Intermediaries
- 35 Endnotes

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Executive Summary

Since its inception in the 1960s the community development movement has made significant progress throughout the country. Community-based organizations have helped spark revitalization of many low-income neighborhoods and make local government more just and inclusive by advocating for policies that support residents in historically disinvested communities of color. Yet despite these gains, the needs of low-income communities continue to evolve and in many instances have increased. Community organizations are working to dismantle these inequalities, but many groups lack basic funding to sustain their ongoing, difficult work, let alone additional resources to pursue innovative strategies to meet new challenges. Compounding these problems, resources to *build* the capacity of community organizations are proven to be effective, but remain quite limited in scale.



Community organizations are working to dismantle these inequalities, but many groups lack basic funding to sustain their ongoing, difficult work, let alone additional resources to pursue innovative strategies to meet new challenges.

Community development intermediaries have historically played a crucial role in growing and establishing the community development sector as a whole, not just by providing technical assistance and funding to local organizations, but also by helping orient the public sector to better support community development corporations (CDCs) and their work. Yet there has been limited research on the strategies community development intermediaries *currently* employ to build capacity, and especially limited evidence about new approaches that can help community organizations and the public sector work together to address contemporary problems related to equity and inclusion.

In this paper we look at efforts of intermediaries to advance equity throughout the country, considering the needs of local organizations and also citywide actors and the public sector. Our main goal is to learn how intermediaries can build the capacity of *entire systems* to promote equitable outcomes.

Case studies

The paper describes efforts by LISC and its partners to address equity gaps by simultaneously changing the orientation of systems-level actors and building the capacity of community organizations as key partners for change.

Economic development. Around the country, economic development entities are typically charged with supporting local economic growth by attracting and retaining firms. While growth is important for cities' prosperity, its benefits may not always reach low-income communities. In **Indianapolis**, LISC has engaged key public and civic institutions to make *inclusion* a more central component of the city's economic development policy, by bringing economic development agencies together with community development organizations in historically disinvested neighborhoods. In both **Los Angeles** and **Philadelphia**, LISC supports community organizations, lenders, and other stakeholders to identify and address gaps faced by local entrepreneurs of color. As in Indianapolis, the work entails policy change at the citywide level, such as shifting procurement policies to complement capacity-building for neighborhood organizations and entrepreneurs.

Housing. Soaring housing costs have threatened **Washington, D.C.**, residents with displacement. One long-standing policy that can help mitigate gentrification is the Tenant Opportunity to Purchase Act (TOPA), passed in 1980, which gives tenants the right to buy their building provided they or their developer can match an open-market bid. Since 1988 LISC has helped provide over \$121.5 million in grants and loans to enable 6,877 low-income families to

purchase their buildings through TOPA, as well as provided substantial assistance to tenant-support organizations. In settings beyond hot-market cities, demographic changes and increased housing costs are bringing a whole new set of pressures and needs to suburban communities, and LISC Twin Cities and LISC's National Housing team are helping the **City of Bloomington, MN**, create affordable housing finance models that are not reliant on Low-Income Housing Tax Credits (LIHTC).

Safety. In 2017, **Richmond** residents welcomed the Six Points Innovation Center (6PIC) in the heart of Highland Park's main commercial corridor. With resources and technical assistance from Virginia LISC and LISC's national Safety & Justice program, 6PIC has engaged local youth to develop programming and implement safety strategies, as well as involved them in advocacy and skills-building programs. Across the country in **Phoenix**, the Valley Metro transit agency is seeking to expand the light rail to the underserved neighborhood of South Phoenix. With the support of LISC Phoenix and LISC's national Safety & Justice program, Valley Metro has been engaged with local residents who are concerned about potential gentrification and over-policing associated with the transit extension, and is joining with these residents in co-creating an equitable plan for the expansion.

In summary, contemporary equity needs represent both newer and long-standing challenges. Some of these challenges require community organizations and the public sector to take different kinds of approaches and develop new kinds of skills, but others involve scaling up traditional approaches to enhance their reach and effectiveness. Community development intermediaries can work with local organizations to: 1) build their core strengths continuing access to needed resources, 2) promote adaptive leadership to face evolving community challenges, and 3) support resident leadership and deep resident connections. At the systems level, intermediaries can: 1) promote field-building, especially with emerging, resident-led organizations, and 2) convene citywide stakeholders to change institutional practices and policies.

This paper looks at efforts of intermediaries to advance equity considering the needs of local organizations and also citywide actors and the public sector. Our main goal is to learn how intermediaries can build the capacity of entire systems to promote equitable outcomes.

Recommendations

Over the past forty years, community development intermediaries have played a crucial role in growing and establishing the sector, and their capacity-building has continued in various forms on a local and national level. The following recommendations build on practices designed to help community organizations and the public sector work together to address contemporary problems related to equity and inclusion

Private funders should adopt a multi-pronged, capacity-building approach. As the efforts highlighted reveal, capacity building for equity is multifaceted. It involves assisting local groups to build their organizational capacity, as well as collaborating with institutional partners at multiple scales (local, regional) to promote greater alignment and synergies between nonprofit and public sector initiatives. Accordingly, funders may want to support such multi-pronged capacity-building approaches.

The federal government should expand resources for Section 4 and consider bringing capacity-building programs that are parallel to Section 4 to other federal agencies. Section 4 grants are extremely valuable and the main source of funds for LISC's capacity-building work, but insufficient to meet the needs of the field. Furthermore, community organizations work in multiple domains beyond housing. Increased funding for Section 4 and establishing additional capacity resources across areas would expand the effectiveness of the community development movement as a whole and allow a greater number of federal agencies to deploy their funds to the field more effectively.

Changing long-standing wealth and opportunity gaps requires systems change, and intermediaries are in a strategic position to help drive that change.

Local public agencies should establish authentic community partnerships for program development and implementation. Equity can be advanced when the public sector works together with community-based organizations, as demonstrated by cases throughout the report.

Community development intermediaries should expand resources to help nascent groups, and adopt a more pointed stance towards systems change. Often communities with the greatest need are the ones with the least amount of organizational capacity; intentionality is required to support newer, resident-led organizations. Similarly, changing long-standing wealth and opportunity gaps requires systems change, and intermediaries are in a strategic position to help drive that change. Because bridging opportunity gaps will demand bold initiatives, this challenging and necessary work is where intermediaries should deploy their expertise and relationships.



PHOTO CREDIT: MICASA

A single-family home, formerly abandoned property, renovated in the early 2000s through Mi Casa's Scattered Site Program (LISC was a partner).

Building Capacity, Changing Systems

Introduction

For 50 years, the community development movement has worked to empower people to improve their neighborhoods and lives, and to promote systems change that ensures every resident, regardless of background, can share in this country's prosperity. Community-based organizations have developed affordable housing, supported youth and schools, implemented job training programs, promoted safety and criminal justice reform, helped small businesses grow, created vibrant public spaces through the arts, and revitalized commercial corridors. They have also helped make local government more just and inclusive, by advocating for policies that support residents in neighborhoods of color. Yet despite these gains, the needs of low-income communities continue to evolve and in many instances have increased. For example:

- Racial gaps around income, wealth, and opportunity have widened throughout the country. Over the past three decades gains in income and wages have gone largely to the very top earners, while the incomes of working- and middle-class households have declined or stagnated.³
- In the face of rapidly increasing real estate values and gentrification pressures, affordable housing production has not kept pace with the housing needs of a growing segment of the population.⁴
- Crime has decreased substantially in the past decades, but incarceration rates in the United States have increased more than sevenfold, disproportionately impacting people of color and resulting in an incarcerated population of over 2 million people.⁵



Neighborhoods that are rich in community organizations have more political power, leading to better resident outcomes, and more equitable neighborhood revitalization

All over the country, community organizations are working to dismantle inequalities. While public policy change at the national level is necessary to address these problems, there is substantial evidence that neighborhoods that are rich in community organizations have more political power,⁶ leading to better resident outcomes⁷ and more equitable neighborhood revitalization.⁸ Because they are closer to need, local organizations also are often better able to develop innovative responses that respond to neighborhood challenges. But many communities are unable to tackle problems of equity at scale, because local organizations do not often have the capacity to address systemic, structural issues with profound reach. That is, many groups lack basic funding to sustain their ongoing, difficult work, let alone additional resources to pursue new strategies to meet new challenges. They may also face local policies that both exacerbate inequality and make it harder for neighborhood organizations to engage in efforts to combat it.

Compounding these problems, resources to *build* the capacity of community organizations are proven to be effective, but remain quite limited in scale. Currently, the main source of governmental support for capacity-building is the Section 4 program of the U.S. Department of Housing and Urban Development (HUD), authorized by Congress in 1993.⁹ An evaluation of Section 4 found strong evidence that it enabled CDCs to implement new programs, boosted the production of affordable housing and community assets, and increased the ability of organizations to attract and use other federal funds.¹⁰ But program funding has been frozen at \$35 million since FY 2012,¹¹ representing \$700,000 annually for each state in the U.S.—hardly adequate to the scale of need experienced by communities and the community organizations that serve them.

How do intermediaries build capacity for equity that flows from the grassroots on up, creating the systemic conditions that can reinforce inclusive outcomes?

Community development intermediaries have played a crucial role in capacity-building.¹² Beginning in the early 1980s, intermediaries were critical to the growth and establishment of the community development sector as a whole. Often created by foundations, intermediaries were established to help provide a support infrastructure to sustain and expand community organizations' efforts. Over the past forty years, intermediaries have channeled funds from private and public sources into community organizations; provided core operating support, technical assistance, and training to neighborhood groups; and helped advocate for national community development policies and orient the public sector to better support CDCs and their work.¹³ Yet despite recognition of the importance of capacity-building as a tool to support community-based organizations,¹⁴ there has been limited research on the distinct strategies community development intermediaries *currently* employ to build capacity, and especially limited evidence about new approaches that can help community organizations *and* the public sector work together to address contemporary problems of equity and inclusion.

In this paper we look at efforts of intermediaries to advance equity throughout the country, considering the needs of local organizations and also the public sector. Our research questions include:

- What do community organizations and the public sector *need* to advance equity in the domains of housing, safety, and economic development?
- How can different capacity-building strategies help groups advance equity, and what roles can community development intermediaries play in this work?

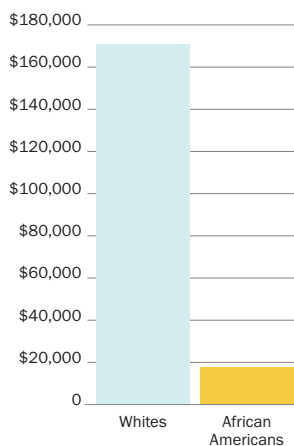
Our main goal is to learn how intermediaries can build the capacity of *entire systems* to promote equitable outcomes—through not just community organizations, but also citywide agencies and the public sector. In other words, how do intermediaries build capacity for equity that flows from the grassroots on up, creating the systemic conditions that can reinforce inclusive outcomes?

The paper starts by examining efforts throughout the country to build capacity both at the organizational and the systems level to promote equity and inclusion. Based on these case studies, it identifies strategies intermediaries may pursue to build the capacity of both community-based organizations and the public sector. It ends with recommendations for intermediaries, the public sector, and philanthropy.

Case Studies of Innovative Approaches to Build Equity

ECONOMIC DEVELOPMENT

Median Family Wealth



SOURCE: FEDERAL RESERVE BANK, SEPTEMBER 2017

Black households' income is currently about 60 percent of white households', and their net worth has been estimated to be only 10 percent of whites'.

Since 1979, incomes of U.S. workers at the bottom 10th percentile fell by 11.4 percent while those at the top 90th percentile increased 14.8 percent. Black households' income is currently about 60 percent of white households', and their net worth has been estimated to be only 10 percent of whites'.¹⁵ These gaps are reinforced by the fact that many workforce and small-business development approaches do not necessarily reach those who need it most. Around job training, a lack of transportation options, family responsibilities, and the need for a steady paycheck keep many low-income workers from accessing the skill-building programs that can lead to better jobs.¹⁶ For entrepreneurs of color, a lack of access to capital, and the relatively limited reach of technical assistance programs have discouraged small business creation and expansion. Meanwhile, lending institutions and economic development agencies have offered limited options to provide enough opportunities to achieve prosperity.¹⁷

The following cases describe efforts by LISC and its partners to address these equity gaps in economic development, by simultaneously changing the orientation of systems-level actors and building the capacity of community organizations as key partners.

Advancing a citywide equitable economic development agenda in Indianapolis

Like many cities throughout the country, Indianapolis experienced dramatic economic transformation in recent decades. In 2015 Indianapolis was among the country's top 20 cities that added the most technology jobs,¹⁸ and was nominated by *Forbes* magazine as one of the country's top 10 cities for young professionals. Yet, despite the growth of high-paying tech jobs, between 1995 and 2015, Indianapolis and Marion County lost approximately 30,000 manufacturing jobs that paid \$73,000 on average and were replaced primarily with jobs in transportation and logistics, paying only \$43,000 on average, and healthcare, paying \$53,000.¹⁹ These changes have negatively impacted communities and workers of colors. Between 2000 and 2015 the median hourly wage for white workers decreased by one dollar from \$23 to \$22 dollars, while for workers of color median hourly wages decreased by two dollars, from \$18 to \$16.²⁰ As a result, during the same period the overall poverty rate in metro Indianapolis jumped from 12 to 21 percent. For residents of color the poverty rate rose from 20 to 30 percent and for Latino residents it jumped from 21 to nearly 38 percent.²¹

Around the country, economic development entities are typically charged with supporting economic *growth* by attracting and retaining businesses. While growth can be important for low-income households, in Indianapolis, LISC has engaged key public and civic institutions to make *inclusion* a more central component of the city's economic development policy. Several local economic development organizations have begun to recognize the need to improve economic inclusion, and LISC has facilitated a collaborative approach among these groups. Through a series of meetings facilitated by the Public Policy Institute at Indiana University, LISC convened city and countywide entities, including the economic development organization of the chamber of commerce (Develop Indy), the county workforce development board (Employ Indy), the Central Indiana Community Foundation, the Central Indiana Corporate Partnership, the

Indianapolis Department of Metropolitan Development, the Indianapolis Urban League, United Way of Central Indiana, and the mayor's office. While LISC's efforts have convened systems-level actors, they have also engaged community organizations as key partners.

Under the banner of the Inclusive Growth Collaborative Network, institutional priorities and practices have shifted in powerful ways. On the workforce development side, Employ Indy has started to prioritize working in target impact neighborhoods, including high-poverty areas and communities of color, and now conducts outreach to benefit historically disadvantaged groups such as out-of-school youth. Part of the effort includes partnering with LISC to relocate the American Job Center office it runs to a location more accessible to residents who need it most, and partnering with community-based organizations to provide locally based and tailored services. Its goal is to increase by 50 percent the number of residents served within the target impact areas and to increase funds to the network of partners in order to serve at least half the 30,000 opportunity youth²² located in Marion County.

Related to economic development, Develop Indy has begun to focus more on neighborhoods that have largely been excluded from economic development, and is exploring a system to fast-track projects that have a community development benefit. For example, the agency provided a pilot incentive to a local company that would not normally receive economic development benefits, but which is seeking to hire from its neighborhood. This pilot may allow Develop Indy to retool its incentives scoring and evaluation system toward equitable outcomes.

While growth can be important for low-income households, in Indianapolis, LISC has engaged key public and civic institutions to make inclusion a more central component of the city's economic development policy.

An important component of Develop Indy's strategy involves working closely with community development organizations with established roots in often-excluded neighborhoods. In many places, citywide organizations such as chambers of commerce lack the staff or relationships to fully engage communities in a meaningful way and thus develop a thorough understanding of local needs, assets, and priorities. Accordingly, the Indy Chamber relies on community-based partners to play that bridging or connecting role. Ian Nicolini, Vice President of Indianapolis Economic Development for the Indy Chamber of Commerce, explained the benefits of engaging in this approach:

I think there's a really big opportunity by not thinking about community and economic development as separate entities. So the idea is that by working with a local organization we would know enough about a place to understand its assets, what its vision is, and what type of economic initiatives the community supports so that we can go as part of the same team and help facilitate projects that bring their community's vision to life.

It can be challenging to foster this kind of authentic partnering, as economic development institutions have historically been disconnected from local concerns and so may be viewed with skepticism by community groups. From the Chamber's perspective, relationships with neighborhoods have been easier to build in places with strong community organizations that are able to identify local needs through neighborhood plans and also implement these plans effectively. (Notably, these strong organizations tend to be ones that have experienced years of investment and capacity-building support from entities like LISC.) In neighborhoods with



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fewer or nascent organizations, Nicolini shares it has proved more difficult to direct economic development resources:

When the capacity exists, economic development is a part of the process... because you've got an organization with capacity and we have a touchpoint and can be aware of what their assets are... There are areas where you don't have that capacity and you're trying to help them build it. And then there's a whole section of the city that's just untouched and we don't have a relationship. And I don't know that there are enough hours [in the day] for us to be an effective economic development organization and be building those relationships [in places where it doesn't exist].

In Indianapolis, LISC has historically helped build the capacity of community-based organizations to play this "touchpoint" function, as well as helping establish necessary connections between the community and larger citywide organizations and institutions. According to Nicolini:

LISC has been really important in bridging the credibility gap between larger economic development agencies like ours and community-based organizations by saying to local groups that the economic development folks can be your partner and here's why and here's how. Organizations like LISC build this kind of credibility over generations and ultimately serve as kind of the conduit and connection for an organization like ours. They're interfacing with you and other organizations to bring resources and expertise to the process and that makes a big difference.

Building an infrastructure for entrepreneurs of color

Expanding opportunities for people of color to start and grow successful businesses is critical for inclusive growth. Research shows that businesses owned by people of color are more likely than other firms to hire employees of color, and they generate increased economic activity in low-income communities and communities of color.²³ But the availability of capital is crucial for small business startup, survival, and growth, and also one of the largest challenges facing small businesses owned by people of color. While large companies frequently raise capital through debt and equity markets, small businesses typically finance their ventures with borrowing from commercial banks. However, despite improving economic conditions in recent years, levels of bank lending to small businesses remain stagnant. Banks approve just two in ten small business loan requests, forcing entrepreneurs to find other, more costly sources of capital to grow their businesses.²⁴

To address these issues, in both Los Angeles and Philadelphia, LISC supports community organizations, lenders, and other stakeholders to identify and address gaps faced by local entrepreneurs of color. As in Indianapolis, the work entails change at the citywide level that complements work with neighborhood organizations and entrepreneurs.

In Los Angeles, LISC is supporting community-based lenders to small businesses, expanding their reach and impact. One such lender is Inclusive Action, which since 2008 has advocated for wealth-building policies to benefit Latino and African-American communities, and recently succeeded in a campaign to create a permitting system for street vendors—in the process legitimizing thousands of immigrant entrepreneurs. Inspired by this advocacy work alongside street vendors, in 2017 Inclusive Action established the Semi'a Fund (Seed Fund), a microloan program to provide low-interest loans and financial coaching to entrepreneurs who cannot

secure capital from traditional lenders yet require support to grow or formalize their businesses. LISC Los Angeles has been a funder and capacity builder for Inclusive Action. Through LISC support, Inclusive Action has been able to grow its microloan volume from 12 to 42 loans in the past year and a half. LISC is also helping the organization obtain community development financial institution (CDFI) certification, which will further expand its ability to provide small businesses with capital.

According to Rudy Espinoza, Inclusive Action's Executive Director, the organization fills an important gap in the lending system by providing credit to low-income entrepreneurs who do not qualify for more traditional loans. While many owners have established businesses that serve community needs, they may not document their operations in ways that can help them get loans from more conventional sources. Accordingly, Inclusive Action will help document their operations, and in the process help build owners' management and financial skills as well as make them more eligible for other forms of capital down the road.

Another organization supporting entrepreneurs of color is the South Los Angeles Transit Empowerment Zone (SLATE-Z), a coalition of 71 implementing partners. SLATE-Z has entrepreneurs in its leadership and governing body—"which is based on the idea of Black-Brown collaboration and Black-Brown coalition," according to Paul Pulido, SLATE-Z's Data Evaluation Manager. In 2016 the group successfully applied for South Los Angeles to be designated a Promise Zone, leading to its prioritization for place-based federal resources. SLATE-Z also advocated for changes in Los Angeles' procurement policies, resulting in Mayor Eric Garcetti's establishing the position of Chief Procurement Officer for the city, focused on increasing access to small businesses owned by women and people of color. By filling a seat on the governing body of SLATE-Z's Steering Committee and serving as the co-chair of its Economic Activity workgroup, LISC LA has played an active role in the organization's work and has helped shape the discussion around low-income entrepreneurship support and the strategies adopted.

Businesses owned by people of color are more likely than other firms to hire employees of color, and they generate increased economic activity in low-income communities and communities of color.

The city of Philadelphia, between 2010 and 2014, added only 412 new small businesses, an uptick of just 0.3% to a total 141,395, positioning the city's small-business growth rate behind that of metro regions of Boston; Baltimore; Washington, D.C.; and New York.²⁵ In this context, LISC Philadelphia has been partnering with community-based organizations to cultivate local entrepreneurship and stimulate local small-business growth across some of the city's historically disinvested commercial corridors, with the goal to grow job opportunities and incomes for local residents, and bring goods and services to places where they are needed.

One group addressing these barriers is Impact Services Corporation, a forty-year-old community-based organization providing workforce training and affordable housing in the Kensington neighborhood. In recent years, Impact Services expanded its mission to revitalize Kensington's commercial corridors, which experience substantial vacancies. In this work, Impact Services has engaged the community to identify the types of businesses residents would like to see, and partnered with citywide organizations to provide funding and businesses support services to help local entrepreneurs open storefronts in the corridor.



SLATE-Z Steering Committee meeting, SLATE-Z

Providing technical assistance to low-income entrepreneurs requires establishing trust with individuals who because of historical disinvestment in their neighborhoods may be skeptical of both traditional lending institutions and CDFIs.

Patricia Codina, Impact Services' Community Development Director, believes that low-income entrepreneurs are not the typical ones that conventional financial and business service providers may be used to working with. Not only are the commercial corridors where these businesses operate more challenging, but the entrepreneurs themselves face many barriers that make establishing and running a business more difficult, from no or poor credit that prevents them from accessing capital to the lack of financial or management skills preventing them from scaling their businesses. In North Philadelphia, Aviva Kapust, Executive Director of The Village of Arts and Humanities, echoed this point:

When we're talking about entrepreneurship, we're mostly working with people who are already living well below the poverty line, who may or may not have a high school education, likely without secondary education, and who are dealing with multiple stressors in their lives. And who despite all of this have been able to not only build their own business but also have decided they want to engage with more traditional partners to begin to think about their business differently.

As part of its community economic development programs, The Village of Arts and Humanities provides technical assistance to entrepreneurs, which requires establishing trust with individuals who because of historical disinvestment in their neighborhoods may be skeptical of both traditional lending institutions and CDFIs. But very importantly as a matter of equity-promoting systems change, this trust-building also may require flexibility on the part of lenders; Akeem Dixon, the Village's Director of Community and Economic Development, indicated that

PHOTO CREDIT: TIMOTHY NORRIS

programs that require businesses to pay upfront and be reimbursed later are a challenge, as low-income entrepreneurs may not have the resources upfront or the credit line to do so.

LISC Philadelphia has supported The Village of Arts and Humanities and Impact Services through funding and technical assistance, and also helps build resident leadership in Philadelphia through its Community Connectors program, which organizes and trains local resident leaders to publicize services and programs to others in their communities and develop their communities' assets.

HOUSING

Throughout the country, the share of renter households that spend 30 percent or more of their income in rent doubled from 23.8 percent in the 1960s to 47.5 percent in 2016, as housing costs and household incomes steadily diverged. Adjusting for inflation, the median rent payment rose 61 percent between 1960 and 2016, while the median renter income grew only 5 percent. The pattern for homeowners is similar, with the median home value increasing 112 percent and the median owner income rising only 50 percent during this period.²⁶ The experience of high housing costs in proportion to household incomes remains a dominant trend among low-income households, leaving them with substantial, unmet needs for affordable rental and homeownership housing options. The following describes LISC's efforts to respond to gentrification in the "hot market" city of Washington, D.C., and also to the spread of housing need to suburban areas in the Midwest.

Empowering low-income residents to fight displacement in gentrifying neighborhoods

Over the past few decades, soaring housing costs have threatened an increasing number of Washington, D.C., residents. Between 2000 and 2015, the rate of renter households spending over a third of their earnings on housing increased from 36.8 percent to 47.6 percent,²⁷ and between 2006 and 2016 the number of evictions in the city climbed from 1,336 to 4,537.²⁸

One long-standing policy that can help mitigate displacement is the Tenant Opportunity to Purchase Act (TOPA), passed in 1980. TOPA gives tenants the right to buy their building when its owner has decided to sell, provided they or their developer can match an open-market bid. This "right of first refusal" legislation requires D.C. to share a list of all buildings for sale with organizing groups, who alert tenants as to their rights and mobilize them to take action. These groups help form tenants associations and connect associations to lawyers with TOPA expertise. They also advise them on potential ways to exercise their TOPA rights, such as becoming owners in a condominium or limited-equity cooperative conversion, or transferring their rights to a developer to keep the building operating as a rental property.

In the face of increasing real estate costs and gentrification pressures, TOPA allows low-income residents, many of whom are households of color, to remain in their homes and their neighborhood, while preserving long-term affordability and improving housing quality by sparking new investment in older buildings. TOPA also can build tenant leadership, as organizing groups help neighbors learn to manage the assets of the buildings they will own. For example, Mi Casa is a 27-year D.C.-based non-profit housing development organization that supports tenant groups through TOPA. Elin Zurbrigg, its Deputy Director, reflected about this form of resident-based capacity-building:

47.6%

of Washington DC residents pay over a third of their earnings on housing

If you read everything that's out there, it is so urban focused, as if the need doesn't exist in the suburbs. And I would say that communicating this need for capacity-building in suburban communities is arguably as important as it is in the cities because populations are being pushed out from the cities and the suburbs are experiencing issues they never faced before.

We find TOPA a very powerful tool to facilitate bringing people who might otherwise stay renters into the home ownership field... And that is an incredible and transformative difference for people who are used to not having those choices and not having control over their housing and other factors in their lives... [W]ith this tool they gain the control and the skills they need to shape the best benefit for themselves and their families.

This collective decision-making also means learning how to weigh individual benefits against building-wide outcomes. Interviewees explained that tenants may learn about different options that change their views about the right course of action. For example, tenants may initially favor condominium conversion, but through the process may learn that it can be too expensive for their lower-income neighbors and the elderly on fixed incomes, and would force them to move out. Accordingly, tenant organizing groups emphasized that part of their work includes asking residents to consider what is best both for each household and for their neighbors.

An important component of TOPA is funding for a network of organizations to assist tenants, as well as financing to support tenant purchase. The Affordable Housing Preservation Fund (AHPF), a city-created fund, was established to fill the gap between tenant and market offers, and between 2018 and 2019 alone helped preserve over 879 homes.

LISC DC is a fund manager of the AHPF, and through the AHPF and LISC's own lending resources since 1988 LISC has provided financing of over \$121.5 million to enable 4,517 low-income families to purchase their buildings through TOPA. LISC DC has also built the capacity of community organizations that assist tenants, by providing the organizations financial support and technical assistance. According to Zurbrigg, LISC was instrumental in helping Mi Casa grow from a startup organization renovating a half dozen single-family homes to an organization with a current pipeline of over 500 affordable co-op and rental housing units.

Because TOPA does not guarantee tenants the right to purchase, but rather an opportunity to match market demands, this system of strong tenant support organizations, adequate financing to purchase, and technical assistance is necessary to help realize its policy goals.

Helping build affordable housing capacity in smaller cities and suburban areas

Demographic changes and increased housing costs are bringing a whole set of pressures and needs to suburban communities throughout the country.²⁹ In regions like the Twin Cities, most population and job growth over the last ten years has taken place in suburban communities, which now face increasingly complex issues related to affordable housing, racial wealth and income gaps, and police violence, without extensive resources to address them.



A single-family home, formerly abandoned property, renovated in the early 2000s through Mi Casa's Scattered Site Program (LISC was a partner). Mi Casa

Over 1 million

black children had
a father in jail or
prison by the end of
the 20th century

Led by a community-based group called the Naturally Occurring Affordable Housing Workgroup,³⁰ in 2018 the city council of Bloomington, MN, adopted a new fair housing policy that includes a 90-day tenant protection ordinance limiting rent increases, preventing non-renewal of leases without cause, and requiring a 90-day notice of sale as well as relocation assistance upon a landlord's failure to comply with the ordinance. Additionally, in 2019 Bloomington's council passed the Opportunity Housing Ordinance with the goal to increase the city's supply of affordable housing. Through the ordinance, any new development of 20 or more units of multifamily or single-family housing will be required to offer at least 9 percent of those units at affordable rates. The ordinance is supported by flexible incentives designed to offset the cost of including affordable units, with support increasing based on levels of affordability. To date, over 20 projects are in the development pipeline since the ordinance went into effect on September 1, 2019.

Furthermore, the passage of the Opportunity Housing Ordinance has also encouraged the city to explore non-traditional development tools to expand affordable housing options for residents in the lower range of income groups, including testing development options not reliant on Low-Income Housing Tax Credits (LIHTC). According to Dr. Eric Johnson, Community Development Director for the City of Bloomington, the city needs resources outside LIHTC, especially in order to serve very low-income people. Johnson engaged LISC Twin Cities and LISC's National Housing team as consultants to the Bloomington Housing and Redevelopment Authority (HRA) to provide financial modeling to test out the idea of a subsidiary to redevelop city-owned sites. Using housing vouchers, land discounts, and infrastructure support, through an independent development entity to be housed within the local redevelopment authority, the HRA would be able to execute projects with lower financial returns.

Given that national affordable housing production through LIHTC is limited by available credits, by developing a tool that allows Bloomington's Housing and Redevelopment Authority to build affordable housing directly, LISC is helping increase the supply of the city's affordable housing without fostering additional competition to limited LIHTC resources. LISC has also engaged the financial and philanthropic community to help test the model and support its implementation.

This work is especially important in suburban communities, according to Johnson, because in the suburbs there are few mechanisms to support community development:

If you read everything that's out there, it is so urban focused, as if the need doesn't exist in these suburbs. And I would say that communicating this need for capacity-building in these suburban communities is arguably as important as it is in the cities because populations are being pushed out from the cities and the suburbs are experiencing issues they never faced before.

Dr. Johnson emphasized that suburban planning and community development departments tend to have a more limited, procedural development role including functions such as oversight of real estate assessments, building inspections, or issuing of permits and development plans. As a result, suburban settings require extensive support to implement models such as Bloomington's, including not just financial modeling but also educating public officials. Johnson felt that LISC's credibility greatly helped support this work of education: "LISC brings that level of validity to the work and helping to shape the conversation in an arena that most of these suburban-type cities are not used to." Johnson hopes that other suburban communities may engage in this work once they see Bloomington's accomplishments, meaning that the stakes of the effort can be a changed narrative of what suburban municipalities can accomplish.

SAFETY AND JUSTICE

Between 1993 and 2017, both violent and property crime in the U.S. decreased by approximately 50 percent. But not all communities experience these trends equally, as historically, neighborhoods of color are impacted not only by higher rates of crime, but also by institutional racism and biases in policing and the criminal justice system. During the past thirty years, incarceration rates in the United States have increased more than sevenfold, and in 2019 2.3 million people were incarcerated.³¹ By the close of the 20th century, a black man without a high school degree had a 68 percent chance of spending a year in prison by the age of 35, and more than a million black children had a father in jail or prison. The impacts of mass incarceration include families separated and plunged deeper into poverty, dampened economic prospects because of their involvement in the penal system, persistent stigmatization, and children who grow up expecting to go to prison because so many people they know are or have been incarcerated.³²

Similar to its approaches in economic development and housing, LISC's capacity-building efforts around safety and justice involve both community-level and systems-level approaches.

Advancing safety and economic equity by building youth agency in Richmond

Highland Park is a community with many assets, including an attractive housing stock, active small businesses, and community-based organizations. Like many urban neighborhoods throughout the country, it has also experienced high rates of poverty, unemployment, and violence. In 2017, residents welcomed the Six Points Innovation Center (6PIC) in the heart of its main commercial corridor. 6PIC is the result of a collaboration between five community-based organizations, which all seek to improve community connections, neighborhood safety, and equitable development through youth programming and economic opportunities.

From its inception, the organizations engaged local youth to plan and design the center to ensure that its space is both supportive of youths' needs and inclusive of their vision. For example, one of its member organizations, the Storefront for Community Design, engaged the LISC Safety & Justice team to assist the development and implementation of a Crime Prevention through Environmental Design (CPTED) training. CPTED is a method of designing space that limits opportunities for crime, and can train community members in this practice. Jackie Washington, Center Director at 6PIC, emphasized that the center's CPTED training purposefully adopted a multigenerational lens by including local youth—often thought of as the perpetrators of crime—as key participants and many as trainers. This lens catalyzed a deeper discussion around safety and justice in the neighborhood.

6PIC also provides Highland Park teens with skills for civic engagement and creative expression through programming in art, green construction, urban agriculture, career planning, and neighborhood history. One 6PIC initiative, City Builders, helps local youth advocate to address neighborhood issues, such as displacement and a lack of funding for community programs.

Ryan Rinn, Executive Director of the Storefront for Community Design, said the center acts as a cultural anchor and revitalization catalyst for the neighborhood by providing a space that is welcoming to the community and where local youth can feel comfortable and safe. 6PIC members have been very intentional about creating a center that represents the culture of longtime neighborhood residents as all five organizations are run by people of color, which Washington felt important for building trust and growing leadership among youth:

6PIC's CPTED training purposefully adopted a multigenerational lens by including local youth—often thought of as the perpetrators of crime—as key participants and many as trainers that catalyzed a deeper discussion around safety and justice in the neighborhood.

I believe the reason why we have been so successful is because when people walk in the door they see themselves. We don't have to code-switch and to change how we're talking because we immediately can relate to the residents that are walking right in the door.

In addition to LISC's national Safety & Justice program helping the CPTED training, Virginia LISC is a long-term partner to Storefront for Community Design, through funding, coaching, and helping connect it to other financial and programmatic resources.

Fighting over-policing in communities of color in South Phoenix

When Valley Metro of the Phoenix area announced plans to expand the light-rail line to historically underserved neighborhoods in South Phoenix, together with transit-oriented development, residents were concerned about the potential for gentrification and with it, an increase in discriminatory policing.³³ Aware of these concerns, the City of Phoenix committed to creating an equitable plan for expansion. With support from LISC Phoenix and LISC's national Safety & Justice program, InSite Consultants have been working with Valley Metro to develop this plan.

Because of historical power differences between marginalized communities and institutional actors, InSite developed a staged engagement model to inform the equity plan. It started by developing a "Community of Practice" (CoP) with South Phoenix residents, who share aspects of their own experiences related to policing and light-rail expansion, such as traumatic histories with racism or encounters with police and the criminal justice system. Only after the group has cohered by voicing these experiences does the CoP meet with institutional leaders to address

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the residents' concerns. Ashley Hare, InSite Consultants Co-Founder, explained this approach as being critical to overcoming the natural biases of planning processes, where more powerful voices tend to dominate:

If we want to be strategic about capacity-building we have to look at multiple intersections of class, race, and gender identity; then those people who are the most marginalized with every single one of those categories are the ones we need to be speaking to and those are the ones that we found were missing from the table.

At the same time that the CoP is developing its voice, InSite holds simultaneous racial-equity trainings with larger institutions, prior to the two groups meeting. This two-pronged approach helps ensure that community residents and public institutions are prepared for interaction when they come together. In addition to participating in these conversations, Valley Metro is building on past lessons and work to include an equity lens in its plans for the expansion, which has included hiring five Customer Experience Coordinators (CECs) to help create a safety vision for the development of the metro.



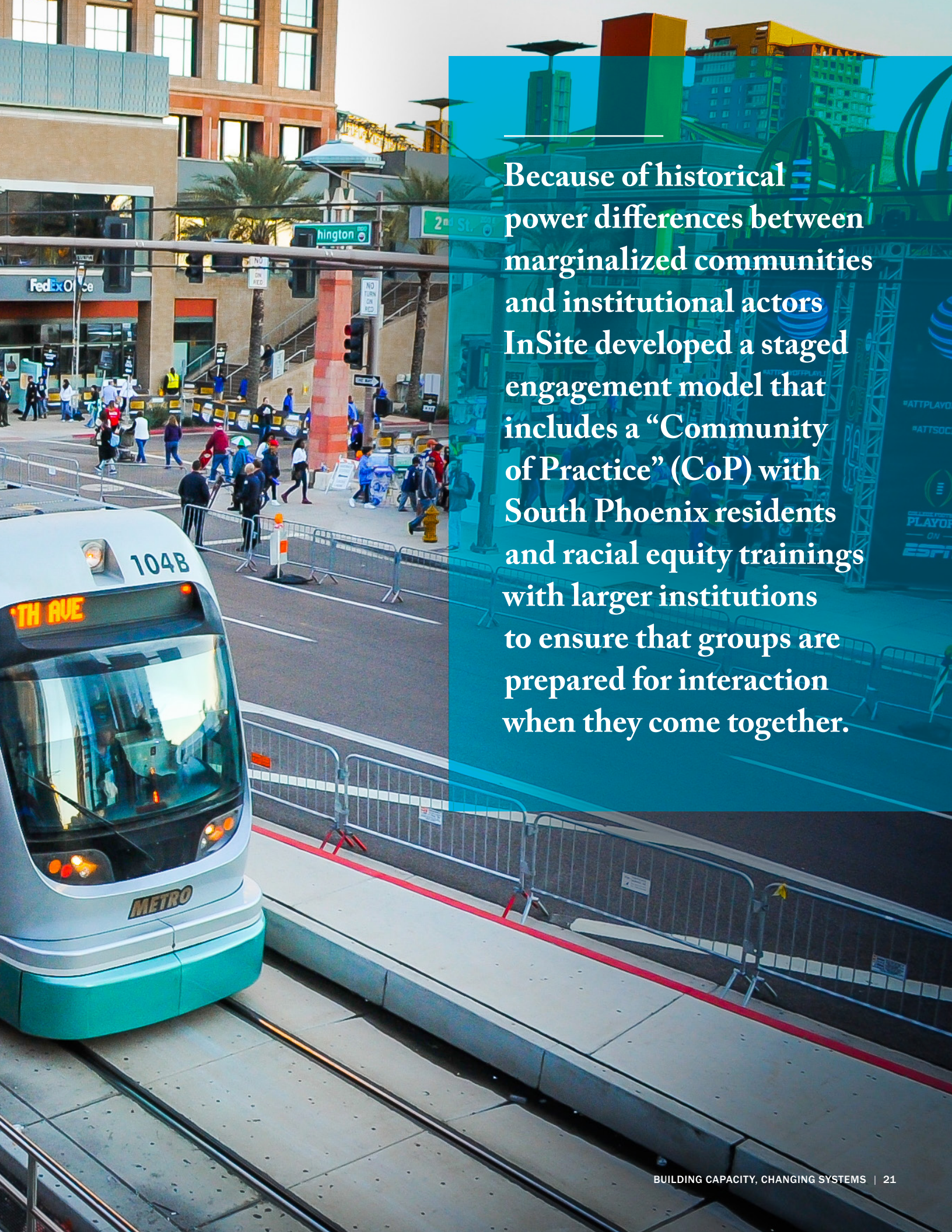
InSite Consultants Community
Panel with Valley Metro

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Because of historical power differences between marginalized communities and institutional actors InSite developed a staged engagement model that includes a “Community of Practice” (CoP) with South Phoenix residents and racial equity trainings with larger institutions to ensure that groups are prepared for interaction when they come together.

Capacity-Building for Equity and Inclusion

The issues described above—racial wealth and income gaps, gentrification and displacement, and over-policing or mass incarceration—represent both newer challenges and exacerbated manifestations of long-standing inequalities. Many of these issues require community organizations to take different kinds of approaches and develop new kinds of skills, but others involve scaling up traditional approaches to enhance their reach and effectiveness. Similarly, responses on the part of the public sector and citywide agencies may involve both new kinds of practices and expansion of existing ones. Below, based on these cases, we describe steps community development intermediaries can take to support organizational and systems-level capacity to respond to contemporary issues of equity and inclusion.

BUILDING ORGANIZATIONAL CAPACITY FOR EQUITY AND INCLUSION

Local organizations working to advance equitable outcomes and promote inclusion in their communities need resources, and basic management capacity, as well as the ability to adapt programming to meet new needs. They may also need to engage local residents in the change process. While these kinds of skills have typically been promoted by community development intermediaries, the emphasis on resident engagement and leadership development appears especially important to reach deeper into populations affected by contemporary dynamics of inequality.

Building core strengths and continuing access to needed resources

Even as community needs evolve—in fact, *because* needs are changing and may require more intense work—it is critical for community organizations and local entrepreneurs to have a solid organizational infrastructure so their work may continue at steady or increased levels. These core capacities include quality management, attracting adequate resources to perform, delivering services effectively, collaborating well with other organizations, and advocating consistently on behalf of community needs.³⁴ Effective executive leadership, and a talent pipeline to replace long-standing directors, are also important as neighborhoods change, because both long-standing and new leadership must be able to adapt in order to respond adequately to new economic, political, and funding environments.³⁵

The cases above demonstrate ways that LISC supported these core aspects of organizational capacity, and provided resources to continue or expand work in the face of increased need. For example, in order to be able to reach scale and increase its impact in lending to street vendors and other immigrant entrepreneurs, the LA-based group Inclusive Action is developing its internal capacity to apply for CDFI certification. Through the help of a consultant and technical assistance from LISC Los Angeles, Inclusive Action is improving its underwriting procedures and business outreach strategies. Upon receiving CDFI certification, this work will in turn let the organization access additional funds and resources to help it further advance lending. In addition, by engaging funders on its Local Advisory Committee, LISC Los Angeles helped direct resources to Inclusive Action's Semi'a Fund, and also connected its Executive Director, Rudy Espinoza, with a national fellowship that increased the organization's visibility:

I became a LISC Rubinger fellow and as a result of that I'm getting connected to other people all over the country. The fellowship helps to support our work because it raises visibility and gives us recognition. Funders don't want to fund strangers. It makes them feel more comfortable when there's another entity like LISC saying yeah, they are a legitimate program. If you don't know who I am, it doesn't matter how cool the program is.

Outreach is another traditional capacity of community organizations, but is especially important in connecting with those who may be excluded from programs, services, or advocacy efforts. In the Highland Park neighborhood of Richmond, community engagement is critical to program expansion at the 6PIC center, so the organization has been collaborating with LISC Virginia to identify challenges, and troubleshoot outreach issues.

Another component to organizational effectiveness—made even more urgent when addressing deep structural challenges—is an ability to access public resources and advocate for change. LISC plays an important role in convening community-based groups to be part of citywide discussions and advocacy efforts, as in the One Chicago for All campaign (described below), where community groups from around the city have helped shape Mayor Lori Lightfoot's early platform, and where community leaders of the alliance are playing significant roles in the new administration. In another example, LISC Los Angeles is an implementation partner of the South LA Promise Zone by supporting the capacity of the collaborative in its implementation phase. According to Paul Pulido, SLATE-Z's Data Evaluation Manager, the Promise Zone has brought together stakeholders from the public, private, and non-profit sectors to collaborate in order to define and implement place-based strategies in multiple areas; community groups work together on the steering committee next to high-ranking public officials and large citywide agencies, and so shape local initiatives and programs together. This kind of collaboration allows community-based organizations to develop relationships with these larger institutions that can lead to additional resources for their own projects.

Adaptive leadership to face evolving community challenges

As local challenges shift, community organizations may need to adapt and develop new skill sets. For example, when Housing Counseling Services (HCS) in Washington, D.C., was created in 1972, communities in the District were experiencing disinvestment from the public and private sectors. According to Marian Siegel, HCS's Executive Director, its early work focused on attracting investment to stabilize neighborhoods—for example, by administering the city's homesteading program, by which vacant homes were offered at very low cost with incentives and financing for rehabilitation. Now, speculative investment and rising housing costs are leading to the displacement of long-time, low-income residents of the District. In this new context, HCS is expanding its programming to include a variety of anti-displacement services for tenants, and is participating in advocacy efforts addressing displacement. As organizations change, LISC has not only provided grants and loans to advance HCS's new work, but also has acted as a thought partner, as Elin Zurbrigg, Deputy Director of Mi Casa, indicated:

So many times LISC has been at the table with us, talking through strategies for affordable housing projects—trying to address current challenges, such as neighborhoods that had seen so little investment now experiencing gentrification, and even challenging us to get us to think beyond housing to building community capacity [through tenant training] and thinking holistically about equitable neighborhood development.

In other instances, community development strategies may need to be adapted to allow greater access for those who are currently excluded from traditional programs. For example, in Los Angeles, Inclusive Action's work to provide low-income entrepreneurs access to loans is more labor-intensive than more traditional small-business lending, but is necessary to reach those without extensive financial statements, whose businesses nevertheless may be ripe for investment. In the same way, Patricia Codina of Impact Services in Philadelphia reflected that traditional retail-attraction programs may need to be adapted to provide additional support for small businesses:

Our commercial corridor manager for Kensington was very involved with local entrepreneurs and really helped them navigate the program, which was not easy. We've seen all the kinds of challenges that these small businesses have, from not having enough experience to not understanding how to scale their business. Each case is very specific but it also made us understand that there really needs to be a really strong support system for these businesses... Just because the opportunities are out there it doesn't mean that accessing them is easy or even realistic. So we want to make sure that we're addressing those as well.

Supporting resident leadership and deep resident connections

During periods of challenge, community development organizations—and indeed all social movements—are faced with the need to engage with the grassroots, so community residents can help build power to produce change.³⁶ Recognizing that resident leadership can build organizational capacity, LISC Philadelphia supports the Community Connectors initiative, a program that hires local leaders to inform residents about services and engage them in activism. In other cases, reaching those in most need requires community members to participate in the design of services. When creating the 6PIC Center in Highland Park, Storefront for Community Design, supported by LISC Safety & Justice, hired an architect of color who adapted the traditional CPTED curriculum to best engage local youth. According to Ryan Rinn, Storefront's Executive Director:

I can't emphasize enough the importance of having this training for people of color by people of color and what that means in terms of the way that those skills are transferred, the way that those ideas are more conversational and able to take root in community... If the information had come from a uniformed police officer standing in front of a group of residents or especially a group of teens, they would have not paid attention nearly as much because it's not coming from a place where they feel relevant. So what makes those efforts work is our ability to find experts from and in the community to be the messengers of their own expertise for community improvement.

Similarly, Phoenix LISC's approach to supporting InSite consulting required an extensive process of resident leadership development so as to bring community members on an equal footing with institutional actors such as Valley Metro and the Phoenix Police Department.

Building Systems-Level Capacity to Advance Equity

With the advent of the National Community Development Initiative (NCDI) in the 1990s, the community development field expanded through the support of intermediaries and the federal government, which helped build the capacity of grassroots organizations while also orienting local public policy toward support of their work, for example encouraging municipal policies



Community of Practice meeting helping define safety in South Phoenix, InSite Consultants

that prioritized the disposition of vacant land or tax-foreclosed properties to community groups. Intermediaries and their grassroots partners also played a role in helping shift public resources toward community needs—for example, through advocacy that created the 10-year housing plan that helped rebuild the Bronx after redlining, disinvestment, and arson. During a period of shifting needs related to equity, these strategies of *field-building* and *policy and systems change* are also necessary, in ways that prioritize grassroots engagement and ambitious efforts to close racial wealth and income gaps.

Field-building, especially with emerging, resident-led organizations

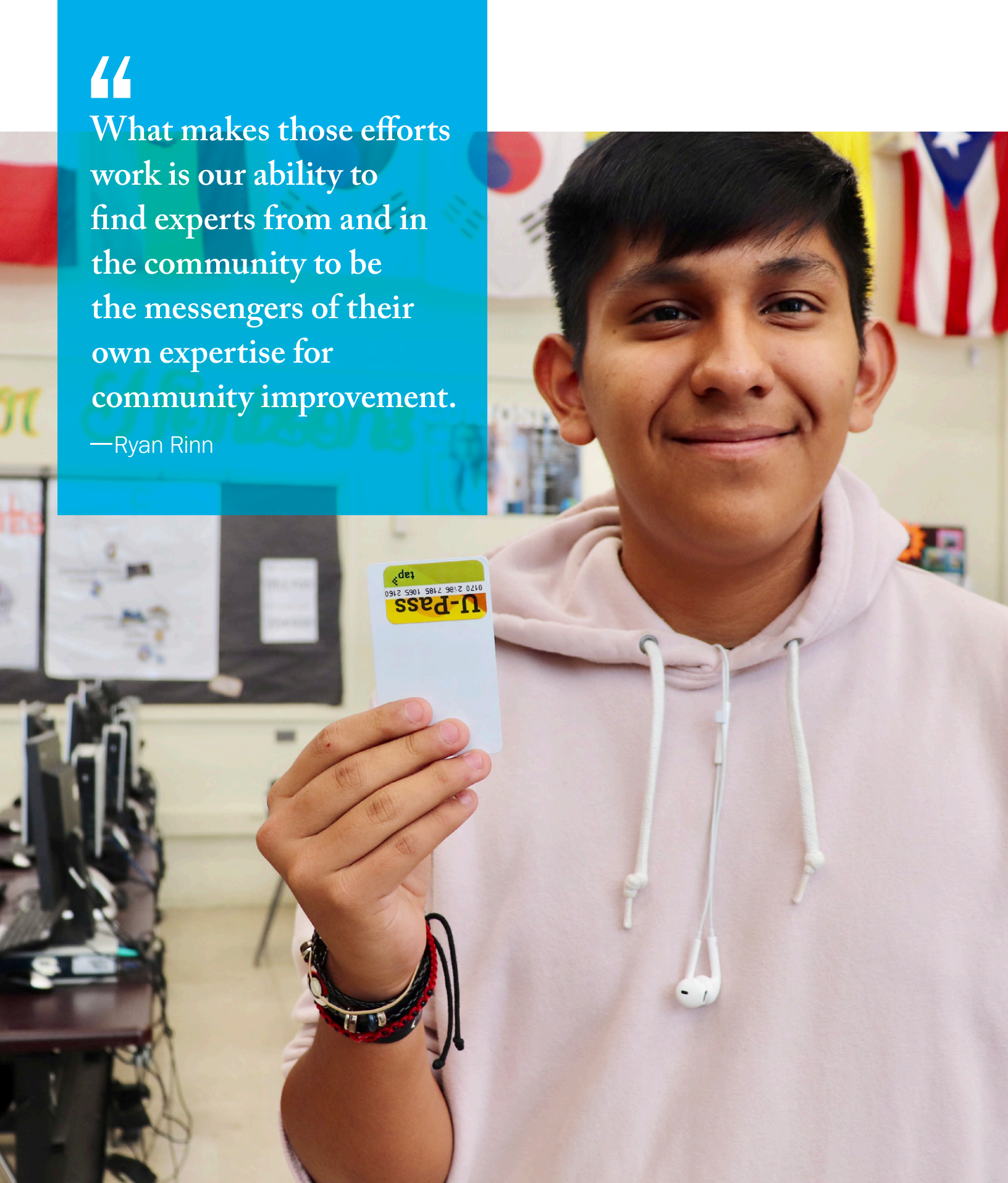
Throughout the country, a number of low-income neighborhoods have few or even no community-based organizations engaged in community development. As a result, in these places and others, intermediaries like LISC may need to adopt an intentional approach to foster the capacity of grassroots organizations—often led by volunteers or civic leaders, without formal structures in place to receive traditional funding. These resident-led organizations may need additional support to expand their work and generate greater impact. Many interviewees cited this need to build organizational capacity from the ground up, and appreciated LISC’s intentionality in this effort, as did Ryan Rinn, Executive Director of Storefront for Community Design:

Very rarely we see organizations, especially large funders, willing to fund small grassroots organizations that don’t have a long history of getting grants. We’re intentionally shifting that capacity model to try to look at where solutions have been coming from, often by bootstraps, and trying to change the funding mechanisms by looking at some of our subcontracting partners to make sure that resources are getting into the hands of the people who understand the community the best, who understand these programs the best, and can relate to the people in the community better than someone coming in from the outside well-intentioned but not having any cultural relevance to what’s happening. And LISC has been very open to this.

“

What makes those efforts work is our ability to find experts from and in the community to be the messengers of their own expertise for community improvement.

—Ryan Rinn



The Just Transit Pilot Program launched at Manual Arts High School in South LA, offering free transit passes to 300 juniors for the entire academic year.



PHOTO CREDIT: SLATE-Z

Seeding nascent grassroots groups and building their core organizational strength is an important component of field-building. Interviewees also emphasized the importance of fostering collaboration among community organizations, which can both help individual groups and strengthen the community development infrastructure more broadly. For example, LISC Virginia convened community-based groups around policy solutions to address displacement. Rinn, of Storefront for Community Design, described the impact of these efforts on citywide practices:

If you're a developer [in Richmond] you'd better be prepared to have genuine conversations with local communities, because if you're not, and you're just going to try to plow [us] over, we're organized now. And there's a lot of people who can talk about these issues very intelligently in communities across the city. Not that we can change the free market, but the awareness-raising has made a difference and made politicians and developers more skeptical to step in unless they really want to engage.

According to Jackie Washington of 6PIC, this approach has also benefited individual organizations, whose engagement around anti-displacement policy has put them into greater contact with other organizations citywide: *"I don't know if we would have been partnering with the whole city as much as we are now, and learning and discussing about those issues has really helped us catapult to where we are."* Finally, field building to promote equity may also require an intermediary that is able to learn from local partners, to engage in what one interviewee referred to as "bi-directional knowledge-sharing," where community groups learn from the intermediary's experience but also the intermediary can better learn about communities' needs from the perspective of resident-led organizations. As Aviva Kapust, Executive Director of the Village of Arts and Humanities indicated: *It is critical for the way a group like LISC tells the story to really focus on the voices of the people they are trying to support... and that's a huge part of equity.*

Bringing together citywide stakeholders to change institutional practices and policies

Policy change is necessary to advance equity, and in the cases above, intermediaries helped foster policy change by convening public leaders and community organizations to work together around complex problems. This strategy of bringing local organizations together with citywide stakeholders not only provided neighborhood perspectives and a sense of urgency around policy solutions, but also allowed groups with a limited history of interaction to learn from each other. For example, by bringing community organizations together with Chicago mayoral candidates and its new mayor, the One Chicago for All alliance (described in the text box below) has galvanized support for a racial equity evaluation of many city programs and projects.

Similarly, by participating in the Inclusive Growth Collaborative Network sessions, Indianapolis and Marion County economic development agencies began to change policies to benefit out-of-school youth and provide incentives toward community-benefiting projects. Intermediaries are often well-positioned to convene both grassroots and citywide actors, as their relationships span both kinds of organizations. Reflecting on LISC's role in convening citywide organizations in driving systems change, Bill Taft, LISC Senior Vice President for Economic Development, shared:

I think most people think of advocacy as more adversarial grassroots activities, and there's a time and a place for that. But that is not what we're after. If we are strategic and do our job right, we have the ability to be a catalyst for change among the points of power that affect our communities and local organizations.

In this convening work, trust with both major institutions and community groups is critical, as Rinn from Storefront for Community Design explained:

Once you've partnered with LISC here you're connected to their larger network that we feel confident in leaning on because of LISC's credibility. When they make a connection it's one of those that both parties in that connection take seriously. So it's not just a random college professor dropping your name in an email and saying you should talk to somebody, it's more nuanced and it's more official than that.

Credibility is based on both technical expertise and relationships built over time, according to Paul Pulido from Slate-Z:

The folks in the LA office are extremely well-versed in not only the subject matter but also have those personal connections and relationships that bring a sense of authenticity, expertise, and legitimacy to the work. We leverage that authenticity quite significantly, not just in the ideas they raise, but also in terms of using their brand to bring partners to the table and helping them understand the importance of the work that is being done.

A number of interviewees shared that intermediaries like LISC are in a strategic position to promote policy change conversations related to equity, and that their support helps insulate individual community organizations from potential negative consequences of taking an advocacy position, such as developing tensions with local government that can make it more difficult for them to carry on their day-to-day work. Intermediaries can therefore raise local policy change discussions in ways that give community organizations the backing of a national intermediary. The One Chicago for All alliance, described below, illustrates LISC's key role in convening community-based groups over an extended period of time, helping build their capacity and neighborhood alliances, so when the opportunity emerged, groups were ready to engage in broader advocacy that is helping to spark racial and economic equity citywide.

BELOW: Our award-winning programs offer excellent free arts education and paid creative opportunities to youth ages 9–19. Taught by top working artists, our programs challenge young people to focus their passions and explore their capabilities.



One Chicago For All

The One Chicago For All alliance stems from a network of community organizations that LISC Chicago has supported to convene community Quality-of-Life Planning. It also includes Financial Opportunity Centers (FOCs), which provide job training, financial coaching, and benefits-access counseling. LISC Chicago had regularly convened leadership from these organizations to share lessons and experiences across neighborhoods, but in 2017 set the goal of identifying common issues all felt were priorities across the city. The alliance was born when the group published these in a “Call to Action to Chicago Neighborhoods” in the spring of 2018. That fall, when the incumbent Mayor of Chicago decided not to run for re-election in 2018, the alliance saw an opportunity to educate the public and the candidates about pressing community needs.

“At this scale, there are few comparable entities that reach as far and as wide as LISC, and that gives credibility and power to our efforts. It communicates that this is a group that can get it done.”

According to Angela Hurlock, Executive Director of Claretian Associates in South Chicago, these gatherings, which had been in place for over a decade, had already helped groups understand that the issues they each faced were interconnected, and needed to be addressed through collective action. Accordingly, the collective developed

the One Chicago for All platform, which represented 26 organizations across more than 20 diverse neighborhoods with a combined population of over one million people.

The platform started from the premise that “the city’s neighborhoods are an untapped source for growth, but do not share equally in the bounty.” The platform addressed the employment needs of people of color and of ex-offenders, the needs of parents in the city’s public schools, and the housing needs of communities with issues ranging from disinvestment to gentrification. It also advocated for a Chief Equity Officer position with responsibility for directing public investments to promote inclusivity.

The alliance sponsored some of the best-attended public mayoral forums of the election cycle, where its member organizations mobilized residents from throughout Chicago to hear candidates’ responses to their platform and other pressing issues. Upon the election of Mayor Lori Lightfoot, a coalition of eight local funders sponsored One Chicago for All to conduct a “neighborhood listening tour” for the new administration to hear community needs and opportunities directly from over 200 local organizations and leaders. One of the Mayor’s first actions was to establish a Chief Equity Officer as requested by the alliance.

LISC staffed and coordinated these efforts, which busy community organizations appreciated—providing, for example, help to mobilize attendance around the forums. According to Hurlock of Claretian, the power of One Chicago for All stems both from its representativeness of city neighborhoods, and having LISC as a respected, credible partner: “At this scale, there are few comparable entities that reach as far and as wide as LISC, and that gives credibility and power to our efforts. It communicates that this is a group that can get it done.”

Recommendations

Over the past forty years, community development intermediaries played a crucial role in growing and establishing the sector, and their capacity-building has continued in various forms. Like the work described above, these efforts have an organizational-focused component as well as a neighborhood or citywide, place-based component.

On the organizational level, entities such as NeighborWorks, a network of over 240 community development organizations throughout the country, provides training for housing and community development professionals through its national institutes on varied topics such as housing counseling and nonprofit management and leadership. Initiatives such as Strength Matters, a collaboration of three national networks of nonprofit owners and developers, provides the field with resources such as financial, risk, and asset management trainings, among others. At the neighborhood or citywide level, community development intermediaries and major foundations have historically supported Comprehensive Community Initiatives (CCIs), which also bring together actors to address community problems and are meant to build “community capacity” more broadly.³⁷ LISC’s own Building Sustainable Communities initiative was one such example of a comprehensive approach.

Capacity-building for equity adopts a systemic approach that flows from the grassroots on up, engaging the public sector around grassroots needs, and creating the institutional conditions that can reinforce inclusive outcomes over the long term.

Capacity-building by intermediaries has evolved, and this study reveals how intermediaries are responding to newer community needs by helping community organizations and the public sector work together to address contemporary problems of equity and inclusion. While maintaining its strategy of multi-stakeholder engagement, capacity-building for equity departs from these earlier approaches in adopting a systemic approach that flows from the grassroots on up, engaging the public sector around grassroots needs, and creating the institutional conditions that can reinforce inclusive outcomes over the long term. Stemming from these insights, below are recommendations for the philanthropic community, public sector, and community development intermediaries.

RECOMMENDATIONS TO THE PHILANTHROPIC SECTOR

Adopt a multi-pronged capacity-building approach

As the efforts highlighted reveal, capacity-building for equity is multifaceted. It involves assisting local groups to build their organizational capacity, as well as collaborating with institutional partners at multiple scales (local and regional) to promote greater alignment and synergies between nonprofit and public sector initiatives. Accordingly, funders may want to support a three-pronged capacity-building approach, involving:

- **Creating core organizational strength** by building and supporting the basic infrastructure for strong and stable community organizations. Especially for emerging and promising resident-led groups, philanthropic capital can provide needed resources to seed these groups and help build their capacity to qualify for public funds, whose eligibility criteria and reporting requirements can be burdensome and prohibitive for nascent organizations. This includes investing in governance, leadership and succession planning, financial management, asset management, and core programmatic repertoires. Described below, CapMap is a tool LISC uses to promote all of these capacities within organizations of different types.
- **Developing new strategies to meet new needs by supporting neighborhood preservation and revitalization** approaches that bring community voices to the table. This includes supporting anti-displacement and long-term affordability strategies in gentrifying, rural, and historically disinvested neighborhoods; safety and justice strategies that engage and empower marginalized groups in devising local solutions; working with low-income entrepreneurs and entrepreneurs of color to close wealth gaps; and promoting industrial and workforce development strategies that attract high-wage jobs and train local residents for them.
- **Changing systems to close long-standing opportunity gaps** by supporting initiatives that promote collaboration and engagement between community-based groups and the public sector to address contemporary problems of equity and inclusion. This includes collaboration around inclusive economic development policies that favor good jobs and address barriers preventing local resident inclusion, housing policies that promote long-term affordability and community control, and safety and justice reform.

CapMap

Developed through LISC's former Organizational Development Initiative (ODI) in the early 2000s, CapMap, or Capacity Mapping, is a resource to assist community development organizations define their stages of competency within core organizational capacity areas and collectively decide where to target resources and technical assistance. CapMap's modules, or capacity areas, include board governance, community connections, executive director, financial management, fund development, human resources and staff development, management of information systems, real estate asset management, and real estate development. Each capacity area contains ten stages of competency and depending on where the organization falls, a set of action-driven recommendations (called capacity builders) is suggested in order to help the organization achieve the next stage in that particular area. Moving beyond broad categories, such as "nascent" or "mature," CapMap recognizes that organizations, like people, can be masterful in one area, and yet weak in another despite organizational longevity. Furthermore, by engaging an organization's leaders in a collaborative discovery process that is transparent and aligned with the organization's interest to improve, CapMapping empowers them as active agents in their own organizational development.

RECOMMENDATIONS TO THE PUBLIC SECTOR

Expand resources for HUD Section 4 and develop similar capacity-building programs for other federal agencies

LISC has a long history of operating and managing capacity-building grants. Section 4 grants are extremely valuable and the main source of funds for LISC's capacity-building work. Interviewees highlighted Section 4's flexibility in the use of funds and emphasized its potential transformative role if expanded with greater financial resources as the current funding level of \$36 million is insufficient to meet the needs of community development organizations. They also noted that the other federal agencies could well use such funding. For example, the USDA Rural Community Development Initiative is one of the only other federal capacity-building programs similar to Section 4. It provides flexible resources to rural community development corporations, but its funding has been flat at \$6 million annually.

Through the combination of technical assistance, operating support, and financing (LISC loans) groups receive not only the knowledge, but also the means to apply it and in the process build their capacity.

Bringing capacity-building programs that are parallel to Section 4 to other federal agencies could be catalytic to low-income communities. Given the fact that community organizations work in multiple domains beyond housing, establishing capacity resources across areas would enhance the capacity of a greater number of community-based organizations, and allow additional federal agencies to deploy their funds to the field more effectively. Furthermore, federal capacity-building programs' leverage and match requirements would also help channel additional funds to communities in need and help expand the effectiveness of the community development movement as a whole.

Establish authentic community partnerships for program development and implementation

Equity can also be advanced when the public sector works together with community-based organizations. As the Indianapolis case highlights, by working with local organizations, the Indy Chamber is learning about neighborhood assets to facilitate projects that bring communities' vision to life. Community groups are better positioned to understand how to reach and better serve residents who, because of longstanding barriers, have a hard time accessing programs and available resources or even engaging in community planning discussions. Thus, including community-based organizations in the formulation and implementation of neighborhood revitalization programs will increase their likelihood of success.

RECOMMENDATIONS TO INTERMEDIARIES

Expand resources for nascent groups to help bridge equity gaps

As practitioners and community-group leaders interviewed for this study highlighted, often communities with the greatest need are the ones with the least amount of organizational capacity. Hence, advancing equity requires intermediaries like LISC to adopt an intentional approach to foster the capacity of residents and grassroots organizations that are doing good, and often transformative, work but due to historical barriers have not been able to access capital, expand their work, and generate greater impact.

As intermediaries and funders, entities like LISC provide not only knowledge and mentoring to community-based organizations, but also resources that allow organizations to apply the knowledge they obtain through this relationship, thereby getting hands-on experience and building their capacity in the process. Such a role is quite distinct from more topical technical assistance provision. Instead, it intentionally couples technical assistance with funding for operating support and for implementation. For community groups with often very limited staff, this ability to dedicate time to the work and allow the project to be implemented through appropriate financing is critical. Throughout interviews, LISC program officers highlighted that it is through the combination of technical assistance, operating support, and financing (LISC loans) that groups receive not only the knowledge, but also the means to apply it and in the process build their capacity.

The challenging, time- and resource-intensive work, therefore, is for intermediaries to intentionally target capacity-building and other forms of resources where there are few organizations, and help develop a community development infrastructure in places where there is no public support. As Ryan Rinn from the Storefront for Community Design reflects:

I think LISC has enough experience to know that we have to figure out ways to take, quote unquote, ‘risks,’ even though someone might not have audited financial statements from last year so most people won’t give them a grant. But instead seeing what the solutions really look like on the ground and not being afraid to support true homegrown community members who are doing this work, because if we’re not connecting the dots all the way to the grassroots, community development work doesn’t really happen.

Adopt a more pointed stance towards systems change

Changing long-standing wealth and opportunity gaps requires systems change, and intermediaries are in a strategic position to help drive that change. By the nature of their work, intermediaries have over the years built relationships across community-based groups, as well as among public and private institutions, and can leverage those relationships to promote initiatives that bring these groups together to help change institutional agendas, practices, and priorities. Intermediaries’ field credibility allows them not only to bring multiple partners together, but also to raise local policy changes in ways that shield community organizations from potential negative consequences that raising such discussions could entail. Because bridging wealth and opportunity gaps will require bold initiatives, such as those advanced by One Chicago for All and Indy’s Inclusive Growth Network, this is challenging and necessary work that intermediaries should support, as Elin Zurbrigg from Mi Casa stated:

It's always a validation of our work that LISC supports us because we both believe in equity and social justice. We believe that society historically has not been equal to all people. And that all people have not been given equal opportunity and that we should right that imbalance.

Advancing equity also requires greater diversity and inclusion in leadership positions. Community-based organizations largely work in majority-minority communities. While they often have diverse staff, their leadership may not necessarily reflect the people they serve. Leadership development targeted to people of color is one way to encourage career opportunities for people who are members of the communities they serve. Intermediaries are in a position to assist current partners, whether local community-based organizations or citywide or regional institutions, to be more inclusive in their organizational policies and practices as well as in the composition of their staffs and governing boards. For example, with support from Rural LISC, CCRH's Rural West Internship Program for Diversity in Nonprofit Housing and Community Development connects senior college students of color from bicultural, low-income, farmworker, and immigrant backgrounds with year-long paid internship positions in community development organizations in rural hard-to-serve areas. The program fills a critical void in the ability of rural development organizations to recruit, educate, and retain future professionals while at the same time helping build a talent pipeline of diverse community development builders and leaders. Since its creation in 1998 the program has graduated 183 students, with 50 percent still working in affordable housing and community development, and many of them occupying leadership and high-level management positions.

Endnotes

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