Multiple Business Lines in Community-Based Development Organizations

by ThirdSpace Action Lab for the Community Opportunity Alliance

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Executive Summary

According to the Urban Institute's Grounding Values research, the average community development organization "provided almost nine distinct services" in addition to real estate management, development, and lending activities. Each activity requires distinct management tasks, funding behaviors, and operational strategies, creating significant internal complexity. So why do organizations take this on?

Multiple lines are strategic responses to interconnected community challenges.

This research examined three community-based development organizations across rural, small metropolitan, and large metropolitan contexts to understand why they engage in multiple business lines and what enables them to successfully manage this complexity. Through in-depth interviews with organizational leaders and staff, we found that multiple lines are strategic responses to interconnected community challenges, not organizational mission creep or opportunistic expansion.

Key Findings

1. **Organizations pursue multiple lines because community challenges are interconnected.** The organizations we interviewed were explicit that housing stability, workforce opportunity, childcare access, transportation, and wealth-building pathways cannot be addressed in isolation.

2. **Geography affects how organizations configure multiple business lines.** We found that there were differences in why or how organizations approached having multiple service lines. In rural contexts, for example, the motivation for a multi-service approach evolved from necessity due to gaps in government resources.

3. **Multiple lines strengthen organizational resilience.** Organizations described how diversifying revenue streams reduces dependence on external funding sources.

4. **Success requires specific organizational conditions.** The organizations successfully managing multiple business lines shared key characteristics such as internal communication, organizational culture and structure, and organizational narratives.

5. **Organizations face significant challenges with inadequate support.** We learned that organizations have to adapt business lines primarily in response to external pressures, e.g., federal policy shifts, state funding changes, and market forces.

Key Recommendations

STRATEGIC IMPERATIVES FOR FUNDERS AND POLICYMAKERS

- **Reframe Infrastructure as Core Programming.** Organizations delivering integrated services require data systems, coordination roles, and strategic planning capacity to function effectively. These elements must be funded as essential program investments, not discretionary overhead.

- **Match Expectations to Geographic Context.** Rural organizations necessarily serve as multi-service community infrastructure, while metropolitan organizations face unique displacement pressures. Assessment criteria must reflect these realities rather than impose universal standards divorced from local conditions.

- **Commit to Multi-Year General Operating Support.** Short-term restricted grants force reactive decision-making and prevent the infrastructure investments that enable coordinated service delivery. Strategic community response requires funding horizons that match organizational development timelines.

- **Fund the True Cost of Integration.** Tracking families across housing, workforce, and financial services creates real coordination costs that program-specific grants fail to cover. Integrated approaches require explicit funding for cross-program staff, shared systems, and collaborative planning.

- **Eliminate Mission-Survival Trade-offs.** Current policy structures—benefit cliffs, contradictory rent policies, fragmented funding streams—systematically undermine integrated work.

Organizations adapting to funding availability rather than community need experience mission drift. Policy reform must address these structural barriers.

- **Stabilize Federal Community Development Funding.** Expiring ARPA resources and proposed elimination of HOME and CDBG programs create existential uncertainty. Organizations prioritize their financial survival over equity commitments when funding volatility threatens core operations.

ESSENTIAL PRACTICES FOR ORGANIZATIONS

- **Lead with Narrative Coherence.** Organizations managing complexity successfully ground all work in explicit frameworks that guide opportunity selection and create strategic discipline. Develop these narratives before expansion, not in response to crisis.
- **Build Infrastructure Before Expanding Services.** Adding business lines without adequate coordination capacity creates organizational chaos. Reach critical thresholds—integrated data systems, coordination staffing, consistent communication platforms—before pursuing new service areas.
- **Exercise Strategic Discernment.** Advancing equity requires declining opportunities despite community demand and resource constraints. Accepting every available dollar can undermine effectiveness when funding requires building capacity in areas outside organizational expertise.
- **Design from Resident-Identified Barriers.** Start with understanding obstacles residents face rather than imposing predetermined solutions. Build continuous feedback loops and maintain flexibility to adapt based on community input.
- **Leverage Service Knowledge for Policy Advocacy.** Multi-service delivery generates intimate understanding of how policies affect lived experience. Organizations should engage in coalition-based advocacy that focuses on issues where they possess direct evidence from service delivery.

RECOMMENDATIONS FOR FUTURE RESEARCH

- **Learn How Shifts in Revenue Composition Affect Mission Focus.**
- **Identify Infrastructure Investments that Enable Successful Multi-Service Management.**
- **Document Geographic Variations in Sustainability Strategies.**
- **Assess Whether Integrated Approaches Produce Superior Long-Term Family Outcomes Compared to Single-Service Models.**

The organizations in our research are pioneering integrated approaches that address community needs holistically. They're building infrastructure for community stability and wealth creation in places systematically denied these opportunities. The report concludes with areas of continued learning around organizations with multiple business lines and what external factors impact this approach. As the field faces unprecedented funding uncertainty, understanding what enables this essential work becomes critical for advancing racial equity in community development.

Introduction and Acknowledgments

The Community Opportunity Alliance, in partnership with ThirdSpace Action Lab, initiated this research project to deepen understanding of how community-based development organizations (CBDOs) manage multiple lines of business in ways that advance racial equity. The project seeks to generate insights that can inform funders, practitioners, and policymakers about the structural opportunities and constraints facing CBDOs, and to surface strategies that strengthen the field's ability to build equitable and resilient communities.

CBDOs must contend with extraordinary complexity when managing multiple business lines, such as housing development, workforce programs, commercial space management, and social services. While this phenomenon has been documented throughout the field, it is less clear why organizations take on this approach.

This work draws from a series of in-depth interviews with CBDO leaders and staff from three different geographic regions, encompassing rural, small metropolitan, and large metropolitan contexts, alongside input from funders actively engaged in the community development sector, and relevant literature in the field. The present publication distills

UNDERSTANDING BUSINESS LINES AS STRATEGIC CLUSTERS

While the field often speaks of organizations managing "nine distinct business lines," our research is based on the following organizational characteristics within the following types of service clusters.

HOUSING DEVELOPMENT CLUSTERS: rental housing combined with homeless services, comprehensive development combining multiple housing types, housing repair as standalone work

BUSINESS DEVELOPMENT CLUSTERS: commercial area programs and district management, business ownership paired with technical assistance, business investment activities

NON-PRODUCTION SERVICE CLUSTERS: community-building and advocacy, educational and childcare programs, workforce development, resident services bundled with emergency support, counseling services for tenants, classes for homeowners and homebuyers

key themes, highlighting why multiple lines of business matter, how to manage them successfully, and what current conditions mean for the sustainability of CBDOs serving communities of color.

We are deeply grateful to the organizational leaders and staff who generously shared their time, experiences, and insights for this research. Their candid reflections about both successes and challenges illuminate pathways forward for the field. We also acknowledge the funders who contributed their perspectives on supporting organizations with multiple business lines, helping us understand how capital and support structures can better align with organizational realities.

This research invites more questions into how organizations with multiple business lines function and what external factors play a role in how they navigate their offerings. The field needs deeper investigation into infrastructure requirements, sustainability models, power-building approaches, and policy reforms that would enable organizations to do this essential work effectively. As federal funding becomes more constrained and uncertain, understanding how organizations can sustainably manage multiple business lines while maintaining explicit equity focus becomes even more critical.

This brief represents a starting point rather than a conclusion. The findings presented here are intended to spark ongoing dialogue within the field about how to better align resources, practices, and expectations with the sector's equity goals. Community Opportunity Alliance (the Alliance) and ThirdSpace Action Lab (TSAL) view this as part of a longer conversation and set of learning products designed to help shape a community development sector that is explicitly anti-racist and more responsive to the needs of the communities it serves.

Methodology

We conducted in-depth interviews and focus groups with leaders and staff from three CBDOs representing distinct geographic contexts: a rural development organization, a small metropolitan hybrid developer, and a large metropolitan hybrid developer. We intentionally selected a mix of POC-led and white-led organizations of varying sizes to ensure diverse perspectives on how geography, organizational type, and scale shape approaches to multiple business lines.

Our selection criteria prioritized organizations that:

- Engage in multiple business lines spanning both production and non-production activities
- Serve systematically disinvested communities, particularly communities of color
- Demonstrate varying approaches to service integration (comprehensive in-house delivery vs. strategic partnerships)
- Face different market and infrastructure contexts based on geography

Analytical Framework

Our analysis drew on existing research to ground-truth and extend current understanding. We began with "what we know" from the CBDO census data, including patterns showing that:

- Hybrid CBDOs tend to be POC-led and engage more frequently in place-based community-building activities.
- Organizations bundle services in clusters reflecting natural connections (rental housing with emergency housing, counseling services together, community-building activities together).
- Multiple business lines are not randomly accumulated but emerge in response to interconnected community needs.

We used an iterative approach, starting with common questions about why organizations add business lines, then developing more nuanced inquiries based on initial findings. This iterative process allowed us to move beyond widely assumed answers (responding to community needs, accessing funding) to uncover less obvious dynamics around infrastructure requirements, narrative coherence, strategic discipline, and the tension between diversified revenue and mission integrity.

What We Heard — Findings and Insights

MULTI-SERVICE APPROACHES MAXIMIZE COMMUNITY IMPACT

Community development organizations pursuing multiple business lines operate from a fundamentally different theory of change than single-service providers do. Rather than viewing their work as siloed interventions, these organizations are interdependent responses to interconnected challenges. A holistic philosophy to address interconnected challenges emerged across all three organizations despite their different geographic contexts and service configurations.

The rationale for multiple business lines centers on how compounding community challenges reinforce each other in ways that make siloed interventions insufficient. Stable housing improves job retention because it provides access to shelter, but also because it mitigates the subsequent stress and promotes a feeling of inclusion in a community. Access to childcare enables workforce participation by removing a logistical barrier, and addresses a fundamental constraint that disproportionately impacts single parents. Entrepreneurship creates pathways by addressing generational wealth disparities and by providing wealth-building opportunities that eventually enable families to transition from renting to homeownership.

The participating organizations describe how they resist pressure to narrow their focus, advice often provided by their board members and funders. As one executive director explained, the resistance stemmed from recognizing that "if we just do housing, that's how gentrification happens." While the director acknowledges that they are not

necessarily solving every issue of displacement, they recognize that providing housing without creating economic opportunity pathways means families cannot sustain their housing, causing people to leave their neighborhoods and community. CDOs' multiple service approaches to systemic racism reflect the understanding that it requires multiple interventions.

The foundation of this approach becomes clearer when organizations describe how their services actually function. Workforce development programming isn't simply job training disconnected from other supports; it's designed with explicit recognition of barriers like limited childcare, lack of transportation, and financial instability that must be addressed simultaneously. Housing isn't provided with an assumption that residents will figure out the rest; it's accompanied by intentional pathways toward mature tenancy, financial literacy, and eventual homeownership. Commercial space is not just managed as a real estate asset; it comes with strategic support for the ecosystem of nonprofits and small businesses that use that space, employ residents, and provide essential services.

This holistic approach aligns with findings from the Storied Communities, Community Stories research, which documented that residents prioritize CBDOs working on root causes and systems change over direct services alone. The organizations in our research confirmed this, framing their work not as charity or service provision but as building infrastructure for community power and long-term stability. While the leaders and staff from the organizations that we interviewed understand that a multi-service approach does not eliminate system-level problems, it supports their missions to build healthy and thriving communities. They understand that their role is addressing the structural barriers created by systemic disinvestment, which requires interventions across multiple dimensions simultaneously.

> *"We want healthy and thriving communities, and we can't have thriving communities without working to meet the holistic needs of communities in all various dimensions."*

However, organizations were also clear about the immense pressure they face to be responsive to every community need while managing the complexity this creates. The expectations placed on CBDOs—to address housing, economic development, social services, education, health, and more—would challenge organizations with far greater resources. Yet these same organizations are often told they should "focus" and "do one thing well." This contradiction reflects a fundamental misunderstanding in the field about what it actually takes to advance equity in systematically disinvested communities.

GEOGRAPHIC CONTEXT SHAPES SERVICE INTEGRATION APPROACHES

The three organizations we studied demonstrated how geography doesn't simply influence the scale of work but fundamentally shapes why and how organizations develop multiple business lines. Rural organizations are often compelled to operate with a multi-service approach because the lack of governmental resources renders them an essential community infrastructure. Metropolitan organizations strategically configure clusters of services to create neighborhood stability; by coupling housing resources with additional services, resident longevity is increased, preventing displacement. While these findings are not exhaustive of each regional demographic, these patterns show significant implications for how the field could understand organizational strategies and how funders should approach supporting CBDOs in different contexts.

In a rural context, multiple business lines emerge not from strategic choice but from necessity created by organizational scarcity. The rural organization we interviewed described being "relied on" as community infrastructure in ways that urban organizations never experience. They manage public transit because no other entity provides it, and residents cannot access employment without it. They operate Head Start programming not as a strategic expansion into early childhood development, but because childcare capacity doesn't exist and workforce participation requires it. They've taken on senior services, housing, and economic development because county government "isn't huge" and a limited nonprofit infrastructure leaves service gaps.

This pattern creates a distinct challenge for rural CBDOs: they cannot specialize or focus in ways that urban organizations can. The question isn't "what should we add to our portfolio?" but rather "what essential function would go unmet if we don't take this on?" This fundamentally different approach means that applying urban best practices about organizational focus to rural contexts misunderstands the actual choices these organizations face. It also means that rural organizations often operate with even greater complexity relative to their resources than their urban counterparts.

In large metropolitan contexts, multiple business lines serve a different strategic function. The large metropolitan organization we interviewed is creating a comprehensive displacement prevention infrastructure in markets with intense development pressure. They combine affordable housing development with commercial space management that functions as a nonprofit incubator, economic development programming, and place-based organizing. This configuration responds to market pressures that force out not just residents but the entire ecosystem of small businesses and nonprofits that serve the community.

In small metropolitan contexts, organizations can pursue a middle path by developing deep expertise in strategic niches while building extensive collaborative networks. The small metro organization we interviewed identified single-family affordable housing with tenant development programming as their core competency, an area where they could develop specialized knowledge and capacity. But they maintain holistic service delivery by partnering extensively across complementary service areas rather than building everything in-house. This allows them to respond to interconnected community needs without overextending organizational capacity.

The differences across contexts highlight distinct community development needs and challenges that require different approaches. These patterns suggest that the field needs more nuanced frameworks for understanding what constitutes appropriate organizational scope.

DIVERSIFIED REVENUE BUILDS ORGANIZATIONAL RESILIENCE

Multiple business lines support organizational resilience, which became especially evident during the pandemic. Organizations create financial sustainability through diversified revenue streams that reduce dependence on any single funding source. However, this resilience comes with significant considerations between financial sustainability and mission focus that organizations must carefully navigate. Housing portfolios can generate earned income that can support programming in areas where funding is

more constrained. Rental revenue provides a more stable, predictable income stream than grants, which must be constantly pursued and renewed. One organization shifted its grant-dependent revenue base to one more reliant on earned income, which now accounts for 25 percent of its revenue. Rental revenue can subsidize workforce development classes, community organizing, or other mission-critical work that doesn't generate income and can also soften the effects of insecure philanthropic support.

> *"We're raising money for all these different areas so it stretches a bit thinner."*

The stakes are high: One director shared that if their organization loses Community Services Block Grant funding—a real possibility under current federal budget discussions—the organization will survive because of its housing assets. This isn't abstract planning for unlikely scenarios; it's practical risk management in an environment where organizations continually face sudden funding cuts.

However, this same director was equally explicit about the tension this creates, being financially stable but potentially disconnected from explicit equity work. Organizations then face a fundamental challenge. Earned revenue from housing can subsidize other programs, but if housing becomes the primary or only sustainable revenue source, organizational identity and mission focus inevitably shift. Financial returns start competing with social impact in ways that can gradually reshape organizational priorities.

The pandemic starkly illustrated how these tensions play out under extreme pressure. When financial challenges mounted, such as when rent collection dropped, operating costs increased dramatically, and insurance premiums rose from $10,000 to $100,000 for individual buildings. One organization described how their corporate reserves had to backstop individual buildings' losses to prevent defaults. What this meant in practice was temporarily setting aside mission-central collaborative work, including place-based organizing, cross-sector partnerships, and the community power-building that had been central to their theory of change.

> *"We can no longer sustain that with the kinds of resources that are available to us to really help hold those tables proactively, and we have to focus on our core."*

The earned revenue from housing enabled the organization to survive, but it required sacrificing the very work that distinguished it as a community development organization rather than simply an affordable housing provider. Financial pressures can force organizations away from comprehensive approaches even when those approaches are working and aligned with community priorities.

This dynamic connects to broader patterns documented by the Nonprofit Finance Fund's State of the Nonprofit Sector surveys, which have shown how economic pressures force nonprofits to make difficult trade-offs between mission and sustainability. For CBDOs managing multiple business lines, these trade-offs become even more complex because different business lines have vastly different financial profiles. Organizations must therefore develop sophisticated frameworks for thinking about cross-subsidy to determine which mission-critical work should be subsidized by which revenue-generating activities, and how to maintain that balance.

ADDRESSING INTERCONNECTED BARRIERS ADVANCES EQUITY

Community organizations fill service gaps through prioritizations and collaboration. Organizations described that being a CBDO means identifying a need, having the capability to meet that need, and strategically coordinating with other community partners. Replicating services, while helpful, can also be detrimental, leaving other community needs unfulfilled. Organizations recognize the need to develop consistent communication and partnership to ensure that the alignment of services has equity at the forefront.

Every organization we interviewed named equity as integral to their mission, but they articulated this in ways that went far beyond diversity rhetoric. These organizations demonstrated deep structural analysis of how systems of oppression create compounding barriers in their communities, and they deliberately design their multiple business lines to address these interconnected challenges.

Organizations described designing programs with explicit attention to how barriers compound for the communities they serve. This structural understanding also shapes how organizations think about their relationship to government. As mentioned earlier in the brief, geography significantly impacts the quality and extent of government infrastructure and support, which leaves community development organizations having to fill essential service gaps.

However, organizations were equally clear that filling government gaps doesn't mean attempting to provide every service a community needs. A critical dimension of their equity work involves knowing their limitations and determining which services they should provide versus which services to leave to other organizations that are better equipped to deliver them. The dynamics of how organizations build and maintain these partnerships is explored more fully in the companion brief, "Partnership Dynamics in Community-Based Development Organizations." Organizations described making difficult strategic decisions to decline services despite significant community demand; for example, one organization declined childcare despite repeated requests, and another chose not to take on emergency housing services even as they recognized the need.

These decisions reflect sophisticated understanding that advancing equity requires strategic focus rather than attempting to be all encompassing. This strategic discipline extends to how organizations evaluate new opportunities. Organizations described having frameworks for assessing whether funding opportunities align with mission and capacity, even when resources are constrained. They recognized that accepting every available dollar can undermine rather than strengthen organizational effectiveness, particularly when funding requires building capacity outside their areas of expertise or serving populations they're not equipped to support well. The organizations that we interviewed highlight that equity isn't a universal checklist of services. Contextual work requires a deep understanding of specific community barriers and assets. Therefore, external frameworks for how "equity-focused" organizations should provide services often disregard the actuality of equity in context-specific ways.

RESIDENT-CENTERED DESIGN SHAPES PROGRAM DEVELOPMENT

Organizations emphasized that they design programs based on resident-identified needs and lived experience rather than molding services to fit available funding. The organizations we interviewed

demonstrated different approaches to resident-centered design but shared common principles. First, they started by understanding barriers rather than assuming solutions. One organization designed their workforce development program by first understanding the barriers residents faced to employment— lack of childcare, transportation, financial empowerment, mental health support—and then building partnerships to address those barriers, rather than offering decontextualized job training. This approach recognizes that residents typically know what they need; the question is whether organizations will listen and respond rather than imposing predetermined program models.

This listening extends beyond initial program design to ongoing adaptation based on what organizations learn once programs are implemented. One organization described how their understanding of the pathway to homeownership evolved through working with tenants. They initially assumed that providing housing and offering a HUD-certified homebuyer education class would be sufficient. What they learned was that 85% of residents wanted to own their home, but the same percentage had no idea where to start to become financially prepared. This gap revealed that residents needed support beyond homebuyer education to fully engage in the homebuying process. They needed earlier interventions around savings, credit, financial literacy, and mature tenancy. In this case, experience fundamentally reshaped a program model. They're now building a tenant scoring system with monthly feedback and a roadmap showing residents exactly where they are and what they need to do to progress toward homeownership.

The large metropolitan organization's commercial space portfolio demonstrates resident-centered design at a different scale. They lease below-market-rate space to immigrant-serving nonprofits and small businesses, functioning as what they call an "incubator of nonprofits with shared values and small businesses." This model emerged from understanding that displacement doesn't just affect housing—it affects the entire ecosystem of services and businesses that communities rely on. Rather than assuming that affordable housing alone would prevent displacement, they asked what would actually enable communities to stay and thrive. The answer was protecting not just homes but the grocery stores, childcare centers, health clinics, and community organizations that make neighborhoods livable. This understanding, grounded in community experience of how displacement actually unfolds, shaped a commercial real estate strategy that most housing-focused organizations would never consider.

However, organizations were also honest about the challenges of maintaining resident-centered design under resource constraints and funder pressures. True resident engagement requires time—for holding regular meetings, for building trust, and for incorporating resident feedback into program modifications. It requires flexibility to change course when residents identify problems with current approaches. It requires resources to compensate residents for their time and expertise rather than extracting free labor. Lastly, it involves a willingness to hear that programs aren't working or that organizational priorities don't align with what communities actually need.

Organizations also emphasized that resident-centered design includes residents not just in service delivery, but also in advocacy work. This aligns with findings from the Storied Communities research, which documented that residents prioritize CBDOs working on root causes and systems change over direct services alone.

Residents in that study emphasized that "those with the greatest lived experience + closest proximity to the problems" should be engaged in addressing community challenges. The organizations in our research confirmed this, describing how they involve residents in advocating for policy changes based on their direct experience with the barriers created by current policies.

CLEAR NARRATIVE STRATEGY GROUNDS MULTI-SERVICE WORK

Organizations successfully managing multiple business lines don't simply add services; they anchor all their work in clear narratives that provide coherence and guide decision-making about which opportunities to pursue and which to decline. These frameworks serve as organizational North Stars, helping navigate inevitable tensions between different funding requirements, diverse staff expertise, and varying community priorities.

The narrative frameworks we observed weren't generic mission statements but rather specific, actionable philosophies that shaped concrete decisions. The small metro organization built their entire approach around a principle from Majora Carter's book *Reclaiming Your Neighborhood*: "You shouldn't have to leave your neighborhood to live in a better one." This vision provides immediate clarity when evaluating potential programs or partnerships, and it also serves as a foundational message to amplify their work to funders.

Each organization we spoke to had a different lens through which they crafted their mission and vision. The large metropolitan organization sees their work through a community stability lens, emphasizing that their services exist to build community power through land acquisition, development, and stewardship. They're explicit that housing development isn't an end in itself but a means of keeping land out of speculative markets and ensuring that communities obtain permanent control of critical assets. This narrative provides additional justification for how commercial space management is essential to their infrastructure and the ways that additional services support their work in housing development. In contrast, the rural organization sees their anti-poverty mission as the thread that connects their diverse services from Head Start to housing to transit. Their current director emphasized that they maintain this focus even amid financial pressures.

These narrative frameworks serve several critical functions for organizations managing complexity. First, they provide a unifying foundation that helps staff, boards, and communities understand how seemingly disparate activities connect to a unified purpose. Narratives enable strategic discipline about what to add versus what to decline. Organizations described facing constant pressure to expand, from board members suggesting new programs and from community members requesting additional services. Without clear frameworks for evaluation, organizations can drift toward ever-greater complexity driven by external rather than strategic factors.

However, organizations also recognized that maintaining narrative coherence takes work. Staff turnover means having to rearticulate why different activities connect. Growth means helping new team members understand the organizational theory of change. Funding pressures mean constantly having to explain to potential funders how requested activities fit within a broader strategy, rather than simply responding to whatever requests for proposals (RFPs) appear. This ongoing work of maintaining narrative coherence is itself a form of infrastructure that organizations must invest in.

STRONG INFRASTRUCTURE ENABLES COMPLEX MULTI-SERVICE OPERATIONS

Managing multiple business lines requires an operational infrastructure that allows for staff who are handling multiple moving parts to be supported. Organizations need efficient communication tools, efficient management processes, and a clear organizational structure or hierarchy. The processes that enable coordination, communication, data integration, and strategic decision-making emerged in our study as essential infrastructure, even when they appear mundane compared to direct service delivery. When organizations serve the same families across multiple programs, they need systems that enable staff to know what's happening in other areas of the organization. For example, one organization shared that staff in housing didn't know when their tenants were also in workforce development programs, case managers couldn't see the full picture of family supports, and leadership couldn't understand whether families were progressing toward stability or cycling through services without advancement.

Addressing these coordination challenges requires specific infrastructure investments. One organization described implementing Salesforce, a cloud-based customer relationship management (CRM) platform used to centralize and manage data, specifically to integrate information across business lines, noting that different programs "had different ways of reporting" and staff needed to "put all of that data into one space" to coordinate effectively. With integrated systems, organizations can better understand big picture dynamics between teams and services, as well as the more intricate details, to create more efficiency.

But data systems alone don't solve coordination challenges; organizations also need adequate staffing structured in ways that enable rather than prevent coordination. One organization illustrated the staffing threshold that matters: growing from a handful of staff to over 30 employees enabled them to create specialized program teams, develop formal communication systems, and implement data integration across business lines. They added a program director role specifically to coordinate across business lines, allowing executive leadership to focus on development, finance, and organizational strategy. They also added a marketing coordinator to help community members understand how their varied services were connected.

While adding staff roles is important to fill necessary gaps, coordination capacity doesn't happen automatically as organizations grow. Coordination requires deliberate investment in roles and structures designed specifically for integration rather than just service delivery. Organizations described ongoing struggles to build and maintain this infrastructure. Communication systems remained a persistent challenge despite various attempts to improve them. One organization tried multiple platforms but found that inconsistent adoption across staff created more confusion than clarity. Even after years of effort, they were still figuring out how to improve in communication. Building strong organizational systems requires more than a one-off solution. It takes continuous attention and adaptation as organizations grow and change.

The infrastructure challenge extends beyond internal systems to include how organizations structure accountability and decision-making. Organizations managing multiple business lines need clear frameworks for evaluating which opportunities to pursue, how to allocate resources across programs,

and when to say no to opportunities that don't fit. One organization described implementing regular reflection time with a monthly all-staff meeting and a separate meeting where program managers review how books closed from the prior month.

This reflection infrastructure matters because organizations managing multiple business lines face constant pressure to say yes to new opportunities, whether they be new funding, new partnerships, or new programs. Without disciplined systems for evaluation, organizations drift toward complexity rather than building it strategically. The organizations successfully managing multiple lines weren't simply adding programs opportunistically; they had frameworks for assessing fit with mission, capacity for implementation, financial sustainability, and alignment with community priorities.

However, organizations were also clear that building this infrastructure competes with direct service delivery for resources. Every dollar spent on data systems, coordination roles, or planning processes is a dollar not spent on housing families or providing workforce training. Staff capacity toward coordination meetings can take time away from programs or residents. This creates real tension between building the capacity to do work well and doing more work. Organizations navigate this tension with limited guidance from funders about what level of infrastructure investment is appropriate or necessary.

This makes it difficult for organizations to justify infrastructure investments to boards and funders who want to see resources go toward "program" rather than "overhead." It also makes it difficult for funders to understand whether they're providing adequate support for the operational complexity they're essentially requiring by funding multiple separate programs.

ACCESS TO LONG-TERM SUSTAINABLE FUNDING ENABLES STRATEGIC RESPONSE

The relationship between funding structures and organizational capacity to manage multiple business lines emerged as one of the most significant factors shaping whether organizations can pursue strategic, community-responsive approaches versus reactive, funder-driven adaptation. Organizations identified access to long-term sustainable funding—whether philanthropic, earned revenue, or government sources with predictable timelines—as essential for managing multiple business lines effectively.

The enabling function of sustainable funding works in several ways. First, it allows organizations to respond to community needs rather than expending both time and energy constantly chasing funding opportunities. One organization received a significant and flexible foundation investment that supported their ability to move forward on securing properties quickly. This responsiveness allowed them to accomplish far more housing acquisition than their initial goal, creating a portfolio that now generates earned revenue supporting other programs. Without that flexible, long-term funding, they would have remained reactive, pursuing housing only when specific funding opportunities allowed rather than responding to actual market conditions and community priorities.

Second, sustainable funding enables organizations to experiment and adapt rather than being locked into rigid program models by grant requirements. Organizations described how short-term, restricted grants force them to deliver exactly what was promised in the application, even when community needs shift or they learn that a different approach would work better. This adaptive capacity matters immensely for organizations addressing complex,

interconnected challenges where the right intervention approach isn't obvious upfront.

Third, sustainable funding allows organizations to build infrastructure, including data systems, coordination roles, and planning capacity that enables multiple business lines to work together effectively rather than functioning as disconnected silos. Infrastructure investments require sustained support because their value appears over time through improved coordination and outcomes, not through immediate deliverables that fit neatly into grant reports. Organizations described struggling to fund infrastructure from restricted grants, and having to cobble together additional support from earned revenue or unrestricted donations. This means their infrastructure capacity grows much slower than their programmatic activity, creating the coordination challenges described earlier.

However, organizations also described how funding structures frequently pull them away from community-identified priorities and toward whatever funding is available. The dynamic plays out in several ways. One organization's experience with permanent supportive housing funding illustrates the problem. This funding-driven decision cascaded into operational challenges, requiring the organization to nearly double their service capacity to adequately support formerly homeless residents. This work wasn't part of their original strategic vision but became necessary because of where funding was available.

> *"That was not an intentional or conscientious choice by us as a nonprofit, that was more driven by that's where the dollars are, and we didn't have a choice but to chase it."*

The problem isn't that funders have priorities, it's that funding structures create all-or-nothing choices. Organizations either adapt their programs to fit current funding priorities (and risk mission drift) or maintain their strategic focus (and struggle financially). The organizations we interviewed were navigating this tension constantly. The most successful had frameworks for evaluating whether funding opportunities aligned with mission and capacity, even when resources were constrained. They recognized that accepting every available dollar can undermine rather than strengthen organizational effectiveness.

One organization articulated this clearly: they were willing to complete contracts even when they determined the partnership wasn't successful, but they wouldn't renew if it didn't serve their mission and community well. Another described turning down government requests to expand housing work into other neighborhoods because they didn't yet have the capacity to do it well.

Organizations consistently described making these trade-offs. During the pandemic, when financial pressures mounted, one organization had to set aside relationship-intensive collaboration and organizing work to focus on housing operations that generated revenue in order to prevent financial collapse. They recognized this as necessary for survival but also as undermining their core mission. The earned revenue from housing enabled the organization to survive but required sacrificing the very work that distinguished them as a community development organization. These findings reveal funding structures that may not always align with the actual work of advancing equity.

POLICY ADVOCACY IS INFORMED BY SERVICE DELIVERY

While learning about the explicit services that each organization offers, we heard that there was an implicit service that the organizations have been leaning into, especially recently. Organizations used insights from their service delivery to push for structural reforms that remove systemic barriers. Business lines and service offerings inform this advocacy work, but it is often something additional on top of the services and work that they offer in name. The relationship between service delivery and advocacy creates both unique opportunities and significant constraints that organizations must navigate carefully.

The power of advocacy grounded in service delivery comes from intimate knowledge of how policies actually affect people's lives. These organizations are witnessing and experiencing policy impacts through their work with residents. When affordable housing providers know exactly how benefit cliffs affect family decision-making about employment, when workforce development programs see how childcare costs prevent job acceptance, or when commercial landlords understand how permitting processes exclude small businesses, this knowledge creates uniquely informed advocacy.

Multiple organizations provided examples of how their multiple business lines generate policy insights that single-service organizations wouldn't develop. One organization's experience managing both housing and workforce development revealed how public housing rent policies can undermine employment advancement. Another organization's combination of housing development and commercial space management revealed that different displacement pressures require coordinated policy responses across housing and economic development rather than disconnected interventions.

Organizations also described how managing multiple business lines creates political power for systems change. When pandemic financial pressures threatened organizational survival, one organization formed a coalition with nonprofit housing providers and service organizations facing similar challenges. This coalition advocacy leveraged their collective knowledge of how policy decisions affect community stability, bringing together organizations that together housed thousands of residents and served tens of thousands more. Their ability to articulate specific impacts across housing, services, and community economic development created advocacy power that single-issue organizations couldn't match.

> *"We are flexing our advocacy and organizing arm to essentially ask the county for dollars to stabilize us. ... We formed, and we've been leading a group of homegrown affordable housers and folks who have been similarly destabilized."*

However, the current funding landscape creates particular challenges for community development organizations that engage in advocacy. Federal funding uncertainty, state policy shifts, and changing philanthropic priorities all affect organizational capacity to maintain comprehensive programming and, therefore, their ability to engage in sustained advocacy. Organizations described how resource constraints force them to choose between service delivery and advocacy, even when both are essential to their mission.

One organization explicitly acknowledged this tension, noting that they've had to be strategic about how they engage in advocacy that might challenge government funders or powerful local institutions.

They've focused on advocacy areas where they have strong coalitional support and clear evidence from their service delivery experience, avoiding more controversial positions that might jeopardize funding relationships. Another organization described how their board includes members who want them to do more explicit political organizing, but organizational leadership has resisted because they're uncertain about risking funding relationships that support their housing and services work.

This tension reveals a fundamental challenge for the field: CBDOs are often best positioned to advocate for policy changes because they understand how current policies harm communities they serve, but they're also most constrained from doing so because they depend on the very systems they need to challenge. Organizations managing multiple business lines face this even more acutely because they have more funding relationships at risk. Every business line potentially has different funders with different political sensitivities.

Despite these constraints, organizations maintained that policy advocacy remains essential, and their multiple business lines give them both credibility and specific policy knowledge that make their advocacy uniquely informed and effective. They emphasized several strategies for navigating the tension between advocacy and funding preservation. First, they focus advocacy on issues where they have direct evidence from service delivery experience, not on abstract policy preferences. When they advocate for emergency stabilization funds for nonprofit housing providers, they can articulate exactly how rising insurance costs threaten their ability to house families. This specificity creates credibility that generic advocacy doesn't achieve.

Second, they pursue coalition advocacy rather than individual organizational positioning, creating political cover through collective voice. When multiple organizations jointly advocate, it's harder for funders to retaliate against any single organization. The coalition also demonstrates that challenges aren't unique to one organization but rather systemic issues affecting the sector.

Third, they engage in advocacy that benefits their residents and communities broadly rather than advocacy that primarily benefits their own organizations. This maintains moral authority and community trust even when advocacy creates tension with funders.

However, organizations were also clear that these strategies only partially address the fundamental constraint. CBDOs cannot engage in the full range of advocacy that their expertise and community relationships would enable because they cannot risk funding loss that would harm their service capacity. This represents a significant limitation in the field's ability to advance equity. The organizations with the deepest knowledge of how systems harm communities are the most constrained from advocating for systems change. This suggests the field needs new models for supporting policy advocacy that don't create existential risks for organizations.

Recommendations

This research reveals both what enables organizations to manage multiple business lines successfully and critical gaps in our understanding. The following recommendations distill our findings into guidance funders and policymakers can take action on, practical strategies for organizational leaders, and essential questions requiring further investigation.

STRATEGIC IMPERATIVES FOR FUNDERS AND POLICYMAKERS

Recommendation 1: Fund infrastructure as program, not overhead.

Organizations managing multiple business lines need data systems to track families across programs, coordination roles to integrate services, and planning capacity for strategic decisions. Without this infrastructure, organizations add complexity without impact. Fund the coordination capacity that makes multiple business lines work together—including dedicated coordinator roles, integrated data systems, and regular planning time—as essential program investments rather than administrative costs.

Recommendation 2: Adopt context-specific expectations that match geographic realities.

Rural organizations serve as essential community infrastructure, taking on transit, childcare, and senior services because no one else will—they cannot specialize the way urban organizations can. Metropolitan organizations face displacement pressures requiring comprehensive responses. Large-geography organizations need different infrastructure than neighborhood-focused ones. Abandon a one-size-fits-all mindset about organizational focus and assess the appropriateness of a given organization's scope based on context, not abstract best practices.

Recommendation 3: Provide long-term funding that enables strategic response.

Multi-year general operating support allows organizations to build coordination capacity, respond to actual community needs rather than chasing opportunities, experiment and adapt based on learning, and maintain equity work when financial pressures mount. Short-term, restricted grants force reactive adaptation, lock organizations into rigid program models, and prevent infrastructure investment. If integrated approaches are valued, funding structures must reflect multi-year commitments.

Recommendation 4: Explicitly fund coordination costs in integrated service delivery.

When organizations track families across housing, workforce development, and financial coaching, coordination creates real administrative costs that program-specific grants don't cover. Organizations cannot move from siloed to integrated approaches without adequate funding for coordination staff, shared data systems, and cross-program planning. Calculate and fund the true cost of coordination, not just direct service delivery.

Recommendation 5: Reform policy structures that create mission-survival trade-offs.

Organizations adapt business lines primarily in response to where funding is available rather than community-identified needs, creating mission drift. For example, benefit cliffs penalize employment advancement; public housing rent policies contradict workforce development goals; funding restrictions prevent coordination across programs. These policy structures work at cross-purposes with integrated approaches. Reform policies that force organizations to choose between financial survival and mission integrity, and address structures that systematically undermine holistic work.

Recommendation 6: Stabilize federal funding for comprehensive community development.

With ARPA funding ending in 2026 and proposals to eliminate HOME and CDBG programs, organizations face unprecedented uncertainty that forces them to prioritize their financial survival over their equity work. Federal and state funding supports specific programs while earned revenue subsidizes mission-critical work that struggles to secure sustained support. Stabilize funding streams that enable organizations to maintain comprehensive approaches rather than divesting from critical business lines in response to funding volatility.

ESSENTIAL PRACTICES FOR ORGANIZATIONS

Recommendation 7: Develop clear narrative frameworks before adding business lines.

Organizations successfully managing complexity ground all work in specific, actionable narratives that guide which opportunities to pursue and which to decline. These narratives provide coherence across seemingly disparate activities, enable strategic discipline, and help staff understand how their work connects to unified purpose. Build explicit frameworks before expansion and invest in maintaining narrative coherence as organizations grow.

Recommendation 8: Reach critical infrastructure thresholds before expanding services.

Adding business lines without adequate coordination infrastructure creates chaos, not impact. Build essential infrastructure first: data systems that integrate information across programs, staffing structures that enable coordination, communication platforms consistently adopted across teams, and frameworks for evaluating which opportunities align with mission and capacity. Recognize that coordination investments compete with direct service delivery but determine whether multiple lines strengthen or strain organizational effectiveness.

Recommendation 9: Practice strategic discipline and exercise discernment in service offerings.

Advancing equity requires knowing limitations and declining services despite community demand. Build frameworks for assessing whether funding opportunities align with mission and capacity especially when resources are constrained. Recognize that accepting every available dollar can undermine effectiveness when funding requires building capacity outside areas of expertise or serving populations that organizations aren't equipped to support well. Strategic decisions about what to decline are as important as decisions about what to pursue.

Recommendation 10: Design programs around the barriers that residents identify and adapt continuously.

Start with understanding barriers residents face rather than imposing predetermined solutions. Build feedback loops enabling ongoing adaptation when residents identify problems with current approaches. One organization discovered that 85% of residents wanted homeownership but the same percentage had no idea where to start financially—this learning fundamentally reshaped their program model. True resident-centered design requires time for regular engagement, flexibility to change course, resources to compensate residents for expertise, and willingness to hear when organizational priorities don't align with community needs.

Recommendation 11: Leverage multiple business lines for informed policy advocacy.

Service delivery across multiple lines generates intimate knowledge of how policies affect people's lives—how benefit cliffs affect employment decisions, childcare costs prevent job acceptance, or permitting processes exclude small businesses.

Use this knowledge to advocate for systems change. Pursue coalition approaches that create political cover, focus on issues where organizations have direct evidence from service delivery, and engage in advocacy benefiting communities broadly rather than primarily benefiting individual organizations.

RECOMMENDATIONS FOR FUTURE RESEARCH

Recommendation 12: Track how organizations balance mission and financial sustainability as revenue composition shifts.

When earned revenue from housing becomes the primary sustainable funding source, how do organizations maintain focus on explicit equity goals rather than drifting toward property management? The rural organization in our study acknowledged that survival without anti-poverty mission funding would make them "a different creature." Longitudinal research is needed to examine how organizations' missions and community impact evolve as their revenue composition shifts over time, particularly as federal funding becomes more constrained.

Recommendation 13: Identify infrastructure investments that correlate with successful multi-service management.

The Urban Institute's State of CBDOs report documents that organizations provide an average of nine distinct services beyond real estate and lending, yet we have limited research on what operational infrastructure this complexity requires. Our findings suggest the critical capacity thresholds organizations must reach before multiple lines strengthen rather than strain effectiveness. Research is needed to identify which specific infrastructure investments—data systems, staffing ratios, communication platforms, coordination roles—correlate with successful management and how funders can support organizations in reaching these thresholds.

Recommendation 14: Document geographic variations in sustainability strategies.

Our research identified significant differences in how rural, small metro, and large metro organizations approach multiple business lines, but we interviewed only one organization in each context. The Urban Institute's analysis shows dramatic variation in state and local housing spending per capita—from $509 in Massachusetts to $35 in Wyoming. Comprehensive research is needed examining how geographic context, local government capacity, and regional funding availability shape organizational strategies for managing multiple lines and whether certain approaches prove more sustainable in different contexts.

Recommendation 15: Assess long-term outcomes of integrated approaches.

Organizations articulated clear theories about why multiple business lines advance equity: stable housing supports workforce retention, childcare enables workforce participation, entrepreneurship builds wealth. But we have limited longitudinal data demonstrating whether families served by organizations with multiple integrated business lines achieve better long-term outcomes than families served by single-service organizations. This evidence gap makes it difficult to make the case for adequate investment in integrated approaches. Research demonstrating comparative outcomes would strengthen the field's ability to advocate for adequate resources aiding in this essential work.

Conclusion

The organizations in this research demonstrated that multiple business lines are essential for addressing interconnected community challenges and advancing racial equity. They're not engaging in mission creep or opportunistic expansion—they're responding strategically to community needs with a sophisticated understanding of how housing, workforce development, small business support, and other services reinforce one another.

This research reveals that multiple business lines are strategic responses to interconnected community challenges, not organizational mission creep. The organizations we interviewed pursue multiple lines because housing stability, workforce opportunity, and wealth-building reinforce one another, and communities face compounding barriers rooted in systemic racism that cannot be addressed in isolation. Successfully managing this complexity requires strong organizational infrastructure, access to long-term sustainable funding, clear narratives anchoring diverse services to unified missions, resident-centered design, and policy advocacy informed by service delivery. However, organizations described doing this essential work with inadequate support, managing complexity that would challenge better-resourced organizations while adapting primarily to external pressures rather than strategic community priorities.

This research matters because the field is at a critical juncture. With ARPA funding ending this year and the proposed elimination of key federal programs, organizations serving communities experiencing the greatest disinvestment must do comprehensive work with increasingly constrained resources. The organizations successfully managing multiple business lines are demonstrating what holistic, equity-centered community development can accomplish.

Understanding what enables this work becomes essential as unprecedented uncertainty reshapes community development funding and practice.

The companion brief on partnership dynamics explores how organizations build and maintain the collaborative relationships that enable multiple business lines to function effectively, examining what makes partnerships sustainable and how external pressures reshape collaborative strategies over time.

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