



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.