Rising Above

Community Economic Development in a Changing Landscape

A report by the National Alliance of Community Economic Development Associations, June 2010

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Acknowledgements

A special thanks to the NACEDA Board of Directors as well as NACEDA member state and city associations and all the organizations that participated in this survey. Special thanks also to LISC for their assistance throughout and to Alan Mallach and the Census Advisory Committee for their guidance. Funding for this survey was provided by the Lilly Endowment.

Preface

The National Alliance of Community Economic Development Associations (NACEDA) was formed in 2006 by 11 state community economic development association leaders who saw the need to strengthen the bonds between community organizations for mutual benefit through sharing of expertise, capacity, and resources; and to bridge the divide between policy makers and the people they affect in America's communities.

Since its founding, NACEDA's membership has tripled. It now represents 36 state, city and regional community development associations. NACEDA also represents other organizations involved in the field, including several universities. NACEDA's members promote the efforts of local community development practitioners through communication and advocacy to build the capacity and reach of the community economic development (CED) field.

This report picks up on efforts undertaken previously by the National Congress for Community Economic Development (NCCED). NCCED released their first report on the economic impact of the community development field in 1988 and released additional reports in 1991, 1994, 1998, and 2005. This report builds on those prior studies to measure the quantitative achievements of community based development organizations. The numbers presented are estimates based on weighted data gleaned from survey responses.

Introduction

The years 2005 to 2007 were dramatic times for neighborhoods across the country as the housing bubble that had been swelling grew to its largest proportions, and then popped. As the results of this survey of community development activity help to show, affordable housing developers and community-based nonprofits have long been part of the solution. In fact, they were already working to counter the effects of a swinging housing market, bad loans, and vacant properties long before these issues burst on the national consciousness in 2007–2008.

This survey of the community development field takes up where the periodic "censuses" conducted by the National Congress of Community Economic Development, left off. It covers the years 2005–2007, with the goal of understanding what the field is doing, how it is doing it, and what its levels of production have been. This report examines the diverse work of community developers throughout our communities in the peak bubble years, and gives us a picture of a field that is maturing after a large growth spurt and has continued to carry out its mission in a steady fashion during tumultuous times.

Community development is a broad term, embracing a wide array of organizations that work to reinvigorate lower income communities and serve low- and moderate-income people wherever they may live. Different organizations go by different designations, depending on their roots and mix of activities. Some are focused exclusively on affordable ownership or rental housing development, perhaps over a wide footprint. Many others focus in on a targeted geographic area with interventions that range from community organizing to job creation to school programs to beautification. These groups are often known as "community development corporations" (CDCs) or "community-based economic development organizations".[1] This survey does include housing totals from large, nonprofit housing producers, including organizations that

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[1] "Community-based economic development organizations" are defined in federal law by HHS as being nonprofit organizations whose primary mission is to serve, or provide investment capital for, low-income communities and low-income persons and who maintain accountability to residents of low-income communities by including representatives on their governing board or an advisory body.

work in multiple states. Such groups were also counted in previous surveys. Therefore we use the broader term “community developers” to describe the field encompassed by this survey.

Things have changed, of course, since the end of 2007. The scale of the foreclosure crisis, combined with tight credit, weak housing markets, and a loss or massive scaling back of many traditional funding sources has left many community developers struggling at a time when the need for their various areas of expertise has never been greater. The Low-Income Housing Tax Credit, for example, long a staple source of equity funding, has contracted drastically as the price of credits has dropped, creating funding gaps for organizations that had received allocations but not yet sold them.[2] Banks, a top source for both grants and affordable financing, are not only short on philanthropic funds, but have swung to an opposite extreme on credit from the bubble years, drastically tightening the spigot on both construction financing and mortgage financing, a triple hit for community developers. Organizational closures are looming and mergers are being considered even as the work of community developers is in great demand.

To continue the crucial work detailed throughout this report, the community development field will need sustained support in the form of access to resources, public policy reform that removes obstacles to the success of the field and complements its mission, and assistance as it does the necessary work of self-reflection, planning, and adapting to new circumstances. It is imperative that community developers with the boldest and best plans be free to focus on actually carrying out the complex work of rebuilding America’s most distressed areas.

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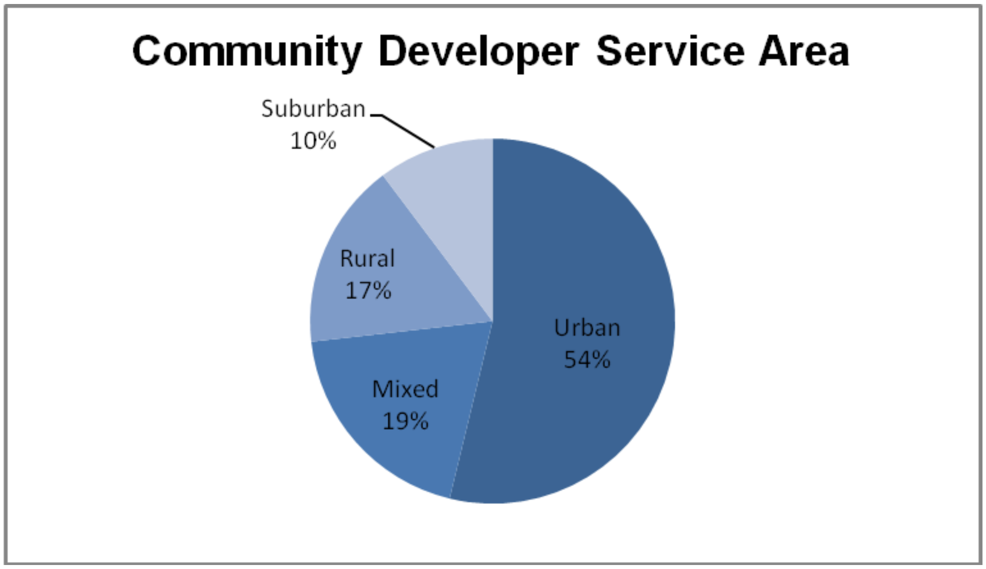
[2] Joint Center for Housing Studies, “The Disruption of the Low-Income Housing Tax Credit Program: Causes, Consequences, Responses, and Proposed Correctives,” December 2009, www.macdc.org/research/disruption_of_the_lihtc_program_2009.pdf

Who Are Community Developers?

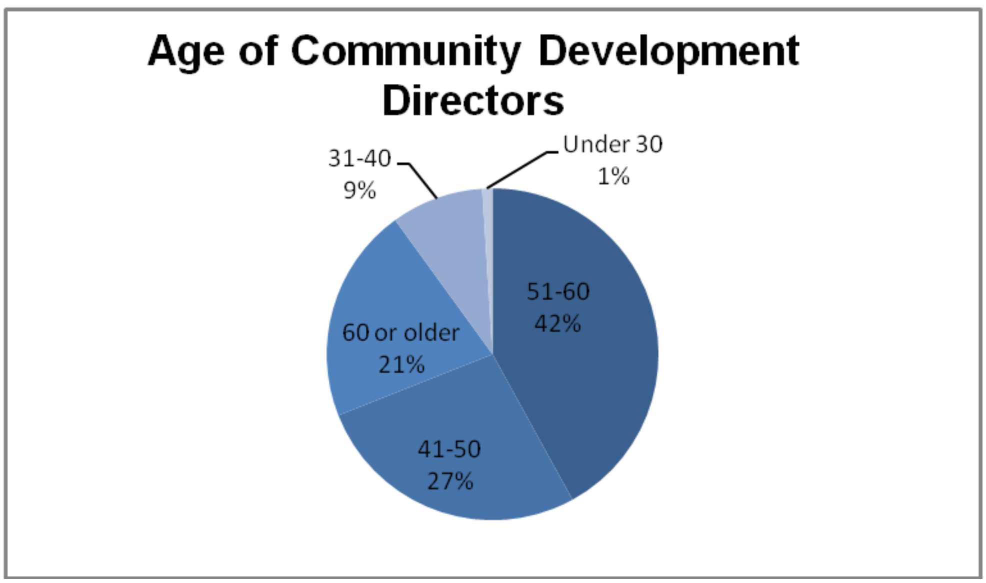
Community developers primarily, but not entirely, work in urban areas: Three-quarters of them include urban areas in their service area, and more than half are exclusively urban.



Community development organizations tend to be small. Their median full-time staff size is 7.5, and 75 percent of them have full time staffs under 30. There are, however, a significant number of large organizations working in the field, with 10 percent having full-time staff of 125 or more. While the median size has decreased since the last report, the total number of employees has risen.

Number of Full-Time Employees	Percent Community Developers
Under 5	33
5-10	19
10-30	22
30-50	6
50-100	5
100-200	9
Over 200	6

The age spread of community development directors is quite similar to the last report, but with a slight increase in directors in their 40s and decrease in directors in their 50s. Thirty percent have a succession plan.



Sixty-one percent of community developers say they are standalone organizations, not part of any national network, and 14 percent identify as faith-based (a notable decrease from the previous survey's 25 percent). Their origins and self-descriptions are widely varied, depending on the time period and context in which they formed and the funding streams they originally tapped.

Community Development Origins	Percent Community Developers
Community Development Corporation (CDC)	60
Community Housing Development Organization (CHDO)	47
Nonprofit CBDOs (community-based board)	26
Faith-Based Organization	14
NeighborWorks America/Neighborhood Housing Services (NHS)	11
Community Development Financial Institution (CDFI)	6
None of the Above	6
Community Action Agencies/Programs (CAA/CAP)	5
Habitat for Humanity	3
Youth Build	3
Local Development Corporation	2

Increasing Housing Choices

Housing development is the core strength of community developers. Increasing the supply of decent, stable affordable housing while fixing up vacant properties or filling in vacant lots with new development has formed a foundation for successful neighborhood revitalization by community-based developers for decades. Currently, 81 percent of community developers carry out housing development.

Nonprofit developers form an essential core of affordable housing producers for the nation: From 2005 to 2008, 35 percent of all federally assisted housing units were produced by nonprofits (along with many more state or locally funded units), a percentage that has remained basically unchanged since the period 1999–2004.[3]

Community Development Housing Production: Growth in a Downturn:

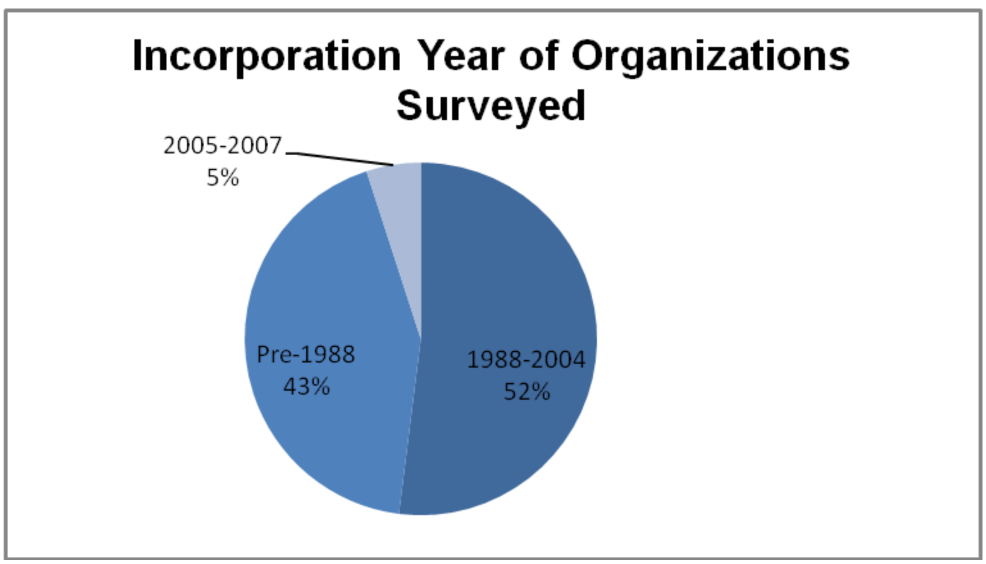
Community developers' focus on affordable housing has continued to grow throughout the survey period. From 2005 to 2007, community developers produced (through acquisition, rehab, or new construction) an estimated 96,000 units of affordable housing per year, up from 86,000 per year reported in the previous survey.

Increase in Community Developer Housing Production	
From 1994 survey to 1998 survey	+ 62,000 units annually
From 1998 survey to 2005 survey	+ 86,000 units annually
From 2005 survey to present survey	+ 96,000 units annually

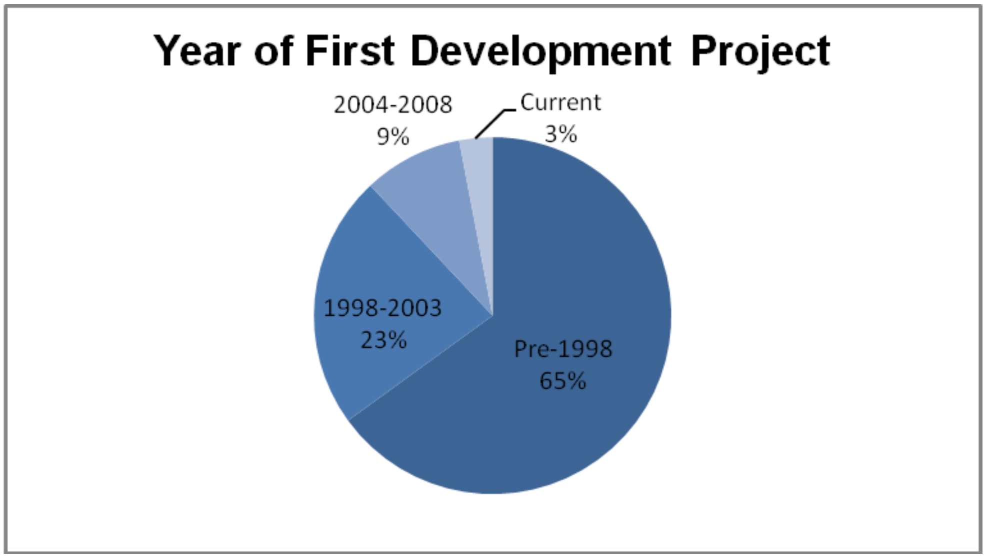
[3] Calculated from federal subsidy data, separate from this survey, by Chris Walker for a draft LISC working paper entitled "Nonprofit Production of Federally-Assisted Housing Units."

Cumulative Community Developer Housing Activity from 1988 to Present	Housing Units Produced
Rehabilitation	723,000
New Development	644,000
Acquisition	247,000
Cumulative Housing Total	**1,614,000**

This production represents an experienced field: 65 percent of community developers surveyed have been developing housing for 10 years or more, while only 3 percent are currently engaged in their first-ever development process. This is partly because growth in the number of community developers leveled off sharply in the middle of the decade. In the 1990s, the growth rate among the organizations covered by this survey was 11.5 percent annually. From 1998 to 2004 it dropped to 3 percent annually.[4] This survey found that from 2005 through the end of 2007 there was a 5 percent change in organizational incorporation. The high level of production from 2005 to 2007 may have represented a period when the many organizations that formed during the field's period of rapid growth in the 1990s and early 2000s hit their stride. The survey estimates a cumulative total of over 1.6 million units over the lifetime of the organizations surveyed.



[4] *Reaching New Heights*, NCCED 2005 Census, 7.



Units that came online in the height of the housing bubble, from 2005 to 2007, were not merely part of the bubble. By continuing their affordable housing development work through these years, community developers were providing several crucial balancing and corrective functions to an unsustainable market. First, they made sure there were affordable units at a time when prices were skyrocketing. Second, they continued to develop rental units at a time when the narrow focus on ownership threatened to leave out those not ready to own or interested in owning. And third, unlike so much of the housing sales of this period, their ownership units tended to come with sustainable prices, homeownership counseling, sound underwriting, non-predatory loans, and post-purchase support.

Affordable homes:

While housing prices were inflated by the bubble, incomes of course did not keep up, leaving many families in hotter market areas struggling to afford homes, whether paying an unsustainable portion of their income on housing, accepting burdensome commutes, or taking out mortgages they couldn't afford.[5] Nonprofit affordable housing development provided a cushion for many. The beneficiaries of community

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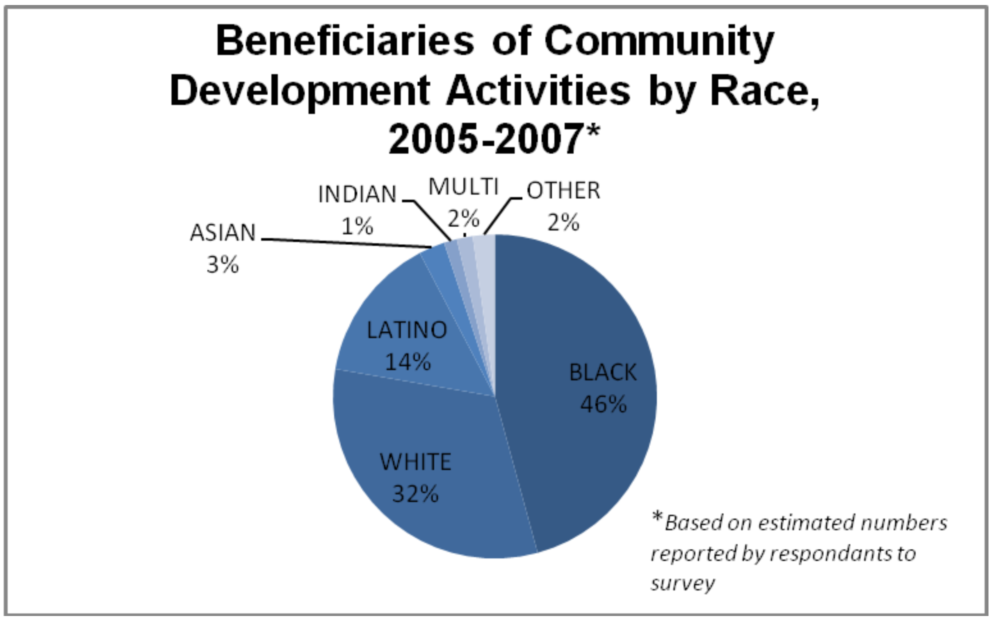
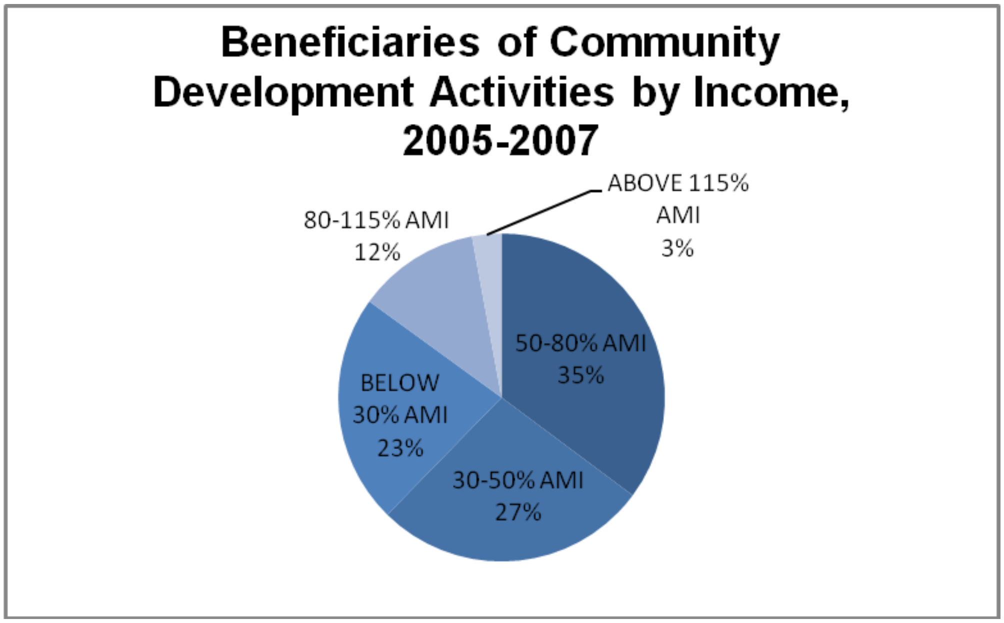
[5]*State of the Nation's Housing 2005*, Joint Center for Housing Studies, www.jchs.harvard.edu/media/son_release_2005.html; Rachel Drew, "A Reality Check for Affordable Housing Advocates," *Shelterforce*, July/August 2005, http://shelterforce.com/online/issues/142/reality.html; Eric Belsky, Allegra Calder and Rachel Drew, "The Real Jobs-Housing Mismatch," *Shelterforce*, July/August 2004, www.shelterforce.com/online/issues/136/mismatch.html.

development activities and programs are overwhelmingly of low and moderate income[6]: 85 percent of those served were below 80 percent of area median income and 23 percent were below 30 percent AMI. And, in a possible counter-balance to the negative targeting of people of color by predatory lenders, 46 percent of the beneficiaries were African-American and 15 percent were Hispanic.



[6] The income profile for CDC housing and CDC programs may differ (up or down depending on the program). However, given the income restrictions on the dominant forms of CDC financing for housing (e.g., HOME rental housing: at least 90 percent of benefiting families must have incomes that are no more than 60 percent of AMI and the rest must be under 80 percent), it is clear that CDC housing developments must be serving a significant portion of low-income residents.



Consistent focus on rental:

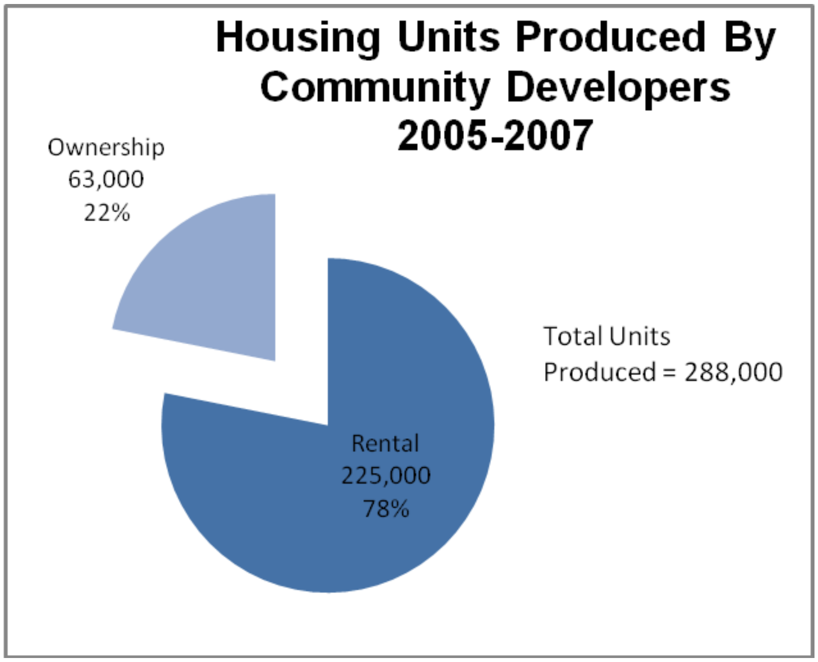
While the community development sector has long been a champion of affordable, sustainable, and accessible homeownership, it has also consistently recognized that there will always be a need for affordable rental options, and that there has been shortage of those units for decades. One third of the country's households rent, and there is no county in the country where a full-time minimum wage worker can afford the fair market rent on even a one-bedroom apartment.[7]

While some argue that federal attention, as well as the attention of many in the philanthropic world, was, in hindsight, over focused on homeownership over the past decade, community developers continued to produce both rental and ownership housing, aware that they were not only meeting a crucial housing need, but that neighborhoods with diverse housing types encourage strength and stability, increase opportunity, and reduce income segregation. In the previous survey, 68 percent of units that community developers had produced (cumulative) were rental units.8 For the period from 2005 to 2007, as the housing bubble hit its peak, that percentage was even higher at 78 percent. By 2008, as former homeowners and tenants displaced by foreclosure scrambled for places they could afford, and as developers that had focused

[7] National Low-Income Housing Coalition, *Out of Reach 2009*, Introduction, 4, www.nlihc.org/oor/oor2009. Housing affordability is typically defined as spending no more than 30 percent of your income on rent.

[8] *Reaching New Heights*, 2005 NCCED Census, 10.

on ownership shifted toward rental, it was clear that the continued production of rental units had been a sound program trend in the sector.



Community developers also assist many special needs populations through their housing development, including the homeless, seniors, and ex-offenders. These populations tend to be underserved by the private market, and yet secure housing for them is a key ingredient in stabilizing both their lives and the neighborhoods in which they reside.

Types of Special Need Housing	Percent Community Developers
Mentally/Physically Disabled	37
Seniors	28
Substance Abuse	10
HIV/Aids	5
Prisoner/Ex-Offenders	2

Types of Homeless Housing	Percent Community Developers
Permanent Housing	26
Transitional Shelter	18
Emergency Shelter	7

Ownership done right:

When community developers do develop ownership units they don't just build and walk away. First, they tend to work with responsible lenders or even do the mortgage lending themselves, applying better terms and sounder underwriting to the same population that was the prime target for subprime loans, which result in foreclosure rates many times lower than in the private market.[9] Second, they provide support pre and post purchase: in 2007, this survey found that 44 percent of the sector offered homebuyer education, 15 percent offered individual development account (IDA) programs to help with down payment savings, and 31 percent offered home maintenance support, an important factor in helping make homeownership sustainable. Cumulatively, the field has helped over 750,000 people with down payments or other forms of housing purchase assistance.

[9] Working with the same low-income, low-credit populations as traditionally receive subprime mortgages, community development financial institutions had a 90-day delinquency rate of 2.3% in 2007, compared to 16% for subprime mortgages in general. Many community developers are also qualified Community Development Financing Institutions (CDFIs) or receive funding from CDFIs. Inside the Membership: Statistical Highlights from the Opportunity Finance Network: 2007, http://opportunityfinance.net/store/downloads/ofn_inside_the_membership_fy2007.pdf; Ben S. Bernanke, "The Recent Financial Turmoil and its Economic and Policy Consequences," speech at the Economic Club of New York, New York, October 15, 2007, http://www.federalreserve.gov/newsevents/speech/bernanke20071015a.htm. In addition, under the Low-Income Housing Tax Credit Program, the annual foreclosure rate of homes is below 0.1 percent, according to Ernst & Young.

Stepping Up to Address the Foreclosure Crisis

Many community developers work in areas that have been hard-hit by foreclosure. As of early 2008, 54 percent of the organizations surveyed had already noticed an increase in foreclosure rates in their service areas, and nearly half of those had noticed increases of over 25 percent. While foreclosure rates were low for their own units, community developers recognized that the foreclosure crisis would affect their entire target areas, and undertook interventions that reached far beyond their own buyers. Many offered services like loss mitigation, foreclosure prevention and intervention, financial literacy, and predatory lending education to anyone in their service areas.

Foreclosure Mitigation Activities	Percent Community Developers
Financial Literacy	36
Homeownership/Maintenance	31
Foreclosure Prevention/Intervention	27
Credit Counseling	26
Predatory Lending Education	22
Loss Mitigation	13

This survey shows that, cumulatively, these various support program offerings reached 2.3 million participants in one year (this may count some people who availed themselves of more than one offering). The loss mitigation and foreclosure prevention activities alone reached over 200,000 people in 2007, the year *before* programs like Making Home Affordable and other national funding for foreclosure mitigation were even available. Also, according to this survey, the field has reached over 2.5 million units in its history through modest home repair work – often reserved for low-income homeowners – which is an important part of helping stabilize low-income neighborhoods and reduce the audience for home-repair predatory lending scams.

These types of activities were central to the work of many of these organizations in the time period covered by the survey, and many community developers who didn't provide them themselves worked with partners to provide them, often requiring counseling in order to qualify for a subsidized unit or mortgage. In 2008 and 2009, as the crisis really hit home, there are anecdotal reports of more community developers adding these programs, stepping up to serve the increased need.

In working to prevent foreclosures, community development organizations go beyond merely being places where those seeking modifications can turn, as important as that is. They are parleying their experience with local housing markets and responsible underwriting for low-income homebuyers into sophisticated and thorough outreach programs:

The Greater Lansing Housing Coalition, for example, a member of the Community Economic Development Association of Michigan, is the fiduciary of funds for a collaborative network named the Homeownership Education and Resource Organization (HERO), a regional effort to share resources and effectively address the foreclosure crisis. HERO is funded by Ingham, Clinton, and Eaton counties and the cities of Lansing and East Lansing. Four nonprofit counseling agencies provide free housing counseling services in these areas and across mid-Michigan as a part of the collaborative. Rather than compete for resources, this network has devised a strategy of combining efforts and sharing funding to most effectively help homeowners stay in their homes. Housing counselors in the HERO network meet once a month at "Counselors' Coffee" to discuss successes and pitfalls and to assist one another with tips and information to best help their clients.

In 2008, the HERO collaborative provided counseling services to 1,022 households in mid-Michigan. Of these thousand-plus clients, the counselors in the HERO network were able to keep 584 families in their homes. The HERO program also includes do-it-yourself beginner home-maintenance classes and a mobile tool lending library that they offer to low-income Lansing residents free of charge. Since home maintenance is an enormous part of successful home ownership, these programs are essential backstops, helping behind the scenes to stabilize homeowners on the edge.[10]

The Saving Homes, Saving Neighborhoods project in Philadelphia takes a proactive approach, addressing the impact of predatory lenders head-on by going door-to-door in two Philadelphia neighborhoods - West Oak Lane and Southwest Philadelphia - to provide easy access to advice, counseling, and good loans, hoping to reach people *before* they get behind on their mortgage payments,. Since March of this year, outreach worker Margaret Shepherd alone has reached over 3,300 homes. To date, she has made 96 referrals to housing counselors.

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[10] For more information, visit www.glhc.org, www.holdontoyourhome.org, or contact Amy Rose Wallace Robinson at amyrose@glhc.org.

Building, and Rebuilding, Green

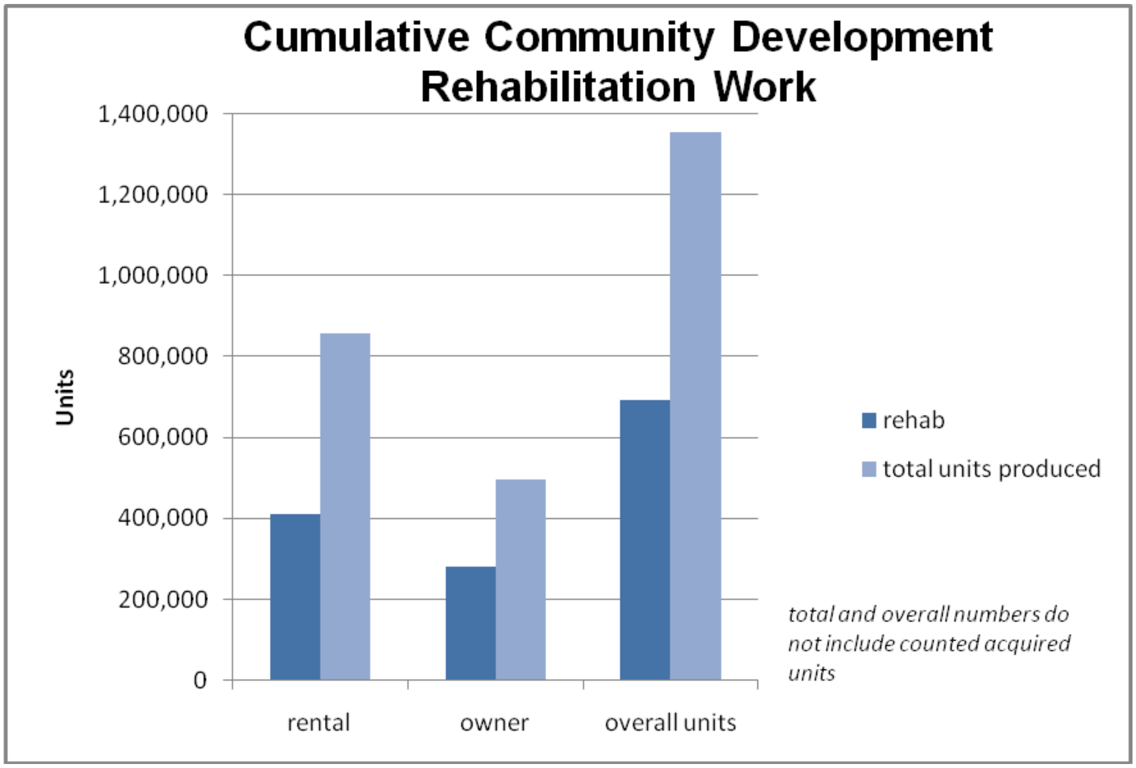
Green building has become an important component of the move to a sustainable economy, and is being embraced by the current administration. Application of green building standards in nonprofit housing and commercial development lowers long-term operating costs for owners and residents, improves the mental and physical health of residents and users, creates jobs, and improves the wider neighborhood environment.

Knowing this, the community development field has been integrating these principles into its work, and many community developers have been increasingly incorporating explicit and forward-looking green practices and materials into their developments and programs. In this survey, nearly 30 percent of community developers were engaged in green building and/or energy retrofitting, and 8 percent were doing both. "Green building" usually involves working with the national LEED standards and/or the Enterprise Community Partners Green Communities Criteria, both guidelines that consider factors such as site choice (including access to transportation), site remediation, use of nontoxic materials, energy and water efficiency standards.–Energy retrofitting, as important a part of green building as sustainable new construction, also has clear benefits for low-income owners in terms of reduced cost.

Green Development Activities	Percent Community Developers
Green Building OR Energy Retrofitting	22
BOTH Green Building AND Energy Retrofitting	8
TOTAL Green Development	**30**

Community developers: Green By Nature and Practice

Green building is a natural fit into the work of a field that is often green by nature anyway: 54 percent of nonprofit housing developers do rehab work, usually in existing core neighborhoods, and approximately half of all the units they have produced over the years (slightly under half for rental, slightly over half for ownership) are rehab rather than new construction. With so much concern about sprawl, infrastructure, making use of existing resources, and saving and improving the character and viability of walkable neighborhoods, it's clear that the field's focus on rehab work is itself inherently green.



Here are several examples of the kind of pioneering green work carried out by community-based organizations:

Bethel New Life's Green Commercial Center in Chicago houses six retail spaces, an employment center, and a child development facility. The Bethel Center features a green roof, super insulation, and other factors that create a healthy sustainable building with potential energy cost savings of 50 percent compared with average commercial buildings. The Bethel Center was constructed on a brownfield site, which Bethel New Life remediated, removing an environmental hazard from the neighborhood. The site is located next to the Green Line "L" stop and a major bus line, and a bridge connects the

"L" stop with the Bethel Center allowing pedestrians to directly enter the building. Bike racks are also located on site. The building has a green roof, reducing storm water runoff and decreasing heat absorption in the summer and heat loss in the winter. The super-insulated walls, light color of the building, and the trees on site reduce heat absorption through the building's walls.

As part of the "Just Greening Our Community" initiative focusing on a neighborhood in Southeast Raleigh, North Carolina, ***Passage Home CDC*** provides on-the-job training and support in new green technologies for ex-offenders. Program participants are given an opportunity to learn and gain practical work experience in incorporating green features and/or new technologies in construction rehab. By leveraging its public and private partnerships, this CDC is able to capitalize on its many years of success working both with ex-offenders and providing quality real estate development to put people in their target community back to work while restoring stability and pride in the neighborhood. In addition, the organization is addressing the growing number of vacant and abandoned foreclosed properties in this same neighborhood.

The Massachusetts Association of CDCs has been supporting green building and environmental initiatives for several years. In 2003, MACDC began a partnership with New Ecology, Inc., the Tellus Institute, and the Local Initiatives Support Corporation to sponsor the Green CDC Initiative. The initiative offers training, technical assistance, and help in identifying and accessing funding for community developers pursuing environmentally sound and sustainable development projects. So far, more than a third of Massachusetts community developers have participated. The initiative also conducts research on best practices and advocates with lenders and government agencies to adopt policies that will better support sustainable community development. More recently, they have successfully advocated for substantial investment of utility funding to support both renewable energy installations in affordable housing and energy efficiency upgrades in existing affordable housing.

Launched in 2007, Building Green is a highly successful partnership between ***Argenta CDC*** of Little Rock, Arkansas, and the Arkansas Chapter of the U.S. Green Building Council to design, construct, and promote affordable energy efficient homes for low-income to moderate-income families. Homes in this project have earned a Gold LEED-H® designation, and were the first residential structures in Arkansas to earn such a distinction.

Green building can reach people of all incomes and situations. In Grand Rapids, Michigan, ***Dwelling Place***, one of the leading nonprofit developers of affordable housing in Western Michigan, has developed a green complex that offers 116 units of permanent supportive housing for homeless and disabled residents, including veterans.

Verne Barry Place, named in honor of Verne Barry, well known in Grand Rapids for his concern for the plight of homeless persons, is a $19 million renovation-and–new construction project that preserves three existing historic structures, links them with a newly built LEED- certified "green" building, and extends revitalization in a once-disinvested neighborhood that has begun to attract urban pioneers and local artists interested in its soaring loft space and proximity to downtown amenities.

Of course "green" isn't just about construction: The Evergreen Cooperative Laundry in Cleveland is a worker-owned commercial-scale green business based in the Glenville neighborhood, one of the most severely disinvested areas in Cleveland. The laundry handles linens from the local health care institutions, in an energy efficient and sustainable manner. The Evergreen Laundry is the first in a network of worker cooperatives being developed in the city by the ***Democracy Collaborative*** at the University of Maryland in collaboration with the Ohio Employee Ownership Center, the Cleveland Foundation, and other partners, as part of a larger effort called the ***Greater University Circle Initiative***, which the Cleveland Foundation launched four years ago. A second cooperative, Ohio Cooperative Solar, also opened in October 2009; next up is a five-acre year-round hydroponic greenhouse growing lettuce and herbs. The initiative enlisted the growing heavyweight institutions around University Circle, including University Hospitals, Cleveland Clinic, and Case Western Reserve University. The cooperatives work with Towards Employment, an agency that builds the job skills of low-income residents, including those with criminal convictions.

A Comprehensive Revitalization Agenda

Although best-known for their important housing production work, community developers are also engaged in economic development and comprehensive community revitalization. They employ a wide range of strategies, depending on local dynamics and need, including community planning, housing and commercial development, neighborhood organizing and advocacy, community financing, human services and human capital development, greening and beautification, and dozens of other tools to bring about sustainable change in some of the country's most disadvantaged areas.

Community Developers Promote Economic Development

Community *economic* development is important to the community development field. From 2005 to 2007, the survey found that surveyed community developers have developed 21.2 million square feet of commercial, office, industrial, and community facilities.

Commercial and Industrial Development 2005-2007	Total Square Feet Developed
Office	6,393,000
Retail	5,918,000
Community Facility	5,296,000
Industrial	2,184,000
Other	1,431,000
Total	**21,222,000**

Accompanying this development, community-based organizations engage in a range of related activities to support economic development, such as retail façade improvement and operating business incubators.

Types of Supportive Economic Development Activity	Percent Community Developers
Manage construction	14
Operate a community facility	13
Engage in business and commercial area marketing/promotion	12
Operate commercial, industrial, or retail facilities	12
Administer commercial revitalization/retail façade program	9
Operate a business incubator	5

Similarly, many community-based organizations are engaged directly in business enterprise assistance and micro-lending.

Enterprise Development Activity	Percent Community Developers
Business Enterprise Assistance	18
Community Lending	15
Microloans	8

First during the era of reckless lending and now during the credit crunch, community lending programs provide a key source of reliable, non-speculative capital to neighborhoods in need of investment. From 2005 to 2007, the 15 percent of community developers that engaged in community lending originated mortgages for over 100,000 homebuyers, totaling $6.6 billion dollars[11]. They also made loans for housing development, community facilities, and new businesses.

Community Lending Activity	Number of Loans Made 2005-2007
For-Profit Business	511,000
Home Purchase	115,000
Housing Development	73,000

To achieve holistic and sustainable revitalization, economic and housing development must be supported by a range of policy and community-building work. From 2005 to

[11] These numbers include all organizations that answered the survey saying that they engage in community lending activities, including all those that self-identify as CDFIs.

2007, in addition to housing and economic development activities, the field offered a myriad of services, engaged in training, and carried out advocacy on all levels of government.

Other Major Services Offered by Community Developers 2005-2007	Percent Community Developers
Education and Training	43
Community organizing	37
Local-level advocacy	35
Youth programs	29
State-level Advocacy	28
Homeless services	24
Tenant counseling	23
Senior Programs	23
Job Skills training	22
Green Building Projects	21
Job readiness training	20
Community Safety	19
Federal-level Advocacy	17
Job placement	16
Arts and culture	15
Help in establishing Individual Development Accounts	15
Emergency food assistance	15
Child care	15
Transportation	11
CRA Advocacy	10
Health care	10
Drug prevention/treatment	8
Immigration services/ESL	6
Prisoner re-entry programs	6

Resources for Getting the Job Done

Community developers make use of a wide range of federal programs, with heavy dependence on a set of funding sources from the US Department of Housing and Urban Development (HUD): Community Development Block Grants, which are distributed by local governments through a formula based on need and must be used to benefit low- and moderate-income persons, clear blight, or address conditions that pose an immediate threat to health and welfare; Home Investment Partnerships Program (HOME), which gives block grants to states and localities designated specifically for affordable housing; Section 8, officially known as the Housing Choice Voucher Program, which subsidizes rent for either specific units or specific tenants who are income eligible; and the Low Income Housing Tax Credit, which is an equity investment in affordable housing rental construction.

Community developers combine these and other federal funds from departments such as the Veterans Administration, Health and Human Services, Department of Agriculture, and Transportation with state and local government funds and substantial private foundation, bank, and corporate support. Private funding has taken a hit since this survey period, meaning that the role of government funding is likely to be even more crucial in the future.

A significant portion of community development funding is funneled through intermediary organizations, such as the Local Initiative Support Corporation (LISC) or Enterprise Community Partners, who raise funds from private and public sources and redistribute it to practitioners, often along with capacity building, training, and other support.

Funding for Community Developers: Intermediary Organizations/Partnerships	Percent Community Developers
Local Initiative Support Corporation	23
Enterprise Community Partners	19
Local Intermediaries/partnerships/collaborations	12
Neighborhood Reinvestment Corp/NeighborWorks America	10
Housing Assistance Council	4
National Council of La Raza	2
Rural Community Assistance Corporation	1
National Capital Impact Development Corporation	1
Housing Services of America	1

Funding for Community Developers: State and Local Sources	Percent Community Developers
State government (excluding CDBG, TANF and Transportation Funds)	42
Local government (excluding CDBG, TANF and Transportation Funds)	37

Funding for Community Developers: Private-Sector Source	Percent Community Developers
Foundations	55
Banks	54
Corporations	32
Fee Income	29
Affordable Housing Program	24
Federal Home Loan Banks	23
United Way	20
Religious institutions	18
Insurance companies	11
Fannie Mae	10
Freddie Mac	6
Pension Funds	1

Funding for Community Developers: Federal Sources		Percent Community Developers
HUD	HOME	53
	Community Development Block Grants	40
	Section 8	28
	McKinney Act - Other homeless programs	13
	McKinney Act - Shelter and Care	11
	Preservation Grants	7
	Section 202	7
	Rural Housing	6
	Section 811	5
	Brownfields	5
	HOPWA	4
Tax Credit Investments	Low-Income Housing tax Credit	28
	Historic Preservation Tax Credit	7
	New Market Tax Credit	5
USDA	Section 514/515	5
	Section 504	4
	Rural Community Development Initiative (RCDI)	4
	Rural Business Enterprise Grant (RBEG)	4
	Intermediary Relending Program (IRP)	3
	Community Facilities	3
	Section 523	3
	Section 538	2
	Section 525 Technical Assistance	2
	Section 533	1
Other	AmeriCorps/VISTA	16
	Low Income Heat and Energy Assistance	10
	Office of Community Services/Discretionary Fund for CED	7
	HHS Community Services Block Grant (CSBG)	7
	Community Development Financial Institutions Fund	7
	Assets for Independence	5
	Department of Labor	4
	SBA/Microloan Program	4
	Social Service Bloc Grants (formerly Title XX)	4
	Department of Justice	3
	Economic Development Administration/Title IX grants	2
	JOLI	2
	SBA/Program for Investment in Micro-Entrepreneurs	2

Building a Stronger Development Field

The community development field clearly plays a critically important role in revitalizing neighborhoods and housing to those in need throughout the nation. To enable it to continue to do this work in a difficult and rapidly changing environment—namely during a recession and credit crunch and in neighborhoods hard hit by widespread foreclosures—community developers, the systems that serve them, and their funders will have to challenge themselves to develop new formulas and frameworks for the sector.

Aim for a Strong, Sustainable Sector, Not Just an Efficient One

Community developers themselves need to be constantly refining their missions and their business plans to meet the needs of their target areas or constituencies. Sometimes this will require difficult realities such as merging, retooling, or closing and letting a different organization take on the work at a different scale or with a different approach. But at the same time, the systems that serve them and the funders who support them need to think about creating a strong community development environment. This does not always mean larger and strictly "more efficient."

Like an ecosystem, a strong community development sector requires "diversity, redundancy, competition, and a healthy environment. . . . Different roles and approaches—including some level of overlap, duplication and competition will ensure long-term sustainability and maximize impact. In such a system, the demise of a single entity is unlikely to disrupt the entire system and new organizations can bring innovation and change. By contrast, as the current banking crisis demonstrates, a system that depends on a small number of very large institutions can be brittle and subject to rapid and dramatic breakdown."[12]

[12] Joseph Kriesberg, "A 21st Century Vision for Community Development," *Shelterforce* Fall 2009, www.shelterforce.org/article/1767/a_21st_century_vision_for_community_development/P1/.

Always Focus on Long-Term Success

In what is often called the "CDC resource mismatch,"[13] community developers have learned that good community organizing, planning, policy advocacy, and leadership development are essential foundations for long-term transformative change, and yet can often get short-term funding for shovel-ready bricks and mortar projects.

This lack of a steady and consistent source of operating or "infrastructure" support limits the very comprehensive work that distinguishes these groups. Cobbling together project-based funding from a variety of sources is time-consuming. It results in lost opportunities and hampers the kind of strategic planning, entrepreneurialism and flexibility necessary to make real change on the ground. Inconsistent funding prevents good planning and results in too much time devoted to fundraising, neglect of the non-development aspects of revitalization work, and instability in staffing, which is particularly troubling for organizations where local knowledge and connections are essential to their work. Even when it comes to physical development, the lack of a steady source of working capital has made it difficult for community developers to strategically acquire key properties.

For both community developers and funders, short-term unit counts must not cloud long-term thinking. The field needs an accountable funding approach that allows community developers to create real change. This may include, among other things: adjustments to allow community developers to earn income from their portfolio; creation of pools of flexible working capital; and recognition of planning advocacy, and organizing as essential capacity building activities.

[13] Martha Lewin, Paige Carlson Heim, Diane Sterner, and Alan Mallach, "Building from the Ground Up: 20 Years of Community Economic Development," Housing and Community Development Network of NJ, 2009, 24, http://data.memberclicks.com/site/hcdnnj/anniversary%20report.pdf.

Strengthen the Support Network

A diverse, flexible, locally-connected, innovative sector can still make use of lessons learned and increase its efficiency and output by being connected to a strong, well-developed support network that does things like: distribute useful technologies, systems, and protocols for common project tasks, from property management to human resources, asset management to adjusting the workplace to the needs of the next generation of leaders; leadership development and individual capacity building; coalition building within the sector and with other sectors to advance policy goals at the state and federal levels.

Appendix: Methodology

The methodology for survey development, sample selection, and survey administration was developed by NACEDA staff with assistance from LISC. The survey framework draws heavily on the content and question wording developed for the earlier 2005 survey, with questions on foreclosure, green building, and other subjects added. To simplify the survey, many of the earlier questions pertaining to urban and rural housing and facilities production were combined.

The 2008 survey of community-based development organizations covered three specific subsets of organizations: (1) organization members of state associations of community-based development organizations, (2) organizations deemed to be among the 100 largest organizations based on responses to the 1999 and 2005 surveys, and (3) other organizations contained in the universe of organizations developed for the 2005 survey. Attempts were made to survey all members of these groups; they were not randomly selected.

NACEDA staff administered the survey in two modes: online surveys of respondents using a complete battery of questions, and for category (2) above, telephone surveys of organizations to obtain information on a small number of critical questions and online searches of documents describing organization production levels. The survey effort began in September 2008 and was completed in September of 2009.

Survey findings rely heavily on responses received from a subset of states where local NACEDA members made special efforts to follow up with respondents. Six states (Florida, Indiana, Massachusetts[14], Michigan, New Jersey, and Ohio) represented more than one half of the useable data. Surveys from an additional seven states represented at least 15 percent of the estimated universe. (These states are Alabama, Connecticut, Georgia, Oregon, South Carolina, and Tennessee.)

[14] Numbers from Massachusetts were taken from the Massachusetts Association of CDCs own GOALs survey, and not from the NACEDA survey instrument.

LISC research and assessment staff generously agreed to help weight and analyze the resulting data. For the above-named states, data are weighted by state according to the estimated number of total organizations in each, with weights ranging from 2.5 to 6.7. In addition, larger housing organizations (with estimated cumulative housing production of 1,000 units or more) were weighted up to the number of organizations of that size reported in the 2005 survey (a weight of 8). All other respondents were weighted by 19.8 to equal the total number of such organizations that we estimate existed in the nation as of 2008. Finally, respondents were post-weighted to match the distribution of organizations by staff size in 2004 and to ensure that the total count of organizations matched the estimated 4,600 organizations in the nation as of the end of 2004 (based on the 2005 survey). The results are consistent with the 2005 results across a large number of variables in the survey.

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