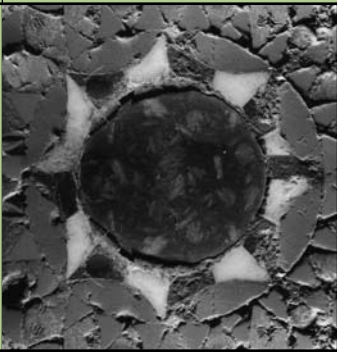




THE ASPEN INSTITUTE

ROUNDTABLE ON COMMUNITY CHANGE



LIVING CITIES AND CIVIC CAPACITY

Leadership, Leverage, and Legitimacy

MARCH 2008

Patricia Auspos
Prudence Brown
Stacey Sutton
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About the Aspen Roundtable and the Authors

The Aspen Institute Roundtable on Community Change is a national forum for leaders engaged in innovative and promising community revitalization efforts to share experiences and lessons and to work on common challenges. The goal of the Roundtable is to strengthen the quality of policy, research, and practice in the community change field in order to improve outcomes for children, youth, families, and communities in distressed areas in the United States. This work focuses on a wide range of issues—poverty alleviation, employment, housing, racism, public health, education, youth development, child welfare, and criminal justice—as well as on strengthening community capacity, building social capital, promoting racial equity, advocacy and policy reform, and related dimensions of the change process. As a field-building institution, the Roundtable acts as a convener, advisor, clearinghouse, analyst, and disseminator of lessons learned. It conducts and disseminates research and analysis, and offers training and leadership development. For more information about the Roundtable and its publications, see www.aspenroundtable.org.

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Summary and Recommendations

LIVING CITIES IS A CONSORTIUM OF FINANCIAL ORGANIZATIONS, PRIVATE FOUNDATIONS, and public sector organizations that has worked, since 1991, to improve distressed neighborhoods in twenty-three cities. Living Cities funds have been channeled through the local offices of two national intermediaries—the Local Initiatives Support Corporation (LISC) and Enterprise Community Partners (Enterprise)—that provide operating support and other assistance to local organizations, primarily community development corporations (CDCs).

This report explores how Living Cities investments have helped to build civic capacity throughout the community development system. For the purposes of this project, we define civic capacity as *the ability of the key actors in the community development system to influence or shape policy, practice, and resources in ways that allow them to increase the scale, scope, and effectiveness of their activities*. Our examination focused on the efforts of the key organizational actors in the nonprofit sector of the community development system—local LISC and Enterprise offices, local foundations, and CDCs and other neighborhood groups—to leverage resources and influence decision-making in *the public, for-profit, and philanthropic sectors*.¹

The findings and recommendations in this report speak to a broader audience than just Living Cities actors. They are informed by what the Aspen Roundtable has learned from studying neighborhood change efforts over the last fifteen years, and they encapsulate general principles that apply to a wide range of community improvement efforts in addition to those supported by Living Cities investments. What follows are lessons not just for LISC, Enterprise, and CDCs as Living Cities moves forward, but for all foundations, local governments, and neighborhood groups concerned with reducing poverty, advancing social and racial equity, and building neighborhoods that are inclusive, diverse, and vibrant.

Our investigation of civic capacity and community development covers a period when local actors in Living Cities are increasingly thinking of their neighborhood-level work in the context of broader economic and political dynamics, such as metropolitan-wide housing markets, regional economic systems, the changing role of the federal government, and the persistence of racial inequities in the face of rapid demographic shifts. For example, while CDCs originally worked in “weak” markets, the twenty-first century—community development agenda has become more complex and must be tailored to various types of city environments. This brings CDCs into contact with a wider range of actors in both their

1. Our in-depth research focused on nine of the twenty-three cities that receive Living Cities funding, although we interviewed LISC and Enterprise directors in all twenty-three cities. Altogether, we interviewed more than 100 individuals, including Living Cities funders; staff from CDCs and intermediaries; representatives from government, business, and advocacy organizations; and other actors in the community development system. We also reviewed a wealth of data, site reports, and publications in the Living Cities archives. For more information on Living Cities, see the website at www.LivingCities.org.

neighborhood development and their policy work, as they strengthen neighborhood connections to external power brokers and markets as well as to other sectors, such as workforce development, education, and public safety. As a result, local actors in Living Cities are using their civic capacity not only to obtain resources and improve opportunities for affordable housing production—although that still remains central—but also to leverage resources and other supports for a broader neighborhood change agenda.

Findings

This report concludes that, overall, Living Cities investments in civic capacity have helped to build local community development systems that are resilient enough to adapt to changes in the macro environment, take on a broader scope of work, and connect the residents of inner-city neighborhoods to external opportunities and resources. While there is significant variation across cities we studied, local intermediaries, foundations, and CDCs have demonstrated critical components of civic capacity, including the ability to convene civic leaders, conduct strategic analyses and set agendas, enlist partners and allies, develop coalitions, and build support among neighborhood groups and citywide leaders. Although many of these capacities are not new, they have been exercised in recent years in new ways with a broader set of actors to address a more complex community development agenda.

The research confirms the importance of building civic capacity as well as technical expertise in order to leverage resources, sustain change efforts, and increase the scale and impact of community development. This finding—as well as accompanying lessons about how to build civic capacity—will continue to be important as Living Cities advances its agenda of connecting poor inner-city communities to market opportunities and making a variety of systems work more effectively for the residents of such neighborhoods. In particular, the three institutional actors studied here—intermediaries, CDCs, and foundations—have all shown their potential to leverage different types of actors and actions.

Intermediaries. Intermediaries play a critical role in connecting neighborhood residents and organizations to external opportunities and resources. The local offices of LISC and Enterprise, the primary intermediaries in Living Cities, have built the capacity to influence city agency staff by virtue of their technical expertise and their ability to innovate, solve problems, develop pragmatic compromises, and bring money to the table. In many locations, they are using this civic capacity to expand and diversify the public funding base and align public and private resources for community development.

In a significant development, Living Cities intermediaries in many locations have expanded their policy influence by targeting elected officials at the city and state levels, mobilizing a wider base of political support, and playing a more active role in advocacy efforts. They are building coalitions for citywide and statewide advocacy, and some have allied with groups that take on social justice and smart-growth agendas. This expanded political capacity has resulted in increased funding for affordable housing.

In addition to using their own capacity to leverage resources and partnerships, the Living Cities intermediaries are also helping to build the civic capacity of neighborhood actors and organizations by supporting neighborhood planning and organizing efforts, teaching advocacy skills, and providing opportunities for CDCs and other neighborhood groups to interact with elected officials and city staff members. Intermediaries like LISC and Enterprise can thus play an important role in helping neighborhood residents and organizations develop the internal capacities needed to become effective partners with outside groups, take advantage of opportunities, and leverage resources.

CDCs. Living Cities investments have helped CDCs and other neighborhood groups reinvigorate their neighborhood roots by engaging local residents in developing broad-based agendas for neighborhood change through community planning and visioning exercises. These activities strengthen neighborhood voice and give the community development system more legitimacy with external power brokers. The agendas are meant to guide action and are used to win resources for an array of neighborhood projects that go beyond housing. They also identify opportunities to connect to external markets, both metropolitan and regional.

In some locations, Living Cities funding has supported CDC-led efforts to organize community residents around local empowerment agendas. Successful campaigns are credited with increasing the quantity and quality of affordable housing, improving public services, developing neighborhood leaders, and making neighborhood institutions more inclusive and diverse. One initiative connected neighborhood groups to citywide advocacy networks that won important victories on housing policy.

This report highlights the importance of CDCs and other types of neighborhood-based intermediaries that attend to both internal community building and developing relationships with external groups. Such organizations are valued not only for their technical expertise, but also for their ability to monitor and vet the performance of local groups, hold external groups accountable to the community, foster strategic partnerships and alliances, and develop local leaders who can represent the community with outsiders. As the Living Cities agenda continues to broaden, the importance of neighborhood-based organizations that can serve these bridging functions and help link residents to outside markets and systems will also grow.

Foundations. Foundations increasingly use their knowledge, networks, credibility, and political capital to exert influence in the service of community development goals. Working in more activist or strategic ways involves a wide range of tasks that go beyond simply writing a check. Respondents provided examples of such activities that highlight five roles as particularly useful ones for philanthropy in local community development systems: identifying and drawing attention to needs and opportunities in the field; convening and leveraging diverse networks of relationships; leveraging funds; generating and testing new ideas and building and sharing knowledge; and mobilizing political will. The philanthropic role calls for a strategic blend of building the civic capacity of others while being willing to exert the foundation's own influence as necessary.

Pilot Cities. In four Pilot Cities, which are a subset of Living Cities, a “host” foundation plays a lead role in shaping and supporting a neighborhood revitalization initiative, providing additional resources, and leveraging the support of other partners. Pilot City funders have special opportunities to bring new ideas, new energy, and new donors to the table. They also face the particular challenges associated with “hosting” a major initiative in their own hometowns, when the stakes are high and visible, the commitment is long-term, and so many factors in the larger environment—from the economy to the broad political landscape—affect the pace and outcome of the work. Not every foundation has the staff capacity, flexibility, and institutional will required to fill the role of a host institution in a Pilot City.

Recommendations

This report shows that civic capacity can be built and developed when organizations are willing to invest in it, and make deliberate efforts to do so. The findings suggest that foundations, intermediaries, and local governments can take the following actions to develop civic capacity and position communities to take advantage of opportunities and get external systems to function more effectively:

Invest in advocacy work and broaden the policy agenda.

Success to date suggests that advocacy aimed at city councils and state legislatures can increase resources for affordable housing and win policy changes that can enhance the work. There is potential to heighten impact by connecting with grassroots organizing efforts and citywide coalitions that address related issues, such as social justice agendas, regional land use, and income supports.

Support two strategies—neighborhood analysis and neighborhood visioning—that help high-capacity community development organizations expand their programmatic agenda.

Achieving comprehensive neighborhood change requires an understanding of community dynamics and functioning; knowledge about how specific systems, local governments, and markets work; and an ability to identify effective entry points or pivot points for leveraging change in specific communities, markets, and systems. This knowledge-building can be supported through neighborhood analyses that look beyond local housing and economic development data to include, for example, social indicators, information on political access, local power structures, and racial and cultural dynamics, as well as the position of the neighborhood in relation to the municipal and regional economies.

Evidence from a variety of fields indicates that analysis of community strengths and weaknesses is also a powerful tool for mobilizing commitment and action. Community assessments, visioning exercises, and comprehensive planning efforts are becoming a standard vehicle for the agenda-setting that is a critical part of comprehensive neighborhood revitalization work. Such efforts require local organizations to support intensive community organizing; foster the emergence of neighborhood leaders;

engage a broad section of residents, associations, and organizations; mobilize local constituencies around the vision and specific implementation activities; report back regularly to the community; and develop mechanisms to hold internal and external actors accountable.

Experience suggests that the capacity to collect, analyze, and present data is more likely to reside in an intermediary, a technical assistance provider, or a research institution, while neighborhood-based organizations typically play a key role in mobilizing neighborhood residents to develop and implement agendas for change.

Support partnerships that help intermediaries and CDCs broaden their programmatic and policy areas and diversify the funder base.

While there is a strong need to broaden the community development agenda, CDCs and traditional intermediaries cannot do everything themselves; they must be realistic about their own limits and protect their core capacities. This report highlights the importance of developing strategic partnerships with a variety of organizations—including ones that work in education, workforce development, or health, for example—in order to broaden the work on the ground and leverage additional influence, expertise, and resources. At the same time, it is critical to recognize the time, skills, and costs involved in building and sustaining partnerships and coalitions, and to provide staff and organizations with the supports they need to do this. To succeed, staff need skills in mediation, relationship-building, and engagement as well as technical expertise.

Frame new messages about community development and communicate strategically to multiple audiences.

Strategic communication is key to building support for antipoverty, community development, and social justice work and overcoming the cynical conclusion that “nothing works,” and inner-city neighborhoods are too problem-ridden to offer opportunities for outside investors and entrepreneurs. External audiences—elected officials, private sector leaders, and the media—need to understand why inner-city neighborhoods are vital to the health of cities and metropolitan regions, and how community development contributes to a strong workforce, strong transportation systems, and strong schools. For the internal audience—Living Cities partners and allies in government, foundations, community-based organizations and local anchor institutions—the messages should revolve around the need to overcome categorical approaches to community revitalization and the importance of maintaining a regional perspective.

Assess performance and adapt organizationally and strategically over time. Invest in research that focuses on civic capacity and its effect on community outcomes.

Resilient organizations are learning organizations. It is important that Living Cities actors continue to examine how and under what circumstances new strategies are working, and use this information to improve practice on the ground. Tracking how

civic capacity is used and built and the effect it has on neighborhood well-being is a very different enterprise from tracking the products of a bricks-and-mortar project. Emerging evidence suggests that investments in civic capacity can help communities access resources to undertake neighborhood development, strengthen human capital and organizational capacity, and gain political voice. The evidence is not yet systematic, however, and more convincing evidence of the connection between civic capacity and overall improvement in neighborhood outcomes needs to be developed. The Living Cities leadership should support systematic, cross-site examination of civic capacity-building efforts, assess how they affect community outcomes, and develop criteria to document and reward progress toward goals. This knowledge-development agenda deserves high priority because of its potential to enhance the work of a wide range of community change initiatives including, but not limited to, Living Cities.

Thinking of the components of civic capacity as identifiable and important targets for investment represents a shift from traditional ways of doing community development work. While they may have been recognized as key elements of the change process, they typically have not been seen as a legitimate investment target. The conclusion of this research is that it is time to focus attention on civic capacity and give it greater legitimacy in Living Cities' and related initiatives' overall approach to change.

THIS REPORT EXPLORES HOW LIVING CITIES INVESTMENTS HAVE HELPED TO BUILD civic capacity in the community development system. Living Cities is a consortium of financial organizations, private foundations, and public sector organizations that works to improve urban neighborhoods in twenty-three cities.² Since 1991, Living Cities investments have funded capacity-building, housing and commercial property production, and neighborhood support services, in addition to leveraging resources and involvement from local philanthropies, banks, businesses, and city and state government. Living Cities investments have helped build local community development systems that produce affordable housing in ways that are increasingly efficient, performance-based, and accountable to the public.

Living Cities funds have been channeled through the local offices of two national intermediaries—the Local Initiatives Support Corporation (LISC) and Enterprise Community Partners (Enterprise), formerly known as the Enterprise Foundation. The local LISC and Enterprise offices use their Living Cities allocations to provide operating support, technical assistance, capacity-building, and other aid to community development corporations (CDCs). CDCs are nonprofit, community-based development organizations that build affordable housing, improve commercial areas, advocate for public services, and conduct other activities to help better their communities.

Civic Capacity

The complex challenges of poor communities can only be solved through the collective efforts of a broad range of public and private actors. Making those collective efforts work effectively is no simple feat. It requires specific knowledge, skills, actions, relationships, and resources that are increasingly recognized as the core components of “civic capacity.” For the purposes of this project, we define civic capacity *as the ability of the key actors in the community development system to influence or shape policy, practice, and resources in ways that allow them to increase the scale, scope, and effectiveness of their activities.* We focus on the civic capacity of key organizational actors in the nonprofit sector—local LISC and Enterprise offices, local foundations, and CDCs and other neighborhood groups—and examine how they are able to use civic capacity to leverage resources and influence decision-making around community development in *the public, for-profit, and philanthropic sectors.*

The growing literature on civic capacity distinguishes it from social capital by arguing that social capital largely concerns private ties, relationships, and interactions, while civic capacity encompasses issues of public concern and the use of public resources (Stone et al. 2001;

2. For more information on Living Cities, see the website at www.LivingCities.org.

Saegert 2004; Briggs forthcoming; Sampson et al. 2005). Civic capacity is thus manifested in interactions between nongovernment and government actors, and in such activities as collective problem-solving, developing agendas for action or reform, building supportive coalitions, and mobilizing resources to create change. It requires such skills as strategic leadership, the ability to form partnerships, network, and manage a public image. Clarence Stone suggests that civic capacity rests on relationships that require “shared understandings, feelings of trust and mutuality, and a pragmatic orientation toward give and take” (Stone et al. 2001). Xavier Briggs argues, similarly, that effective public action requires legitimacy, which he defines as the informal authority to be listened to and have others respond (Briggs forthcoming). Legitimacy results from perceived integrity and trustworthiness and a sense of shared values.

Much that has been written recently about civic capacity focuses on city-level problem solving around a crisis, such as urban school reform. But civic capacity can also be exercised in noncrisis situations through regular political channels, informal access to decision-makers, and protests. As Susan Saegert points out, it can be manifested in individuals, organizations, coalitions, and at the neighborhood level (Saegert 2004). Within neighborhoods, Saegert explains, “civic capacity exists when a community can influence important decisions made by external public and private sector actors, when the community can access economic and social resources to achieve its own agenda, and when it can influence the content of the larger agenda.”

Earlier Living Cities reports describe the nonprofit organizations we focus on as part of the “leadership system” in local community development systems. This leadership system involves decision-makers at three levels (Walker 2002, 48):

- **Systemwide stakeholders**, who include public sector representatives, private lenders and other corporations, foundations, and representatives of civic bodies
- **Neighborhood-level stakeholders**, who include leaders of prominent community corporations, community-based organizations, locally important businesses, political operatives, and elected officials
- **Intermediary-level actors**, including local offices of national intermediaries, local intermediaries, community development coalitions, and other citywide advocacy groups

To understand how civic capacity has been built and exercised in Living Cities sites in recent years, we look at the relationships of actors within each level, as well as across the three levels. We focus in particular on analyzing the relationships between our core nonprofit actors—foundations, Living Cities intermediaries, CDCs and other neighborhood groups—and key decision-makers in government (including city agencies and elected officials) and in the private sector (including for-profit developers and nonprofit anchor institutions, such as hospitals and universities). Because these sectors control resources and make decisions that affect community development, they are frequently the targets of foundation, intermediary, and neighborhood efforts to influence policy, practice, and resources. But they can also

function as partners and allies of foundations, intermediaries, and neighborhood groups in community development efforts. The fact that some actors play ambiguous or shifting roles complicates relationships between key actors and affects their ability to exert influence. Philanthropic organizations can also be both targets and sources of civic capacity within a local community development system. We therefore examine the efforts of foundations to leverage the resources and influence of other foundations or work in partnership with each other to advance community development goals.

This paper explores how our core actors—foundations, intermediaries, and CDCs—are adapting their traditional roles and practices and developing new strategies to respond to changing conditions in the community development environment. While other studies produced for Living Cities have discussed some of these same themes,³ our investigation focuses specifically on what civic capacity contributes to these efforts. We examine a variety of public venues and strategies for exercising and developing civic capacity—including collective problem-solving and agenda-setting, efforts to mobilize political will, and advocacy efforts at both the city and state level—as well as more informal or behind-the-scenes opportunities to influence. We pay particular attention to efforts, through partnerships and coalitions, to link to other systems or to citywide advocacy groups in order to enhance the scale and scope of community development work. We also examine the different roles that actors at different levels take on, and how each acquires legitimacy and influence. Finally, because we believe that civic capacity can be deliberately invested in and developed, we look for lessons about effective strategies, promising new directions, and necessary supports.

The Changing Content and Context of Community Development

Although affordable housing still remains the core of community development work, our examination of civic capacity in the community development system covers a period in which the content and context of the work has undergone important changes in many Living Cities sites. We identified two principal trends, which we refer to as the “new neighborhood work” and a “more nuanced housing agenda.”

The first trend involves a movement in many cities toward concentrating Living Cities resources on work that is both deeper and broader in selected neighborhoods in order to increase impact. Within neighborhoods, the work is “deeper” in that it typically involves efforts to engage neighborhood residents in strategic planning, visioning, and agenda-setting intended to set the direction of work for a CDC or other neighborhood organizations. The work is “broader” in the sense that the agendas that are being developed go “beyond housing” to address a range of issues that residents identify as important to neighborhood well-being, such as education, health care, financial services, and jobs, as well as housing and commercial and retail opportunities.

3. See especially, Vidal and Keyes 2005, for an analysis of how the community development system has attempted to move “beyond housing” and incorporate new work in commercial real estate development, business development, community organizing, and workforce development.

Local Living Cities intermediaries and foundations are using their civic capacity to help neighborhoods implement the plans they develop by leveraging resources from city government and other funders and helping neighborhood groups form partnerships with a variety of organizations, including service providers. Although some of these activities have been discussed in earlier reports on Living Cities, and although neighborhood well-being has been on the agenda of all actors in the community development system throughout its history, we refer to this as the “new neighborhood work” or “new neighborhood agenda” because there are many examples of increased energy, activity, and investment around it throughout the Living Cities network.

Another trend in many cities, particularly in the “hot market” cities, is a growing focus on affordable housing preservation and efforts to find new venues and resources for affordable housing production in response to changes in local housing markets. Affordable housing preservation and development is becoming increasingly difficult in environments characterized by skyrocketing land and housing costs, a depleted supply of city-owned vacant or abandoned property, expiring government subsidies, the rapid gentrification of many previously poor neighborhoods, and increasing competition between CDCs and for-profit developers. In these environments, many Living Cities actors are taking on policy work to help shape local and state policy on inclusionary zoning, developing new strategies and new resources to help CDCs acquire land and finance development, and forming partnerships that allow CDCs to be more competitive with private developers. Although this is not a total departure from prior work, it has been occurring on a more widespread scale in recent years, and so we refer to it as a “more nuanced housing agenda.”

These new agendas require all stakeholders to expand their roles and capacities, and widen and deepen their relationships with other actors. The sustained investments of Living Cities in local community development systems have facilitated the development of a stronger and more flexible infrastructure to support this transition. Our examination of the changing roles and relationships adopted by intermediaries, CDCs, and foundations suggests that the following challenges are particularly critical for undertaking effective community development in the current environment:

- Cultivating new allies and partners and managing a more diverse network of relationships
- Communicating differently about the nature and goals of community development in order to shape public perceptions and will
- Developing legitimacy with a broader array of neighborhood-level actors
- Remaining flexible, adaptive, and innovative

We explore these themes in separate chapters analyzing how intermediaries, CDCs, and foundations are using civic capacity to advance this new work. Chapter 2 examines how local LISC and Enterprise offices are using traditional means of influence to engage city governments and leverage city resources for neighborhoods, while they are enlarging their policy

agenda and mobilizing a wider base of political support. Chapter 3 focuses on how Living Cities has helped CDCs to deepen neighborhood connections, broaden organizational roles, and strengthen relations with community development actors beyond the neighborhood. Chapter 4 explores how foundations increasingly use their knowledge, networks, credibility, and political capital to deploy philanthropic resources in ways that increase both scale and effectiveness. It examines the special role that foundations are playing in the four **Pilot Cities**, where a “host” foundation takes a lead in shaping and supporting a neighborhood revitalization initiative, providing additional resources, and leveraging the support of other partners.

Our findings and recommendations draw on information from all twenty-three Living Cities sites. We focused our in-depth interviewing in nine cities, selected because they exhibit a range of approaches to developing civic capacity as well a rich diversity of local contexts, leadership structures, and community development agendas. These core research sites include the four Pilot Cities. Altogether, we interviewed more than 100 individuals, including Living Cities funders; staff from CDCs and intermediaries; representatives from government, business, and advocacy organizations; and other actors in the community development system. We also reviewed work plans and other materials provided by individual sites, and the site reports prepared by staff from the Urban Institute and Metis Associates, Inc., going back as far as 1991. Finally, we examined the evaluations and reports published by each organization on Living Cities. Although these documents and studies examined the sites and their activities through a different “lens,” they provided an important longitudinal perspective and helped stimulate our thinking about sustainability and adaptability.

We have tried to focus on examples in which intermediaries, CDCs, and foundations have specifically used Living Cities funds to leverage other resources or to support such activities as advocacy efforts, neighborhood planning exercises, community organizing, or partnership-

CORE RESEARCH SITES
Baltimore* (Enterprise)
Boston (LISC)
Chicago* (LISC)
Cleveland (Enterprise)
Denver (Enterprise)
Kansas City (LISC)
Miami* (LISC)
New York (LISC & Enterprise)
Twin Cities* (LISC)
OTHER LIVING CITIES
Atlanta (Enterprise)
Bay Area (LISC)
Columbus (Enterprise)
Dallas (Enterprise)
Detroit (LISC)
Indianapolis (LISC)
Los Angeles (LISC)
Newark (LISC)
Philadelphia (LISC)
Phoenix (LISC)
Portland (Enterprise)
San Antonio (Enterprise)
Seattle (LISC)
Washington, D.C. (LISC & Enterprise)

*Designates a Pilot City

building. In some instances, however, as when Living Cities funds were pooled with other resources, the direct link between Living Cities investments and the activity described may be more tenuous. In the Pilot Cities, we have focused on activities undertaken and funded by the host foundation as well as activities undertaken by the intermediary and funded by the Living Cities allocation. Because Living Cities has been funding activities in these cities over a long period, it has not always been possible to identify all the factors influencing recent actions. We recognize that there may be instances in which we have oversimplified complicated histories and sets of relationships.

Some CDCs, neighborhoods, and intermediaries have been doing this “new” work for a while. In many locations, however, local actors are working to increase the scale of operations or to concentrate their resources. As a result, it is often the *relative* emphasis on this work, compared with more traditional work around affordable housing, which is new. Because many of the examples discussed here are at an early stage of development or implementation, it will be important to watch carefully how the strategies and relationships play out and what outcomes they produce over time. We can identify some promising strategies and trends, but it is premature to make hard judgments about the results.

The particular ways in which the new roles and capacities manifest themselves vary from city to city, and are affected by such factors as local history, the strength of the community development infrastructure, market conditions, and the political and funding environment. Nevertheless, some general propositions emerge. The most obvious and important observation is that in places where each element of the community development system is strong and works in alignment, we find greater flexibility, adaptability, innovation, and legitimacy. The three sets of actors studied here—intermediaries, CDCs, and foundations—can exert positive influence and achieve important successes even in less supportive environments, however, especially when all three work together in mutually supportive ways. When only one or two of these core actors tries to move the community development agenda, the effort may succeed, but the task is much more difficult.

2

INTERMEDIARIES AND CIVIC CAPACITY

in the Community Development System

INTERMEDIARIES LIKE THE LOCAL INITIATIVES SUPPORT CORPORATION (LISC) AND Enterprise Community Partners (Enterprise), the primary intermediaries in Living Cities, play critical roles in connecting neighborhood residents to external resources and opportunities. LISC and Enterprise have built affordable housing, enhanced the capacity of nonprofit housing producers, and influenced powerful actors in city government, the private sector, and neighborhoods around an affordable housing agenda.

These are important accomplishments. But now, as local community development systems increasingly attempt to broaden their agendas on affordable housing and neighborhood revitalization, intermediaries face new challenges and opportunities. One key challenge is to leverage resources for a wider array of projects in poor neighborhoods. Another is to help neighborhood residents and institutions make connections to external decision-makers who make policy and control resources. To succeed, intermediaries will need to get city agencies, anchor institutions, and other key players to work together differently, repackage money, and respond more flexibly to neighborhood needs. Efforts to align public as well as private resources around neighborhood work and engage city officials will be particularly important. Kubisch et al. (2002) cite the failure to align resources and develop connections to government as a weakness that undermined the potential of earlier foundation-funded investments in the place-based community change efforts known as Comprehensive Community Initiatives (CCIs). To respond to these challenges, staff will need to develop both new partners and new skills.

In many cities, LISC and Enterprise have already begun to take on a broader range of roles within the neighborhood and with power brokers outside the neighborhood. The discussion that follows focuses on how LISC and Enterprise are expanding into new areas by building on what they have done well in the past. First we analyze the basis for the relationships that LISC and Enterprise have built with city governments over the years to understand what has made these relationships effective. We then turn to how the intermediaries have expanded that traditional relationship to venture into the new housing and neighborhood work. Finally, we examine how intermediaries and other Living Cities actors are pushing beyond the boundaries of their traditional relationships and taking on a more activist role in the policy and advocacy arena at the city and state levels. This chapter focuses on intermediary relationships with external actors, primarily government agency staff and elected officials. The following chapter looks more closely at how intermediaries are working differently with CDCs and other neighborhood groups in specific neighborhoods.

Intermediaries and City Agencies: The Basis for Effective Relationships

The LISC and Enterprise offices that serve as intermediaries for Living Cities have developed the capacity to influence city government on issues that affect nonprofit housing

production.⁴ They are recognized players that have both formal and informal access to city officials. Much of the influence they exert is wielded behind the scenes, but they also have opportunities to shape policy agendas through their participation on citywide advisory panels. LISC and Enterprise directors attribute their influence to several things: the reputation and credibility they have established through their work, the relationships they have developed over time, and the money they can bring to the table. They have developed institutional credibility because they give honest advice, do what they promise, and work with organizations that meet their goals. This reputation is reinforced and bolstered by the performance of the CDCs or neighborhood groups they fund. In addition, these intermediaries are valued for their pragmatic approach to problem-solving, their ability to mediate and craft compromises, their technical expertise, and their ability to explain complex technical ideas to nonexperts.

In sum, LISC and Enterprise are able to exert influence in the public sector because they serve as resources to city agencies, leveraging ideas and information as well as money. Our respondents identified three roles or functions that they thought were particularly important for enabling LISC and Enterprise to be a resource to city government. Specifically:

- LISC and Enterprise are **innovators**. They play an important role in developing cutting-edge projects, showing that new approaches are feasible, and getting the city to institutionalize them. In this way, they advance the field by filling a gap where a capacity, activity, or vital piece of infrastructure is missing.
- LISC and Enterprise are **problem-solvers**. They identify areas where the local system is not functioning well and work to improve it, often by bringing people together to solve problems. They add value by doing what nobody else is doing.
- LISC and Enterprise can **leverage funding**. They bring money to the table to augment city programs and fill gaps.

Our respondents stressed that the type of influence that LISC and Enterprise command is built up over time, and requires repeated demonstrations of quality performance. To become institutionalized, the capacity to influence must transcend person-to-person relationships and survive changes in leadership and personnel. In many cities, these relationships have been reinforced and deepened as the same individuals have cycled in and out of positions with CDCs, city government, intermediary organizations, and local foundations over many years. This cycling is particularly valuable when intermediary staff move into government positions, as recently occurred in Boston, where the former LISC director was appointed to be the Undersecretary for Housing and Community Development for the Governor of Massachusetts, and New York City, where the former Enterprise Director became the Deputy Commissioner for Development at the New York City Department of Housing Preservation and Development.

4. For a detailed analysis of how city governments can support housing development, see Mayer and Keyes 2005.

The ability to influence depends not only on the quality of local intermediary staff, but also on the capacity of city departments, the interest of elected officials, and the strength of the local production system. Consequently, the capacity of intermediaries to exert influence is more powerful or robust in some cities than in others. Well-run city departments with an interest in community development are particularly good candidates for influence, for example. City departments that are weak may also welcome the expertise that a LISC or Enterprise can bring. But when city departments are seriously undermined by corruption or scandal, LISC and Enterprise find it particularly difficult to exert influence effectively.

Several respondents noted that the models, information, and prestige that LISC and Enterprise actors acquire from their connection to strong national organizations are also very important, particularly in smaller cities and in cities where LISC and Enterprise are relatively young organizations. Many feel that the flexible, multiyear funding that Living Cities brings—especially Title IV funds—are particularly important for leveraging partnerships with city agencies.

Venturing into the Broader Neighborhood and Housing Agendas

Many of the Living Cities locations are not very far along in implementing their broader neighborhood and housing agendas. While it is too early to draw conclusions about their eventual success, there are some indications that LISC and Enterprise staff are beginning to influence city thinking and resource allocation around neighborhood work, and starting to build connections between officials and neighborhoods. Although there is some promise, there is a long way to go to before there are adequate public resources and support for neighborhood projects.

In their new work, intermediaries continue to use the same strategies and capacities—the ability to pioneer innovative models and programs, convene key actors and problem-solve, and leverage resources to augment the city’s programs—to win city resources and support for their agendas. This continuity suggests that some aspects of civic capacity are transferable to new areas, at least when the work is broadening in an organic way, and there is overlap between the new work and the old. As others have pointed out, where this overlap is less strong or less clear, however, it seems important for the intermediaries to enlist new partners in the work (Vidal and Keyes 2005).

In a number of locations, LISC and Enterprise have been instrumental in helping to develop new funding streams that address the changing community development environment in hot markets and the increased focus on neighborhoods. Intermediaries are also catalyzing action by leveraging their Living Cities funding to partner with the city on specific projects or programs that go beyond a narrow housing agenda. These arrangements enable both partners to expand the scale or scope of a program beyond what either could achieve individually. They also provide opportunities for intermediaries to shape the content of city programs and potentially prioritize resources for specific neighborhoods. As one director noted, “We have become managers and administrators for the city around community development.”

The degree of political support and engagement for neighborhood initiatives varies from location to location. Indianapolis and Chicago stand out as cities where the mayor is a strong proponent of the neighborhood initiative that Living Cities supports, a relationship that helps provide it with visibility, access to resources, and other benefits.

In Indianapolis, for example, the local LISC director reports that the mayor has made the Greater Indiana Neighborhood Initiative (GINI) his primary policy initiative in neighborhoods. The initiative emerged from a two-year process of public review and input around the city's approach to community development. The local LISC office played a prominent role in the review process and staffed a strategy group convened by the mayor to make recommendations. Six neighborhoods were selected for the pilot phase of the initiative in 2006 and other neighborhoods receive supports for resident engagement and planning activities. In addition to committing to what will eventually be more than \$30 million in infrastructure investments, the mayor is leveraging his relationships to encourage philanthropic donors to support GINI. As one respondent pointed out, however, a potential downside of this level of mayoral involvement is that the intermediary can be pressured to make investment decisions that are designed to satisfy broad constituencies, which may not be in keeping with the geographic focus of the initiative.

In Chicago, which is a Living Cities Pilot City, LISC has been able to leverage not only its own reputation and relationships with city actors around the broader neighborhood mission, but also the influence of the powerful MacArthur Foundation. The foundation made an initial investment of \$21 million, and also brought to the table its relationship with the city and its expertise in areas like neighborhood safety and workforce development as well as housing. As discussed throughout this report, MacArthur and LISC together have been instrumental in mobilizing city action and resources on behalf of the sixteen neighborhoods in the New Communities Program (NCP), creating what one observer has referred to as a strong "civic partnership" that supports the initiative. This has facilitated NCP's ability to work with a range of city departments, including those responsible for workforce development, education, policing, public safety, and economic development.

While the mayors of Indianapolis and Chicago are very active players in the neighborhood initiatives, elected officials and agency staff in other cities are not. However, intermediaries in some cities, such as Kansas City and Miami, have been able to engage some city officials in specific pieces of the work and have also tapped into some public funding streams. It will be important to watch how differences in the level of city support affect the way initiatives play out across the different cities and what effect this will have on neighborhoods citywide.

While the strategy of targeting resources to selected neighborhoods makes sense from the standpoint of building to a "tipping point" at which neighborhood-level change becomes sustainable, some caveats were raised. Some of our respondents, including a number of our informed observers, were concerned that the decision to target so many public and private resources to the NCP neighborhoods in Chicago, for example, could put other similarly situated neighborhoods and organizations at a considerable disadvantage in obtaining

EXAMPLES: EXPANDING THE PUBLIC RESOURCE BASE

Developing new funding sources	Leveraging partnerships around a wider array of projects
<p>In several cities, including Chicago, Indianapolis, Miami, and St. Paul, Living Cities intermediaries were influential in getting the city administration to designate some neighborhoods in which they work as Tax Increment Financing (TIF) areas. In Indianapolis, this represented a pioneering way to support economic development in residential neighborhoods.</p> <p>The latest Missouri state budget includes an appropriation for Kansas City neighborhoods in NeighborhoodsNOW.</p> <p>Other cities are experimenting with pioneering approaches to supplying CDCs and other nonprofits with the capital needed to acquire land or buildings in hot markets. Enterprise staff members in New York and Atlanta, for example, have been instrumental in putting together a consortium of funders—including city agencies, banks, and philanthropies—to create a land acquisition pool allowing nonprofit developers to borrow money at reduced rates and get quicker access to cash. This will help CDCs and other nonprofit developers be more competitive with private developers.</p>	<p>LISC offices in San Francisco and Indianapolis have entered into formal partnership agreements with the city to pool resources around commercial corridor revitalization efforts, with LISC staff taking on management roles. Indianapolis LISC is also working in partnership with the city to expand brownfield and façade programs.</p> <p>In the Twin Cities, LISC has negotiated to work with each city on its commercial corridor program.</p> <p>In Denver, the local Enterprise office is partnering with the city’s Department of Housing and Neighborhood Development to develop a comprehensive housing plan for the city. The Enterprise director and a private developer co-chair the policy task force, and Enterprise pays for the consultants who are doing the technical analyses. The planning process offers an opportunity to lay the groundwork for developing city policy and financing around transit-oriented development and the preservation of affordable housing in the face of strong gentrification pressures.</p>

funding for local projects. Another concern was whether the targeting strategy would exacerbate competition between neighborhoods and within neighborhoods, among organizations vying for funding—thus potentially promoting a spirit of competition rather than cooperation throughout the system.

Expanding Intermediary Efforts Around Policy and Advocacy

Enterprise and LISC have traditionally focused their policy efforts on working with city departments and agencies, using the relationships they have developed over time. The challenge of influencing policy becomes greater when the housing agenda evolves—as in hot markets—and when the agenda expands to include a range of neighborhood issues in addition

to housing. A key question now is whether and to what degree LISC and Enterprise can look beyond their traditional sources of influence with city government and explore the potential of taking on more advocacy work and mobilizing a wider base of political support. To do so entails developing new targets for influence—notably city council members and mayors, state representatives and governors—and new partners to engage in advocacy.

CDC associations or other alliances of housing organizations have traditionally taken on responsibility for advocacy around community development and affordable housing. Where this capacity is strong, LISC and Enterprise typically support these groups by funding them, serving on their boards or steering committees, and when requested, providing research and analysis to help make a case.

The Enterprise and LISC directors we interviewed expressed two different attitudes about engaging more directly and more aggressively in advocacy work. Some believe advocacy is appropriately left to CDC associations and related organizations. One director said it is important for Enterprise to be at the table to help craft the policy message, but better not to take on a public role. A LISC director concurred, explaining, “It’s a good division of labor if we focus on policy analysis and research instead of frontline advocacy, because it allows us to appear to be one step removed, which is important given our position as a financial entity and our ties to banks, corporations, and financial interests. It also protects us from being politically compromised or ideologically confined.”

Others maintain it is important for LISC and Enterprise to play a strong role in advocacy, even though they are not in a position to do the “heavy lifting” and be the advocates on a day-to-day basis, year after year. One local director explained, “We’ve gotten more sophisticated about working with local elected officials. We know we need to engage—doing good work is not enough.” These organizations feel they need to be catalysts to galvanize action. Hence, in cities and states with little or no capacity or organizational infrastructure for advocacy on community development, local Living Cities actors have been actively developing that capacity, devoting staff time as well as money to the effort.

We found that Living Cities intermediaries are engaging in three levels or types of advocacy campaigns: They work directly on city policies that affect affordable housing; they work on state policies that affect affordable housing; and they join advocacy coalitions. City-level and state-level advocacy efforts include education campaigns informing lawmakers about affordable housing producers’ achievements and specifying why the work is important. They also include more targeted lobbying campaigns to get city council members or state representatives to vote to fund affordable housing or pass specific pieces of legislation. When they join coalitions, LISC and Enterprise can work together with advocates on broader social and economic justice issues in addition to housing.

We discuss these three types of advocacy work not only because they have resulted in additional resources and tools for affordable housing producers, but also because they show that

Living Cities intermediaries are developing an infrastructure that can build advocacy capacity within the community development system, provide access to decision-makers, and connect to broader agendas that could potentially enhance the neighborhood work.

City-level advocacy

In several cities, LISC and Enterprise have used Living Cities funds to initiate and support collective efforts to focus attention on affordable housing during city council elections. In 2003, ten of the thirteen Denver City Council seats and the mayor's office were up for election because of term limits. At least one member of Housing Denver, which was formed and co-directed by the local Enterprise director, attended each of the fifty-seven mayoral debates in the campaign and always raised the issue of affordable housing. In San Antonio, Enterprise used its Living Cities funds to work with other groups to start Vision 20/20, an initiative that was instrumental in organizing a mayoral candidates' forum that made housing concerns a central issue. In Portland, the local Enterprise office used Living Cities money to support the efforts of the Community Development Network to develop and implement an advocacy agenda that included the formation of Affordable Housing Now, a grassroots organization that mobilized members to show up at city council meetings and educate city commissioners about the need for affordable housing. The City Council, some of whose members had been longtime champions of affordable housing funding, responded by voting to provide \$9 million for affordable housing, at a time when funding for other programs was being cut.

These efforts to educate city council members about affordable housing have created more access and ongoing opportunities for dialogue between nonprofit housing producers and city council representatives and other elected officials. For instance, after San Antonio's election, the city manager began meeting on a regular basis with the groups involved in Vision 20/20. In Denver, the Enterprise-staffed organization Housing Denver set up monthly breakfast sessions for nonprofit housing groups to meet with city council members, giving the housing organizations opportunities to learn about legislative priorities and inform elected officials about their work and their concerns. Housing Denver also arranged for council members to take tours of model housing projects throughout the city, and sponsored an annual education week, bringing together housing staff with specialists in other sectors, such as education and economic development. Housing Denver disbanded after three years, but the monthly meetings and education week continue under the auspices of Enterprise. Finally, the Kansas City Local Policy Network, recently established by LISC, brings together CDC directors, neighborhood leaders, city department heads, and other local organizations on a monthly basis.

Statewide advocacy

A number of local intermediaries in Living Cities have been active in developing statewide advocacy capacity in order to increase state funding sources, such as Affordable Housing Trusts and state low-income tax credits; pass eminent domain legislation; and change specific state policies that impede action at the local level.

In Denver, the Enterprise director was instrumental in merging three small state groups into a single organization—Housing Colorado—that successfully lobbied to preserve state funding for affordable housing and has become a recognized force for affordable housing interests throughout the state. The Kansas City LISC office has created two state policy alliances—one in Kansas, and one in Missouri—that have lobbied for the passage of eminent domain legislation and are developing an additional policy agenda. The success of Affordable Housing Now in Portland has led local groups, with backing from Enterprise’s Living Cities funds, to develop a statewide Housing Alliance to lobby for state funding for an affordable housing agenda. Intermediary offices have also used their Living Cities funds to support the development of statewide advocacy networks in Georgia and Florida, and participate in regional forums and other activities.

The housing alliances that Living Cities intermediaries have created at the state level also provide opportunities for their members to meet with state legislators. Both Housing Colorado and the Kansas Policy Network sponsor an annual conference that includes sessions on advocacy and lobbying and presentations from state legislators and other state officials. These groups, and their counterparts in Florida and Georgia, also bring CDCs and nonprofit housing producers to the state capital and involve them in meetings or lobbying efforts with state officials. In Kansas City, the policy networks staffed by LISC and supported by Living Cities bring in state senators for monthly meetings to update members on the state’s legislative agenda and to discuss local issues.

Coalition-based advocacy

Living Cities investments have helped bring local affordable housing groups into coalitions that draw support from a wide range of public interest groups and organizations outside the housing field. Some of these coalitions are citywide; some are statewide. A number have successfully lobbied for the creation of an affordable housing trust fund or the release of funds that were earmarked for affordable housing but not disbursed. LISC and Enterprise offices have supported these efforts with financial contributions, and intermediary directors serve on the boards of organizations that are part of the coalitions. The involvement of Living Cities intermediaries in broader advocacy coalitions could potentially lay the groundwork for advocacy work around other issues that affect neighborhood revitalization efforts, such as action against predatory lending.

Participation in these broad coalitions has helped local community development systems overcome what several LISC and Enterprise directors identify as a general weakness in their efforts to affect political will: they can’t turn out large numbers of voters. One interviewee noted that, “there is some condescending politeness towards us—people feel they don’t have to appease us because our constituency doesn’t vote and contribute financially.” Other respondents suggested that local community development systems can demonstrate numerical strength and build a stronger advocacy base if the neighborhood groups they work with do more organizing on the ground and focus attention on the same issues that citywide advocates and intermediaries address. For example, the Ricanne Hadrian Initiative for Community

BUILDING AN ADVOCACY INFRASTRUCTURE: HOUSING COLORADO

The Enterprise office in Denver used Living Cities funding to help strengthen and expand the advocacy infrastructure in the state by leading efforts to merge three small statewide housing organizations (two of which were staffed by volunteers) into Housing Colorado—a single organization that draws on the strengths of all three of its predecessors. The merger was intended to coordinate functions, create synergy among the organizations, and expand membership. As part of the process, Enterprise convened meetings, established agendas, provided administrative support, and paid for a facilitator and a lawyer. The merger took fifteen months and was completed in 2005.

SYNERGY IN UNITY. Housing Colorado hosts an annual housing conference, organizes a program of monthly education events for members, and manages state-level advocacy. It also publishes an annual Colorado Housing Facts Book, maintains a website, has a paid staff, and works with a professional lobbyist. Board members and staff recognize that advantages flow from “cross-fertilizing” education and advocacy work. The annual conference includes a public policy track that politicians attend because turnout is high. Politicians leave the conference motivated to respond to the needs of a large, energetic group, while member participants come away better informed and mobilized to take action. Housing Colorado constantly strives toward creating a unified voice for housing advocates. In alliance with five other statewide groups, representing more than 30,000 constituents, the organization created a briefing packet about the challenges associated with affordable housing for candidates in the 2006 state elections.

TEACHING ADVOCACY. In addition to having an advocacy track at its annual housing conference, Housing Colorado sponsors an annual “Day under the Dome” to help housing producers hone their advocacy skills. The first “Day under the Dome,” held in 2006, brought about 100 housing professionals to the statehouse. A lobbyist, a budget expert, and various senate staff talked about how to influence the legislature. The Speaker of the House gave an impromptu legislative briefing, and there were opportunities for attendees to meet with legislators.

POLICY IMPACT. When funding for affordable housing was scheduled to be zeroed out of the state budget during Colorado’s 2005 economic recession, Housing Colorado worked with other groups to keep the funding line open and managed to increase the appropriation when additional money was found in the state budget in 2006. Housing Colorado continues to lobby for additional funding. The organization is also active in the Housing Investment Fund Coalition, which is trying to find a permanent revenue source to fund affordable housing rather than continue dependence on general state revenues. Housing Colorado was also asked by the Colorado Division of Housing to cosponsor a series of regional town meetings to present the findings of a state-appointed panel on housing to raise public awareness of the connection between affordable housing and economic development. Finally, Housing Colorado worked to pass legislation that provides homeowners involved in foreclosure proceedings with more protections.

Organizing (RHICO), a neighborhood-level organizing initiative that was jointly operated by the Massachusetts Association of CDCs (MACDC) and LISC and supported with Living Cities funding, strengthened the MACDC and allowed it to achieve some policy successes that would not have happened without the strong local constituencies the initiative helped create. (RHICO is discussed in the following chapter.)

Enterprise Denver and Kansas City LISC have developed less formal ties with social justice groups and labor unions, but value the connections they are forging and the contribution that such groups have made to advance affordable housing interests in their cities through grassroots organizing. The Northwest Policy Network that LISC has formed in Kansas City also works with the Chamber of Commerce on legislation about blight, and is allied with the Salvation Army and Missouri Association of Social Workers as part of a broader coalition to create a State Housing Trust Fund in Missouri.

EXAMPLES OF COALITION ACTIONS

IN LOS ANGELES, Living Cities funds support the advocacy work of both the Southern California Association of Non-Profit Housing (SCANPH), where the LISC director is on the board, and Housing LA. Housing LA, a high-profile coalition that includes labor organizations, advocates like ACORN, tenants' rights groups, and religious leaders, successfully conducted a two-year grassroots campaign to get the mayor and city council members to fund a \$100 million annual trust fund for affordable housing. Housing LA went on to campaign for passage of a state bond proposal for affordable housing, and the organization is now working on a controversial inclusionary zoning policy for the city.

IN FLORIDA, 1000 Friends of Florida put together a coalition, which includes homebuilders, realtors, and city and county government groups, to work for legislation to lift the cap currently limiting the amount of the state's affordable trust fund that can be spent on affordable housing to \$243 million. For the past five years, the trust fund collected \$500 to \$600 million annually from a tax on real estate documentary stamps. The surplus above the \$243 million currently goes into the state's general fund account. South Florida LISC works closely with 1000 Friends each year to preserve the trust funding and is currently partnering with the organization on a publication for a statewide Smart Growth summit.

IN NEW YORK CITY, the Housing First! coalition—which includes banks, developers, CDCs, and tenant advocates—convinced the mayor in 2005 to use surplus funds from the Battery Park City Authority to create a \$130 million affordable housing trust fund. The Authority collects rents and payments from landlords in lieu of taxes. Its surplus funds had originally been earmarked for a trust fund for affordable housing in 1989, but had been diverted to the general budget. The advocacy work protects funding for affordable housing.

IN OREGON, the statewide Housing Alliance worked with Food Bank and various social justice groups to successfully lobby for state funding for the Earned Income Tax Credit (EITC) as well as for an increase in state tax credits for developers. Building on the success in these areas, it has lobbied the state legislature for \$60 million from a document-recording fee and \$30 million from lottery proceeds for affordable housing.

Relationships with labor groups and social justice advocates also provide LISC and Enterprise staff with the opportunity to explore the connections between housing and employment, housing and economic development, and housing and education. Many of the individuals we interviewed believe that the affordable housing crisis has created a sense of political urgency that can be mobilized to support an affordable housing agenda in many cities and states. But they cautioned that community development systems need to do an even better job at framing a policy debate around issues broader than increasing the number of housing units and connect affordable housing to the issues that are driving public concern in specific locations. They suggested that in places like Florida, for example, where the high cost of housing makes it difficult to recruit and retain teachers, firefighters and other public employees, affordable housing could be framed as a “workforce” issue, and stronger efforts could be made to engage with business associations and employers. Some LISC and Enterprise offices are also looking for opportunities to build connections with “smart growth” interests, regional policy lobbies, and environmental justice groups.

Nevertheless, LISC and Enterprise—and others—continue to feel that their comparative advantage in these broad advocacy coalitions derives from the same types of things that strengthen their work with city government: the credibility that comes from getting the work done and done well, the ability to bring critical funding to the table, and their history of working with CDCs. They understand what one director calls “the details of arcane rules and regulations”; they can craft precise legislative language and definitions; and they can conduct research and analysis to help make a case.

In addition to providing technical expertise, LISC and Enterprise offer a voice of moderation, pragmatism, and compromise, helping to find middle-ground solutions that can break through impasses. In Atlanta, for example, Enterprise is working with the local CDC association (A-HAND, the Atlanta Association of Housing and Neighborhood Developers, which Living Cities funding helped to establish and continues to support) on an alternative income eligibility standard and funding formula that would preserve more affordable housing units for low-income workers than in the mayor’s proposed inclusionary zoning ordinance. In Kansas, the state senator who sponsored eminent domain legislation—which was not passed—asked the Northwest Policy Network to draft an alternative definition of “blight” for a key section of the bill. In St. Paul, a city official praised LISC’s ability to play a mediating role between the city and advocates on the eligibility criteria for affordable housing in an inclusionary zoning ordinance. Los Angeles LISC played a similar role within the Housing LA coalition, helping to negotiate compromises on controversial issues.

LESSONS AND RECOMMENDATIONS ON ADVOCACY WORK

Our respondents had a number of suggestions about what it takes to do policy work effectively and how it can be supported:

ADVOCACY WORK NEEDS TO BE ONGOING AND LONG-TERM. Success on many issues typically requires a multiyear push, and it can take time for an organization to develop traction. It is important to keep the pressure up or the issues will just fade away. It took the Massachusetts CDC Association eight years to work out some Community Reinvestment Act insurance deals, for example, and the Seattle Alliance has spent fifteen years working on state trust funding for affordable housing. Because the work can be so long-term, there is a need to develop interim indicators of success and progress, both to motivate supporters and to demonstrate achievements to funders and politicians.

WINNING A LEGISLATIVE OR FUNDING VICTORY IS NOT ENOUGH. Monitoring is required to ensure the decision is properly implemented. State legislation that provides for higher-density development and transit node development on a regional basis was passed in Massachusetts in 2004, for example, but it has yet to be funded. Affordable housing funds in several locations have been repeatedly held back or “raided” for other uses.

SUCCESS IS UNPREDICTABLE AND HIGHLY DEPENDENT ON POLITICAL WILL. Strategies that are successful in one location may not be successful in another. Success depends on the political climate, as well as the skill and strength of the advocacy organization. Housing groups in both Portland and Denver made a concerted effort to raise affordable housing as an issue in city council elections, and continued to educate council members about the issue after the election. The Portland City Council responded by increasing funding for affordable housing, while the Denver City Council took no action. The Kansas City Policy Network lobbied for eminent domain legislation in both Missouri and Kansas in the same year. The effort was successful in Missouri, but not in Kansas.

POLITICAL WILL IS NECESSARY BUT HIGHLY VOLATILE. Several respondents felt that advocates could shape or direct political will to support specific policies, but that there was little they could do to create political will from scratch. “We can jump on a moving train, but we can’t create the momentum to start it if it’s sitting in the station,” one explained. But a single election can swiftly and dramatically change the political environment, and term limits on elective office create much more turnover than formerly. For these reasons, it is important for housing groups to cultivate political champions who can lead the fight for their issue, introduce legislation, shepherd it through the legislature, and convince other legislators of its importance.

PROFESSIONAL LOBBYISTS ARE A VALUABLE INVESTMENT. They offer great strategic advantages by providing access to elected officials, advising on strategy, setting up meetings, and following the legislative agenda. They can reduce the relationship-building time. But the technical expertise resides in LIISC and Enterprise.

ADVOCACY ORGANIZATIONS NEED TO BE FLEXIBLE AND ABLE TO RESPOND QUICKLY.

These groups need someone close to the ground, on site: the further away they are from the source of action, the more difficult it becomes to respond to a last-minute scheduling of votes.

FLEXIBLE FUNDING IS ALSO IMPORTANT. Local LISC and Enterprise offices have used their funding strategically to hire facilitators, negotiators, and researchers as needed.

INTEGRATING EDUCATION WORK WITH ADVOCACY WORK DEVELOPS SYNERGY. Directors of statewide housing alliances emphasize that annual housing conferences—which draw hundreds of participants—help to recruit and mobilize supporters and demonstrate the power of the issue to politicians.

ADVOCACY CAN AND SHOULD BE TAUGHT. CDCs and other groups can be educated about and become more skilled at being strategic and identifying opportunities for leveraging and applying pressure. They can also learn how to develop and communicate a message, as well as when to go public and when to work behind the scenes. Guidance and coaching from national staff can help in this process. Local groups also say they benefit from the national office’s information about emerging issues, the research it provides, and the economic models it develops.

BEING PART OF A COALITION REQUIRES SHARING CREDIT. Several respondents noted that being unable to claim credit for the work they do as part of a coalition can create tensions for intermediary organizations needing to increase their name recognition and demonstrate their organizational value and achievements. On the other hand, being part of a coalition advocating for a politically charged issue provides “cover” for groups concerned about maintaining neutrality or being associated with a controversial topic.

Conclusion

The foregoing discussion suggests that Living Cities intermediaries are building on traditional bases of influence and applying them to new areas with some success. It appears that the closer the connection between the housing work that intermediaries have performed so successfully and the new work, the easier it is for organizations like LISC and Enterprise to make effective use of their experience, reputation, and contacts, and to exert influence in a new arena.

Nevertheless, intermediaries are testing strategies for broadening their reach. They have developed partnerships and alliances around a more comprehensive programmatic agenda and around policy work. On the programmatic side, when intermediaries move into new areas that are less connected to housing—for instance, education, workforce development, health, or financial well-being—a promising strategy to exert influence can be to bring in

powerful partners who are already experienced in the new programmatic area. LISC and Enterprise can then leverage the other organization's expertise and influence as well as their own. On the policy and advocacy front, the advantages of developing new partnerships or alliances to help advance a broader agenda is also evident. In many locations, Living Cities intermediaries have achieved some success by joining a broad coalition and forging alliances with advocates who are working on a wide range of issues without finding it necessary to become advocates for all these issues themselves.

The neighborhoods themselves are another strong partner in this new work. The more LISC and Enterprise are seen to work with legitimate neighborhood voices and promote a broadly owned neighborhood vision for change, the more likely they are to inspire action from city or elected officials who are concerned about poor neighborhoods. The strategies that CDCs are using to develop these neighborhood connections are discussed in the following chapter.

3

CDCS AND CIVIC CAPACITY:

Building Neighborhood Voice and Connections

THIS CHAPTER FOCUSES ON HOW LIVING CITIES HAS FOSTERED FLEXIBILITY, ADAPTABILITY, and innovation among CDCs and helped them to deepen neighborhood connections, broaden organizational roles, and strengthen relations to community development actors beyond the neighborhood. Living Cities has not only begun to support more targeted and more holistic investments in neighborhoods but has also encouraged CDCs and other community development stakeholders to reflect on their traditional roles and responsibilities and their ability to respond to new contexts.

Our interviews revealed that some CDCs are adapting to changes in the community development system by strengthening their connections to neighborhood constituents and organizations and by expanding their network of relationships outside the neighborhood, including those with bankers, real estate developers, foundations, and city officials. Some mature CDCs successfully employ civic capacity developed over years to engage and negotiate directly with private sector developers and investors, as well as with public sector officials, about a variety of community development issues ranging from zoning and development tax credits to code enforcement and environmental concerns. Sustained institutional support from Living Cities has therefore not only helped CDCs to pursue development agendas but has also, in some cases, facilitated an organizational culture that encourages civic engagement and activism.

This chapter is organized into three sections that describe how CDCs develop and use civic capacity. The first section provides a rationale for why there is growing interest in systematically engaging community residents (and other local stakeholders) in neighborhood planning and decision-making processes, often referred to as developing “neighborhood voice.” The second part of this chapter describes three common strategies that CDCs use, often with support from intermediaries, to connect more deeply with residents of the neighborhoods they serve: new or reinvigorated approaches to community planning, community organizing, and efforts to develop community leaders, especially among people of color. By strengthening their connections to their neighborhood, CDCs enhance their legitimacy and establish an important comparative advantage over for-profit housing producers. The third section of the chapter explores how CDCs and intermediaries are connecting neighborhood voice to a variety of external decision-makers and a range of other sectors, from housing to education and public safety. This requires the cultivation of new relationships, new areas of expertise, and new partnerships.

Rationale for Building Neighborhood Voice

The concept of “neighborhood voice” privileges local knowledge, action, and power, and is typically grounded in the values and practices of participatory neighborhood visioning and democratic decision-making. In this report, we associate it with the process of engaging

residents and other neighborhood constituents (with concerted attention to marginalized community actors) in neighborhood planning and agenda-setting, as well as collective efforts to communicate neighborhood interests and shape community development outcomes.

Several assumptions underlie this interest in resident engagement. One is the belief that neighborhood residents should be involved in designing and planning activities because they know better than anyone else about the strengths and problems of their neighborhood. Their involvement should therefore help create a better-designed project or a more effective solution to a problem. If residents are engaged in the work, they should also feel more “ownership” of the results and be more likely to participate in planned activities over time. Neighborhood engagement will therefore help sustain projects. Many experts in the field agree that, given the complexity and longevity of neighborhood transformation efforts, neighborhood revitalization cannot be accomplished without the vision and sustained involvement of local residents. One Enterprise director noted, “There is no way that government or the philanthropic community or intermediaries can remain engaged in a way that sustains the groundwork that is required for effective neighborhood transformation. Residents must own the work and the outcomes and, most importantly, be willing and capable to support the maintenance of the successes.”

A second assumption focuses on the connection between engagement and empowerment. The assumption is that CDCs are not merely intended to build strong housing. Rather, they have a mission to build strong communities. This endeavor requires a deep level of civic engagement and mobilization, with residents and CDCs both held accountable for shared community development goals. Resident engagement and empowerment are especially important in communities of color where racial marginalization compounds poverty. “Offering community-based planning and leadership development opportunities are an essential way to build the civic capacity of residents. These efforts open the door for providing residents with a chance to have a meaningful stake in the decision-making processes in their own neighborhoods. Increased civic engagement allows for more robust and healthy communities where families can grow and flourish,” a CDC director explained.

A third assumption is that forging stronger connections to neighborhood actors gives CDCs more legitimacy within their communities. This, in turn, strengthens their ability to acquire funding and resources, and to develop partnerships with citywide decision-makers. Being able to make a compelling case to outsiders that collective will is behind a particular project increases the potential that it will move ahead without opposition. As several respondents pointed out, where housing developers lack neighborhood ties, they are likely to confront challenges establishing trust and winning community support for their projects. Trusted CDCs can serve as brokers and gatekeepers for neighborhoods.

Nevertheless, CDCs that attempt to incorporate neighborhood voice into their work face many challenges. Reaching out to new groups and developing and maintaining ties and relationships is intensive, time-consuming work. In addition, as we will see, the pressures to be accountable to neighborhood constituents place new demands on internal organization

and decision-making structures in CDCs. CDC staff and intermediaries often struggle to determine what constitutes legitimate voice, how to channel oppositional voice into positive directions, and how to get antagonistic groups to work together. Honoring an empowerment agenda can also be difficult if it takes a CDC in unexpected directions. A national expert commented on the dilemmas that CDCs can encounter in their efforts to elicit neighborhood voice: “Engaging residents is a political and organizational necessity if the CDC is to be other than just another neighborhood group looking for its piece of the action. The challenges come from issues such as: which residents to work with? And how many of them? How much is ‘engagement’ an issue of connecting to and having the confidence of the key decision-makers in neighborhoods? How to handle conflict? What tough choices have to be made among constituencies when the CDC doesn’t have the capacity to resolve a conflict?”

Respondents spoke about the precarious balance they often strike in their efforts to build trust within neighborhoods and establish legitimacy with outside powerbrokers and developers. For instance, the director of a mature CDC described her core role and responsibilities as: remaining connected to neighborhood needs and concerns, attending citywide community development meetings with city agencies, discussing land assembly issues and real estate finance with real estate developers, and participating in community development coalitions and advocacy work. She emphasized the ongoing challenge for CDCs charged with balancing technical expertise and community connection. She also pointed out that while smaller and emerging CDCs may not be poised for efficient housing production, they often play an important role in neighborhood organizing and advocacy.

Engaging residents and helping to develop neighborhood voice are not entirely new roles for CDCs. Strong neighborhood roots have been a defining element of the CDC movement since its inception in the 1960s, and CDCs remain connected to their neighborhoods through resident representation on their boards. But broadly based engagement requires continuous outreach, and this has become difficult for many CDCs. The lack of funding to support engagement activities or organizing makes it hard for many CDCs to continue these activities. In many places, neighborhood connections have also been weakened because the composition of the CDC membership, boards, and staff has not kept pace with the changing demographics of inner-city neighborhoods.

Over the years, some have been concerned that CDCs have moved away from their traditional neighborhood roots while developing the technical skills needed to become effective and efficient housing producers and work on a larger scale. These concerns reflect what is described as a historic tension between being a powerful developer capable of engaging external stakeholders—such as real estate developers, city agencies, and banks—and being a powerful neighborhood leader (Stoecker 2003). The difficulties of combining development and neighborhood leadership are not insurmountable, however, and recognizing and managing this tension effectively is key to developing civic capacity at this fundamental level of the community development system. As an earlier Living Cities report shows, some of the strongest CDCs have combined both roles to great effect (Galster et al. 2005).

Going Deeper into Neighborhoods: Strengthening Neighborhood Voice

Like CCIs before them, many Living Cities and Pilot Cities sites have embarked on processes that encourage a broad array of neighborhood residents and stakeholders to develop a vision of change for their community. Developing and implementing this vision requires neighborhood actors to foster neighborhood leaders, conduct intensive outreach and organizing, mobilize local constituencies around the vision and specific implementation activities, stay finely attuned to local needs and dynamics, and report back regularly to the community. It also requires enhancing the mechanisms through which the collective voice of the community is represented to leaders, intermediaries, and political representatives.

We examine some of the strategies that CDCs funded through Living Cities are using to elicit and respond to neighborhood voice, and the efforts that Living Cities intermediaries and funders are making to support and sustain them. We focus on three common strategies to engage neighborhood residents in developing change agendas and advancing community development goals: community planning, neighborhood organizing, and leadership development. Each poses different challenges and offers different benefits to CDCs.

Community planning

Neighborhood planning and visioning exercises are a key way for CDCs and other neighborhood organizations to engage residents and set an agenda for change. To facilitate the process, Living Cities intermediaries have supported the development of data and statistics that can be used to analyze neighborhood strengths and weaknesses, guide strategic planning, and identify promising opportunities for investment. The resulting analyses and plans can and do go beyond concerns about local housing and economic development to consider issues such as crime and safety, health, political access and local power structures, and racial and cultural dynamics. They can also provide insight into the position of the neighborhood in relation to the city and regional economy.

The “quality-of-life” planning undertaken by Chicago’s New Communities Program (NCP) offers a promising example of how a robust community planning process can mobilize key stakeholders, express neighborhood voice, and leverage new financial support. Developed by Chicago LISC with support from Living Cities and funded by the MacArthur Foundation, NCP provides ongoing support to fourteen lead agencies working in sixteen neighborhoods. The program gives each of the lead agencies several resources: two full-time staff positions (an NCP director and organizer), technical support for planning and documenting the planning process, a pool of loan and grant funds distributed on a competitive basis for project seed money, and other types of technical assistance.

Over 3,500 community stakeholders in the sixteen neighborhoods—including residents, city officials, and other civic leaders—participated in a structured community planning process that culminated in the creation of quality-of-life plans. The process, which was based on a model developed by the Comprehensive Community Revitalization Program (CCRP) in

New York, was designed to offer an alternative to “top-down planning” and produce community “ownership” of the agenda. Underlying this approach is the supposition that neighborhood residents offer a unique and powerful perspective on what is troubling their neighborhoods and what can be done to make them better places to live.

Chicago’s quality-of-life planning process was resource-intensive and time-consuming, taking eighteen months—longer than anticipated—to complete. During this process, the lead agency in each of the sixteen neighborhoods—usually, but not always, a CDC—convened neighborhood residents, leaders, and organizations. It set up task forces to develop key segments of the plan, and coordinated all the efforts. Throughout the process, lead agency staff drew on the technical assistance and expertise of a planning firm that acted as a consultant to the neighborhood teams, bringing technical expertise and knowledge of “best practices” into the discussions.

The resulting plans (available online at www.newcommunity.org) cover a wide range of neighborhood aspirations that go beyond housing, commercial, and retail development. They also address, for example, education, youth development, crime and safety, health, employment, and opportunities to build economic assets. Each highlights strategies, projects, and priorities for a five-year period. In some neighborhoods, the plans also spell out the specific tasks and responsibilities that an array of neighborhood organizations, including CDCs, have committed to, and identify where new partnerships are needed. In theory, these plans provide a way for the community to hold the CDC accountable. They can also be used to solicit funding and resources from public and private sources, as will be discussed later. It remains to be seen how they will play out over the long term.

Similar but less intensive efforts are being made in Kansas City, where LISC is adapting the quality-of-life planning process used in Chicago to its NeighborhoodsNOW Initiative. In Kansas City, the quality-of-life plans are for an eighteen-month period, and are developed by neighborhood associations with the assistance of a planning firm. The neighborhood associations then choose the lead agency (typically, but not necessarily a CDC) to implement them. Here, as in Chicago, the plans will be used to set the direction of neighborhood development and to acquire financial support for projects.

Neighborhood organizing

CDCs that are funded through Living Cities practice other forms of community engagement in addition to or instead of comprehensive planning. Many engage in community organizing efforts that build relationships among residents and help them take collective action to improve community conditions. Organized residents can use a variety of strategies to advance their aims: some may use consensus-based approaches; some may employ confrontational tactics; some may use a combination of both, depending upon the situation. We examine three ongoing initiatives supported by Living Cities that promote community organizing in order to build the power of disenfranchised groups within the community as well as to advance a development agenda that focuses on affordable housing production and preservation, and equitable development.

In Massachusetts, the Ricanne Hadrian Initiative for Community Organizing (RHICO) encourages and supports CDC efforts to organize community residents and integrate community organizing with development activities to build power in disenfranchised communities. RHICO is jointly operated by the Massachusetts Association of Community Development Corporations (MACDC) and LISC and supported, in part, with Living Cities funds. RHICO has provided multiyear grants to competitively selected CDCs to pay for organizer salaries and also provides technical assistance to the grantees.

The success of this initiative reveals the benefits that can result from community organizing. RHICO's evaluation, for example, makes a strong case that organizing contributes to better housing and development outcomes as well as to expanding the local power base. At the neighborhood level, its organizing efforts have increased the quantity and quality of affordable housing production; changed power dynamics; improved public services; created more diverse community structures, new leadership, and more civic engagement; and strengthened the CDC from an organizational standpoint (Ricanne Hadrian Initiative for Community Organizing 2005). According to RHICO's evaluator, the strongest CDCs in both development and leadership were the ones that had been engaged in organizing before the initiative started. Conversely, CDCs that did not have much organizing experience before becoming part of RHICO found it more difficult to make the needed internal organizational changes and often experienced friction with the wider community, as well as between staff and board. Nevertheless, as the evaluation notes, addressing these challenges could be very important for both the organizations and the political systems in which they participate. The second round of RHICO grants provides more technical assistance to help CDCs address the needed internal organizational changes.

The Initiative for City-Wide Organizing (INCO) in New York City similarly encourages and supports CDC efforts to organize community residents around neighborhood housing issues and policy (Carlson 2005).⁵ INCO's goals are to enhance grantees' organizing around housing issues, reinvigorate their base of support, secure concrete outcomes for the neighborhoods, and bring grantees together to work on a citywide housing agenda. INCO groups work in coalition on strategic, high-impact, citywide policy campaigns chosen either for their short-term "winability" (to build momentum), or for their long-term impact. Like RHICO, INCO builds the internal organizing capacity of its grantees by providing multiyear funding for organizers' salaries and technical assistance that includes developing peer networks as well as on-site coaching.

The INCO CDC grantees have led campaigns to improve conditions in individual neighborhoods, working on a variety of local issues that complement the CDCs' development agendas. In addition, in 2005, INCO groups participated in broadly based citywide coalitions that also included housing groups and advocates for the homeless and tenants. The coalitions ultimately won three major victories on citywide housing policy (Carlson 2005). They won

5. INCO is not directly supported with Living Cities funding, but five of the INCO sites receive Living Cities funding through the same funding collaborative that supports INCO.

THE RICANNE HADRIAN INITIATIVE FOR COMMUNITY ORGANIZING

The Ricanne Hadrian Initiative for Community Organizing (RHICO) links community organizing with development and shows that the combination can result in enhanced community revitalization outcomes. By placing organizing at the center of their work, the CDCs are able to be more responsive to community needs and more adept at developing opportunities for affordable housing production and preservation. The CDCs have instituted organizational changes that position them to be more effective at community organizing and implementing projects envisioned by their communities. By relying on trained community leaders to help design and carry out local campaigns, the CDCs have been able to influence critical public policy issues that have resulted in more affordable housing, safer neighborhoods, and other important community improvements. To support the work, RHICO raised almost \$5 million of targeted resources, a significant accomplishment given the scarcity of resources for organizing.

RHICO HAS EVOLVED IN TWO STAGES:

RHICO I, 1998–2001: A demonstration project that focused on integrating community organizing with development as a means to achieving comprehensive community revitalization that was responsive to neighborhood needs. It funded organizer salaries and provided technical assistance to thirteen CDCs, with a focus on teaching organizing skills.

RHICO II, 2002–2007: A project that builds on RHICO I, incorporating new elements to help strengthen the connections between organizing and development work. It provides multiyear grants to ten CDCs, plus targeted resources for five other groups; all are competitively selected. It also funds peer networks of CDC staff, organizers, and leaders.

RHICO GENERATED RESULTS SUCH AS:

- Increased participation and leadership of community residents in setting a direction for their community.
- A new generation of political leaders, greater voter turnout, improved public services, and changed political institutions.
- Increases in the quantity and quality of affordable housing.
- More inclusive and diverse neighborhood-level institutions.

Source: Ricanne Hadrian Initiative for Community Organizing 2005.

increased funding for affordable housing through the release of the Battery Park surplus funds (discussed in the previous chapter). They also won changes in local inclusionary zoning agreements in key neighborhoods. Finally, they won a commitment from the city to improve its inspection practices and responses in privately owned buildings. These successes suggest that INCO has increased local grassroots leadership and helped build a stronger citywide housing movement (Carlson 2005).

In the Twin Cities, LISC has used Living Cities funds to operate The Community Engagement Pilot Program (CE), a two-year effort to support deeper engagement practices in five competitively selected CDCs and promote cross-site and field learning about these practices. Each CDC receives a two-year grant and some technical assistance. CE grew out of a sense that CDCs needed help responding to the changing demographics of their neighborhoods. Within the context of CE, community engagement has been defined as community organizing, resident and stakeholder participation in decision-making, and the development of new relationships with other community-based organizations. LISC aims to support effective examples of community engagement, and may use these efforts as models for future endeavors.

Several lessons can be derived from assessments of RHICO and the Twin Cities CE (Ricanne Hadrian Initiative for Community Organizing 2005; Internal Memo to Twin Cities LISC January 9, 2007). Both assessments emphasize that empowerment-focused community organizing efforts are resource- and time-intensive for CDC staff, and require sustained, long-term commitment. To integrate organizing work and development work effectively requires CDCs to make substantial internal changes—in their governance structure, decision-making practices, and philosophy. During this process, it is especially critical for CDCs to develop collaborative models of internal decision-making and to be very intentional about making the values and approach underlying their development work consistent with the values and approach that define their organizing efforts. All of this requires CDC staff, board, and community members to fundamentally change how they do their work, how they relate to each other, and how they relate to other organizations.

Leadership development

Community engagement strategies often include leadership development as an integral part of their efforts to build power and make external institutions more responsive to poor neighborhoods and communities of color. For example, RHICO has strategically focused on leadership development as part of its overall empowerment strategy. A number of RHICO CDCs have provided leadership workshops and trainings for neighborhood residents, and given residents opportunities to play a role in planning and facilitating encounters with external decision-makers. These strategies have helped create a new generation of political leaders, increase voter turnout, and change local political institutions. After community leaders set a new direction for community change, board members became more engaged in community revitalization projects, and CDC membership rolls expanded.

A broader approach to strengthening and diversifying leadership in a local community development system has been taken by the Minnesota-based Careership, a mid-career apprenticeship program designed to train new leaders, particularly people of color, for professional positions in the community development field. It grew out of Changing the Face of Housing in Minnesota (CFHM), a focused effort to increase the levels of participation of people of color at all levels of the affordable housing industry. CFHM identifies model recruitment and outreach tools for attracting and retaining people of color, provides self-assessment tools and trainings to organizations to enhance their success in retaining people of color, expands

the pool of qualified applicants through LISC's Careership and other experiences, builds the capacity of culturally specific affordable housing organizations, and develops grassroots public policy leadership in affordable housing.

Careership selects a cohort of apprentices each year and places them in host organizations (nonprofit, government, public housing, and so forth) to work fifteen hours a week for one year. They receive a \$10,000 work stipend and a \$1,000 educational stipend, and are required to attend a community development seminar at a local university. Taught by veterans in the field, the seminar covers community development's history and strategies, and provides newcomers with a critical foundation in community development. Approximately seventy mid-career professionals have graduated from the program; about 75 percent of them have found jobs community development.

Going Broader: Forming Strategic Partnerships

Engaging more deeply in neighborhoods and eliciting neighborhood voice is only part of the challenge. If community plans reflecting local needs and aspirations are to be implemented, CDCs and other neighborhood groups must go broader as well as deeper. They need to affect the decisions made by external powerbrokers about how resources will be allocated and what type of development projects will be pursued, for example. They also need to connect neighborhood voice to other sectors, such as employment and education.

These efforts require the CDCs supported by Living Cities to form partnerships with a range of actors and organizations and to play a variety of roles. In addition to being housing producers, they are urged to be "venture capitalists" making strategic investments in economic development projects, "neighborhood intermediaries" brokering relationships and resources on behalf of the neighborhood, or "comprehensive community development agencies" accomplishing their work by partnering with other groups. Some CDCs have been playing all these roles for some time. Others are moving outside their traditional comfort zone and will require additional support and assistance to do this well.

Some CDCs and neighborhood groups have enough experience, power, and connections to influence political figures, developers, and other decision-makers on their own. We spoke with a number of CDC directors across an array of cities who believe that their organizations have built these relationships and, consequently, do not need to be so reliant on an intermediary. In addition, as noted, CDCs and neighborhood groups have also increased their ability to influence citywide decision-makers by forming networks and alliances with other neighborhood organizations and participating in citywide coalitions along with a variety of advocacy organizations. In some locations—such as Cleveland and Atlanta, for example—CDCs are encouraged to maximize scale, efficiency, and impact by partnering with each other, in part so they can compete with private developers, and in part so they can have a greater impact in a particular area of the city encompassing several different neighborhoods.

Nevertheless, the majority of CDCs are not strong enough on their own to get to the table or to be taken seriously by the powerful groups who sit there. In such cases, the neighborhood may need a stronger entity to champion its causes or to facilitate its access to decision-makers. We discuss several examples from Living Cities sites where the community's ability to win external support for a neighborhood-based vision of change has been enhanced by strategic partnerships and alliances with foundations and intermediaries. There remains, however, an obligation to respect neighborhood voice. As one Enterprise director noted, "It is not easy to find the balance between protecting resident control and creating partnerships that leverage greater resources than those available in the community. . . . There is a fine line between facilitating a community and directing a community—even when 'directing' will result in benefiting the community."

Connecting to new resources

As noted in the previous chapter, local intermediaries and foundations play key roles in helping neighborhood groups find the resources needed to carry out their community plans. Because the quality-of-life plans developed in Chicago's NCP and similar programs in other cities are seen as legitimate expressions of neighborhood interests and concerns, foundations and intermediaries find them to be powerful vehicles for leveraging resources from both public and private donors. In Chicago, the plans from the sixteen NCP neighborhoods were presented to the mayor in a public ceremony attended by 500 people, including the president of the MacArthur Foundation. Mayor Daley has agreed to consult the neighborhood plans when considering redevelopment projects.

Capitalizing on the mayor's interest, LISC and the MacArthur Foundation have used their influence to create opportunities for neighborhood groups to meet with city officials to promote their projects. For example, LISC has orchestrated meetings between members of the police department and representatives from the lead agency in five NCP neighborhoods to develop a community engagement strategy for fighting crime in their particular neighborhoods. Both LISC and MacArthur have also been instrumental in getting the city to create a new staff position responsible for working with local groups to expedite the laborious process of getting permits and approvals for neighborhood-based development projects by coordinating action across a number of city departments. Other examples of the kinds of projects that specific Chicago neighborhoods have undertaken in accordance with their neighborhood plans include opening a neighborhood health clinic, preserving subsidized housing units in a gentrifying area, obtaining a city contract to deliver sanitation services, and hiring returning offenders to build mixed-use housing.

In other cities that are still developing neighborhood plans, the Living Cities intermediaries intend to use the quality-of-life plans to raise money from local foundations. Greater Kansas City LISC, for example, will "bundle" neighborhood projects around common themes and solicit support from local foundations for the pool of projects. Detroit LISC plans to hold an Investment Forum to "sell" various pieces of the neighborhood plans to new funders. Intermediary staff in these cities and elsewhere are also spending more time in the neighborhoods

themselves, and serving as liaisons between neighborhoods and city officials on issues like local safety, code violations, and infrastructure repair.

Neighborhood plans also open up possibilities for tapping “in kind” contributions from local businesses and regulatory agencies. In the Overtown neighborhood in Miami, for example, where a major Pilot City undertaking is the conversion of HUD limited-equity housing into a home-ownership project for very low income residents, South Florida LISC staff has enlisted volunteer aid from Royal Caribbean Cruise Lines employees who will spend a day helping to repair the roof and painting the deteriorated housing units. LISC staff also arranged for the local gas company to install new pipes and meters for free. AT&T is donating work on telephone wires, and Home Depot and American Airlines are also providing assistance. These arrangements were facilitated by the involvement of the John S. and James L. Knight Foundation, the Pilot City funder, and a private sector advisory group.

Connecting with a champion to shape development

In Baltimore, another Pilot City, the The Annie E. Casey Foundation used its position as the host foundation to become a champion for the residents of East Baltimore, a poor neighborhood where The Johns Hopkins University, with the involvement of the City of Baltimore and the State of Maryland, was planning to develop a Science and Technology Park. The project was intended to stimulate investment, de-concentrate poverty, and revitalize the area, but met with strong opposition from East Baltimore community stakeholders who felt excluded from the planning process and feared that the development would stimulate gentrification.

After residents organized in opposition to the redevelopment plan, the Annie E. Casey Foundation agreed to put \$25 million into the project, on the condition that the other partners—the university, the city, and the state—would be more responsive to local stakeholders and community residents. The foundation created formal and informal mechanisms for resident involvement in decision-making on such issues as the relocation benefit package, the development of new demolition protocols, and the financial and social service amenities that would be made available to residents. As a result, the planning process ultimately involved extensive discussion and interaction between community residents, local clergy and business owners, and police and security officers, city officials, and others. The final plan has provisions for job creation and training, the development of mixed-income housing, new retail facilities, a set of supportive services (job training, family counseling, education programs, substance abuse treatment, and so forth), and community-building activities. The Cleveland Foundation has played a similar role in championing the interests of local residents and CDCs affected by major redevelopment projects.

Connecting to other sectors

Neighborhood change agendas typically cover activities in a range of sectors, such as employment, education, and health, as well as housing and development projects. This doesn't mean that CDC staff need to—or even should—become experts in multiple fields or build the

capacity to do everything themselves. Instead, they can address neighborhood concerns and aspirations that are outside their traditional sphere of expertise by forming partnerships with other organizations that already have that expertise. To do this effectively, CDC staff should have some understanding of the new field, such as an appreciation of what constitutes a “best practice” or a promising service model. They also need to understand what it means to be a good partner.

In many neighborhoods, lead agencies implementing quality-of-life and other types of comprehensive neighborhood plans are working to develop connections with a variety of service providers and programs, ranging from after-school programs to job training, financial counseling, and wealth-building programs. One NCP lead agency in Chicago, for example, made this a priority during the planning phase when staff met one-on-one with a variety of neighborhood organizations, developing agreements about which were most capable and willing to take on parts of the comprehensive plan. Nevertheless, CDCs, like intermediaries, may find it difficult to find appropriate service providers to partner with in some locations. As one Enterprise director noted, “The notion of leveraging resources has been compromised by the inability of CDCs to create leveraging partnerships. In the breach, CDCs have compensated by trying to deliver the needed service themselves—spreading themselves thin.”

Conclusion

CDCs that engage residents in goal-setting and decision-making, and lead agencies in neighborhood initiatives like NCP and NeighborhoodsNOW, face many challenges as they try to respond to neighborhood voice and implement neighborhood plans. Not only do they need to find resources to carry out multiple projects and activities, they also need to set priorities for action, balance competing demands, and negotiate and maintain a complex web of relationships both within and outside of the neighborhood.

Partnering and relationship-building, like community organizing and other types of resident engagement, require continuous investment and ongoing support and attention. These activities should not be isolated from other work that CDCs do. Instead, they should provide the lens that frames organizational actions at all times. Many respondents stressed the importance, for example, of setting a tone that encourages cooperation rather than competition and facilitates negotiation over differences. Experience also suggests the need for clear agreements about roles and responsibilities, and clear expectations about performance and accountability in order to foster productive partnerships. As one national expert observed, “[C]omprehensive community revitalization depends on blending a variety of community development activities, each with different timelines, constituencies, cause-effect profiles, and potentially different resource and capacity requirements. Neighborhood planning skills are important, but they need to be combined with skills related to negotiation, persuasion, programming, evaluation, etc. . . . It is the *combinations* of those capacities that is key.”

CDCs and other organizations that function as lead agencies in broad community change efforts will need to manage a series of tensions. One such tension is the balance between being opportunistic and being strategic. The desire to take advantage of available funding and demonstrate early successes will push in the direction of being opportunistic, for example, while the desire to maximize impact in the longer term will push toward being strategic. Another ongoing tension involves balancing neighborhood voice and the neighborhood's vision of change with the priorities of partners and powerful outside interests. The experience of CCIs—earlier versions of foundation-funded comprehensive efforts to build community and revitalize urban neighborhoods—suggests that these are ongoing tensions that need to be managed over the course of the initiative, rather than challenges that can be fully overcome (Kubisch et al. 2002).

4

FOUNDATIONS AND CIVIC CAPACITY

in the Community Development System

AS THE SCOPE OF THE COMMUNITY DEVELOPMENT AGENDA EVOLVES, FOUNDATIONS ARE drawing upon new relationships, structures, and skills to accomplish their aims. Some have reframed or restructured their grant-making programs to reflect the connection between housing and other strategies aimed at revitalizing communities and increasing opportunity for residents. Others have increased their efforts to foster collaboration across programs within the foundation or with foundation partners. Still others are working more directly with local government and other actors in the policy world. Overall, our interviews suggest that foundations are playing an increasingly strategic role, both in using their own civic capacity and in building it in others to further a more expansive vision of community development. This section of the report focuses on how foundations operate locally—what roles they play, how they structure participation, and what lessons they have learned about how to build and exert civic capacity to advance community development goals.

Foundation Roles and Civic Capacity

The chief tangible contribution that foundations make to the community development system is financial. In many cases, they have substantial flexibility to use their resources for a variety of community development purposes—these include buying and leasing land; subsidizing residential and commercial real estate rents or sale prices; providing loan guarantees and cash incentives; making grants for capital, operating, program and special project costs; and supporting technical assistance, training, marketing, legal, and consulting services. In addition to these financial contributions, foundations increasingly use their knowledge, networks, credibility, and political capital to exert their influence in the service of community development goals. Working in this more activist or strategic way involves a wide range of specific activities, undertaken alone and in combination, that go beyond simply writing a check. We focus below on five roles that our respondents described as particularly useful ones for philanthropy.

Identifying and drawing attention to needs and opportunities in the field

Foundations are uniquely positioned to keep abreast of new developments in policy, research, and practice in community development and other fields. Their credibility and access mean that they are also uniquely positioned to convey that information in ways that help identify needs and set agendas for leadership institutions. In the Living Cities network, foundations have used various techniques to introduce new theories, strategies, and information to a range of potential partners in the community development system.

Foundations are raising the visibility and level of civic dialogue about community development issues through the innovative uses of community data. The Boston Foundation, for example, provides support for both a Boston Housing Report Card and the Boston Indicators Project,

which provide high-quality data and information about the city from public agencies, universities, think tanks, and community-based organizations. The data become a tool for engaging the general public as well as the media, business, government, and various civic and community-based groups in better understanding the city's key challenges and opportunities. Many foundations support local universities, such as the University of Minnesota, Case Western Reserve University, and Cleveland State, in producing geo-coded maps and data files that help local developers match strategies with neighborhood needs and assets. Others fund targeted research, such as a market study supported by the MacArthur Foundation that provided data used by LISC to attract private development in all of its target neighborhoods.

Another way to “demonstrate” the needs and opportunities that neighborhoods afford—and generate a productive civic “buzz” about them—is to take people to visit them, and to see the CDCs working there. Staff at the Cleveland Foundation, for example, invited fellow foundation staff on a citywide tour, with stops at both east-side and west-side neighborhoods. This was such an important event that the Ohio Grantmakers Forum asked foundation staff to sponsor such a tour for its members; forty individuals from fifteen foundations attended. The group will follow the tour with quarterly, half-day sessions to discuss aspects of place-based strategies. Cleveland Foundation staff will also conduct citywide tours for other groups, such as foundation donors, board members, city leaders, and the media.

A third approach involves exposing different audiences to new information and innovative practices from other fields or locations in order to inspire, inform, or otherwise broaden the collective perspective of local actors, laying the groundwork for civic action. The Cleveland Foundation, for example, invited two consultants from the University of Pennsylvania to talk with housing groups and local employers about how to establish a housing assistance program that provides incentives for employees to move into the area. Foundations looking for a new approach in Kansas City asked LISC to bring in funding representatives from Chicago and Detroit to give presentations about their more comprehensive, focused approach to neighborhood development. This led the funders to ask LISC to design what is now the NeighborhoodsNOW program.

Convening and leveraging diverse networks of relationships

As institutions with resources that reach into so many diverse constituencies, foundations can serve as conveners in ways that few other community institutions can. Our respondents provided many examples of task forces and other groups convened by foundations, acting either formally or behind the scenes, in order to introduce diverse groups to each other and help them find common ground, problem-solve around a shared concern, generate political will or resources, or grease the wheels for longer-standing partnerships. In some cases, a foundation executive chairs or co-chairs the group, such as the President of the Boston Foundation for Commonwealth Housing Task Force or the President of the Casey Foundation for the Relocation and Housing Committee in East Baltimore. Similarly, a champion for community development at a foundation in Kansas City “twisted a city council member’s arm” to support participation in the local funding collaborative and push for citywide performance

standards. He later served as vice-chair of the city's Housing Policy Committee. In other cases, foundations strategically invite another group to chair a collective effort, as with the Education Task Force in Cleveland—a group composed of CDCs, major anchor institutions, and the city, which was initially convened by the Cleveland Foundation but chaired by the school district.

Sometimes foundation staff end up using their relationships informally—drawing upon all those convening, catalyzing, behind-the-scenes, mediating activities—to provide the civic glue that keeps different players working together and enables them to move forward on a neighborhood agenda. Foundations also pay particular attention to making sure that traditionally disenfranchised voices have a seat at the table, as the Annie E. Casey Foundation did in Baltimore, where local residents served on a board with major players from Johns Hopkins University, the city, and the business community. Similarly, the Cleveland Foundation's ambitious strategy to stimulate reinvestment in a \$2 billion institutional development project that was already underway involved engaging anchor institutions in partnerships with CDCs to revitalize adjacent neighborhoods.

Much of this work helps build relationships and collaborative skills across different sectors, among people who might not otherwise meet. This ultimately increases social capital and reinforces a civic culture of cooperation. In Chicago, for example, MacArthur staff knew that many of the projects developed to implement NCP quality-of-life plans would require cooperation and approval from several different city agencies. Following significant buy-in from the mayor (in which MacArthur played a key role), foundation staff helped institute the Expedited Projects Initiative, in which a design team consisting of LISC, city, and foundation representatives meets regularly to move projects along. Besides shaving six to nine months off the development schedule for each project, collaboration has meant that everyone has learned to work together to do these particular kinds of neighborhood projects. CDC staff who may not have fully understood municipal practices have “learned while doing” and have attracted public and private funding with the financial packages they put together as part of this process. Agency staff have modified city policies and regulations in response to issues that surface in carrying out projects and are using resources to develop a set of tools for training others to work together in this manner. Without MacArthur's ability to bring the parties together and support collective problem-solving, as well as actually fund municipal agencies, it is unlikely that this important civic asset would have developed.

Leveraging funds

A classic foundation role is to raise resources for organizations and initiatives in which the foundation has made an investment. Although LISC and Enterprise both have strong fundraising track records, one intermediary leader noted that funders are especially responsive to their colleagues: “One of the members of the [funder's] club is asking. The rest of us don't get that kind of attention.” Sometimes foundations take responsibility for raising the resources to get an initiative off the ground. In New York, for example, three funders worked together to create a pool of funds (\$10.5 million) to launch a joint grantmaking initiative, Neighbor-

hood 2000. They were particularly interested in attracting supporters that had not funded community development in the past, such as foreign banks and important local industries. In other cases, foundations help their partners raise funds, such as when Casey (and, at Casey's urging, a local foundation and Johns Hopkins University) helped East Baltimore Development, Inc. (EBDI) secure a \$15 million loan from the Bank of America, which in turn allowed EBDI to leverage \$3 million in New Markets Tax Credits. Similarly, foundations that have significant political capital can step in at opportune times to persuade others to participate, as the Prudential Foundation did to get a signature project moving in Newark.

Foundations also find that even if they can write the whole check themselves, engaging others early on, and raising even symbolic amounts of funds to get them to the table, has significant payoff down the road. Casey, for example, encouraged the Robert Wood Johnson and MacArthur Foundations to support the consulting costs of an independent panel for the EBDI project, further increasing the public perception of the panel's independence. Given the increasing breadth of the Living Cities agenda, expanding the resource pool has also meant reaching out to foundations that traditionally fund in such areas as education, employment, and child and family services. For example, MacArthur was instrumental in bringing Atlantic Philanthropies to Chicago, where it will use NCP's framework in its design of a middle school demonstration program. Similarly, Casey was instrumental in getting Atlantic to focus its demonstration on East Baltimore. In collaboration with Living Cities efforts, Casey has also helped bring a Center for Working Families to neighborhoods in the Twin Cities, Indianapolis, and Chicago. In turn, MacArthur made a \$3 million investment in bringing the model to scale and funding its rollout in thirteen Chicago neighborhoods.

Generating and testing new ideas and building and sharing knowledge

As the scope of community development expands, innovation and experimentation are key to building civic capacity. Foundations can provide intellectual leadership, take risks testing new approaches, and play a central role in creating active learning vehicles and a culture that supports measuring progress and sharing results in real-time in order to improve practice. Foundations, for example, have brought to the table new ideas about connecting cities to surrounding suburbs, about developing green building strategies, and about using evidence-based decision-making.

Evaluation is another arena in which foundations have played an important knowledge-development role, ranging from funding sophisticated studies of neighborhood change, as in MacArthur's support for NCP's evaluation, to more modest reviews of progress. The Cleveland and Gund Foundations, for example, contract every three years for an outside review of Neighborhood Progress, Inc. This review becomes the basis for dialogue among all the parties involved as well as for subsequent action plans and accountability agreements. The 2003 review laid the foundation for Cleveland's Strategic Investment Initiative, the city's current comprehensive approach in six neighborhoods. Other foundations commission case studies, including *Taking It to the Street* about Payne-Lake Community Partners in the Twin Cities. Often as part of their collective role in funding collaboratives, foundations support independent evaluations (such as the Neighborhood Opportunities Fund in New York and RHICO

COMMUNITY DEVELOPMENT IN CLEVELAND

Cleveland's two largest foundations, THE CLEVELAND FOUNDATION and THE GEORGE GUND FOUNDATION, have played a significant role in shaping the city's community development system over the last twenty years. Deep staff expertise, foundation leadership, and strong board support have positioned these foundations to build civic capacity within the community development system and to exert it effectively.

For example, early in the field's history, as they became increasingly inundated with proposals from neighborhood groups, the Cleveland and Gund Foundations joined forces with city government and corporate leadership to create Neighborhood Progress, Inc. (NPI), a funding consortium that since 1988 has strategically aggregated power and resources and built a high level of accountability and performance among CDCs.

The two foundations work together to increase their collective impact, both in neighborhoods and on the policy front. Recently Gund approved a grant of \$3.6 million and The Cleveland Foundation approved a grant of \$4.2 million to NPI for its Operating Support and Strategic Investment Initiative for the next three years. Both foundations, along with Enterprise and other donors, sit on NPI's Program Committee, which helps set the agenda and select grantees for participation. The foundations also work together on policy goals, such as issuing guidelines that restrict their capital grants to green building projects. Accompanying this policy thrust are planning grants to help interested groups move in this direction.

Foundation staff and leadership take on proactive roles. The Cleveland Foundation's president saw an opportunity to work with the new leadership at the major anchor institutions regarding a significant development agenda in one of the key areas of the city. He convened the main players on a quarterly basis, built trust over time, and stimulated new agreements among them for working together. He also hired a consultant to help coordinate the work and create stronger connections between institutional agendas and those of the CDCs in the area. Finally, he encouraged foundation staff to play an active role in keeping the effort moving forward and in supporting genuine CDC participation.

In assuming a hands-on role, Cleveland foundation staff have spearheaded a collaboration among institutional partners, city officials, and CDCs around housing assistance, education, workforce and economic inclusion, transportation, and safety.

in Boston) and help establish goals and benchmarks for CDC performance. One Living Cities intermediary in a smaller city suggested that this helped legitimize the work in the eyes of city officials, shifting the way in which it was perceived from another “funding line” to a program with goals and benchmarks being tracked by a group of funders.

Mobilizing political will

Foundations can play an important role in promoting policies and practices that support effective community development. The Boston Foundation, for example, registered several staff as lobbyists in order to promote and ultimately help pass state legislation for smart-growth zoning and housing production in 2004.⁶ Although not a Living Cities site, the Rhode Island Foundation recently convened a coalition of stakeholders—including LISC—to address affordable housing issues. The result was HousingWorks RI, a coalition of more than 100 businesses, religious groups, professional associations, government, and community groups that is working to end the state’s severe shortage of quality, affordable housing. The Foundation’s CEO co-chaired the group and personally campaigned for an affordable-housing referendum, which was passed in the fall of 2006. Foundation staff emphasize that the power to exert such influence comes from the civic respect and trust that foundations create over many years.

There is considerable variation in how extensively foundations actually use their own reputation and connections to assume any of these five roles. Some foundations embrace an activist role while others prefer providing resources for others to assume this function. Whether and how many “chits” a foundation is willing to use to exert influence depends on many factors, ranging from its priorities, capacity, and style to its assessment of the actual costs and benefits likely to result from such actions.

The Special Role of Host Funders in Pilot Cities

In four Pilot Cities a “host” foundation takes a leadership role in shaping and supporting a focused initiative, providing core resources, and leveraging the support of other partners. These initiatives test new approaches to comprehensive neighborhood revitalization aimed at increasing both the scale and the impact of public and private investments. LISC or Enterprise may or may not play a central role in these Pilot Cities initiatives.

Foundations cite different reasons for taking on significant leadership roles when launching a new, large-scale initiative. In some cases, a foundation assumes leadership when circumstances that may be beyond its control call for action that it is uniquely positioned to instigate. This was the case in Baltimore when Casey became a catalyst for reorienting a project initially planned by other institutions (in this case, the city and state in partnership with Johns Hopkins). Casey convinced these players that it was important to envision a project

6. Community foundations have more leeway than private foundations under existing tax laws to devote a proportion of their resources for advocacy. As a consequence, they are the only foundations within our sample that have adopted such explicitly political roles.

that could produce benefits for current residents who were likely to be displaced, as well as for the infrastructure and economy of the neighborhood itself. By investing at least \$25 million in the project's first phase, Casey shaped many of its critical dimensions—from the nature of resident involvement and the relocation benefit package to the development of new demolition protocols and the type of financial and social service amenities available to residents. Our respondents suggest that taking on a leadership role under these circumstances is likely to work best when the goals for involvement are closely aligned with the foundation's mission and experience—children and families, for Casey—so that the foundation can support the effort by drawing upon the deep expertise and lessons it has learned elsewhere.

In other cases, foundations take on a leadership role in Pilot Cities to strengthen, accelerate and/or bring to scale an initiative for which they have already provided support. MacArthur and LISC, for example, developed NCP after both organizations reviewed their recent community investments and designed a new approach incorporating what they had learned from past experience. The Knight Foundation aimed to deepen its existing investments in a neighborhood in Miami. The McKnight Foundation's model of accelerating the revitalization of two commercial corridors included new strategies for connecting with and investing in local immigrant communities and communities of color.

When one foundation plays such a significant leadership role in launching a new, large-scale initiative, it has special opportunities to bring new ideas, new energy, and new donors to the table. It also faces the particular challenges inherent in “hosting” a major initiative in its own hometown.

All four Pilot City foundations play significant philanthropic roles in their hometowns and have long histories of supporting community development locally, regionally, and nationally. Pilot City work, however, requires them to exercise their civic capacity in new, often more hands-on ways and, therefore, calls for certain competencies. Such competencies are important for most foundation work, but play a special role when the stakes are high and visible, the commitment is long-term, and so many factors in the larger environment—from the economy to the broad political landscape—affect the pace and outcome of the work. Foundation respondents frequently mention the importance of the following: partnering and sharing power effectively, listening well and staying finely attuned to local needs and dynamics, being strategic in identifying leveraging opportunities, exploiting political openings and creating levers for change, exercising leadership flexibly with a genuine openness to learning, and staying humble.

PILOT CITIES

BALTIMORE:

THE CASEY FOUNDATION is working to rebuild East Baltimore with East Baltimore Development, Inc. (EBDI), a nonprofit organization started in 2002 to facilitate Johns Hopkins and the City of Baltimore's plan for developing a Science and Technology Park in East Baltimore, to stimulate investment, de-concentrate poverty, and revitalize the area. EBDI is the primary implementing vehicle.

CHICAGO:

THE MACARTHUR FOUNDATION'S New Communities Program (NCP) works with lead agencies in sixteen Chicago neighborhoods to engage stakeholders in developing comprehensive quality-of-life plans and to build capacity in order to establish partnerships and leverage resources for implementing the plans' strategies and projects. NCP is the platform for other MacArthur investments in complementary initiatives in the areas of community safety, economic development, and family economic security. LISC operates NCP.

MIAMI:

THE KNIGHT FOUNDATION has focused on Overtown, a neighborhood in Miami in which the foundation has had a longstanding history of investment. Central elements of the current work include creating homeownership opportunities and wealth-building strategies for current residents in one of the country's lowest-income areas, and a Folklife District development strategy to preserve the rich cultural historic identity of the area. LISC operates this work.

TWIN CITIES:

THE MCKNIGHT FOUNDATION established Payne-Lake Community Partners (PLCP), an initiative that aims to revitalize two of the Twin Cities' most historic commercial and residential corridors, expand the corridor markets into surrounding neighborhoods and the regional economy, and invest in the entrepreneurial energy of new immigrants and communities of color. PLCP operates independently, although PLCP uses LISC as its fiscal sponsor and subcontracts with LISC for various program elements.

LESSONS FROM PILOT CITY FUNDERS

Based on their experience to date in Pilot Cities, our respondents suggest the following “tips” or principles for foundations considering such a role:

QUALITY EXECUTION REALLY MATTERS. Good ideas are not enough; quality execution both builds civic capacity and benefits from it. This means that the host foundation needs to attend to a range of implementation questions: Are the goals of the initiative realistic in light of its strategies and resources? Are the roles of all the partners clear but flexible enough to adapt to changing realities on the ground? Are there robust and inclusive structures for governing the initiative, for building the capacity for effective implementation, and for learning along the way? All of the Pilot City funders point to the critical and time-consuming role of experienced staff in addressing these and a host of other implementation issues. As one interviewee said, “we would much rather under promise and over deliver,” thereby underscoring the challenge of inspiring local colleagues and potential collaborators with ambitious ideas and bold plans while staying realistic about what can be accomplished within a reasonable time frame.

COMMITMENTS SHOULD BE INSTITUTIONAL AND LONG-TERM. A foundation leader who champions a Pilot City initiative can do a great deal to develop sufficient collective political will to get the initiative launched. But the long-term nature of the work means that leaders are likely to come and go. In fact, key staff transitions have occurred in three of the four Pilot City foundations since 2004. Sustainability over the long haul requires patient capital and institutional investment—formal commitments, written processes and procedures, and implementation structures that go beyond the individuals involved. Board investment is particularly important. As one foundation put it, “we must be prepared to stay at the table and keep the board up to speed on developments in an honest and timely fashion.” Staff at McKnight have gone through a two-year series of workshops and discussions with a board committee to build members’ shared knowledge of housing development so that they fully appreciate the foundation’s role to date and are positioned to make informed decisions about future plans. MacArthur’s ten-year commitment to NCP is reinforced by annual board briefings and quarterly site visits made by the Foundation President, often accompanied by interested board members.

SUSTAINABILITY REQUIRES SHARED CIVIC OWNERSHIP AND CREDIT. Foundations launching Pilot City initiatives have to think early about sustainability, crafting a civic role for themselves that balances their own leadership with the long-term ownership of those implementing and supporting the initiative. One foundation president suggested that sharing ownership often means reaching out to colleagues early enough to engage their ideas as well as their money. Foundations are very sensitive about being invited to “collaborate” when the plans are already locked in place and the inviting party is really asking others simply to contribute to its plan. The same foundation president encouraged foundation

boards to understand that in these kinds of broad, long-term initiatives it is often impossible to identify the specific consequences of any one foundation's grants, as opposed to the collective investments of multiple partners. Being unable to demonstrate such a direct causal link, however, does not mean that the board should ignore less measurable results; it simply reflects an appreciation for the complex ways in which different investments combine to produce impact. For example, MacArthur views its role as helping to create a platform or infrastructure that other foundations can use to further their own priorities, as Atlantic Philanthropies has done with its youth development initiative.

COMMUNICATION STRATEGIES CAN HELP CREATE A SHARED FRAMEWORK, PROMOTE "REAL-TIME" LEARNING, AND ATTRACT CIVIC PARTNERS. Communication can serve both internal and external functions for a Pilot City initiative. It can build local momentum; it can focus efforts on shared outcomes in order to guard against mission drift; it can keep partners—especially city agencies—on board; and it can surface best practices, incorporate them into ongoing work, and share lessons with the broader field. Communication can also enhance public understanding and leverage new partners. For instance, MacArthur's investments in high-quality printing and design enabled it to successfully market neighborhood plans to private developers, thereby helping NCP sites appreciate the value of documentation. MacArthur has also funded LISC and other intermediaries to use the Internet as part of its communication strategy. For example, grant funds have been used to develop a NCP website as well as websites for the lead agencies, and to train local staff and volunteers to develop and manage content. Now MacArthur and LISC are working with Webitects, a web design and development firm that specializes in highly usable and functional sites, to develop second-generation, web-based services to support community developers. Webitects will gather information from potential users to develop and test these services with practitioners in Chicago and across the country. They will consider adopting many Internet applications, including blogs and wikis, with an emphasis on those promoting discussion among users and providing a secure environment for collaboration.

Serving in a "Pilot City-like" role is not for every foundation, or even most, given the capacities needed to operate in such an intensely engaged fashion. Similarly, every neighborhood is not ready for a "Pilot City-like" comprehensive approach. Indeed, as one expert in the field notes, "Funders need to match their initiatives to the state of capabilities on the ground. . . . Comprehensive revitalization is a logical task for one or more already high-capacity organizations who have already done lots of the preceding work and can be aided in extending their array of activities (direct or partnered), being more strategic about them, [and] expanding their scale. . . ." When comprehensive efforts run into trouble, it is often because the foundation selecting the targeted neighborhood has either not known enough about or has overestimated local capacity to implement the approach the foundation has had a role in designing. This problem is compounded when the foundation does not have the staff capacity, flexibility, or institutional will to adjust its approach to match the needs on the ground.

MACARTHUR AND LISC: FORGING A STRONG RELATIONSHIP

MacArthur and LISC staff worked very hard to develop (and subsequently revise) a shared understanding of their respective roles, with LISC ultimately taking responsibility for NCP's implementation and the foundation being responsible for its support and evaluation. Like other long-term partnerships, this one took time, energy, ongoing discussion, flexibility, and compromise. Trust developed over time as each party adjusted its institutional practices to support the work.

Two principles were particularly important for building a productive working relationship and minimizing power dynamics. First, developing clarity about roles and authority—often accompanied by written agreements—helped remind each party of its responsibilities to the other. For example, MacArthur and LISC staff developed a communications protocol specifying who had the last word on various kinds of communications. If one party developed a press release or other form of communication, the other would be given an opportunity to review it and give input, but the final say rested with the originating party. A second principle involved establishing multiple vehicles for regular communication between the partners, such as monthly meetings between MacArthur and LISC staff. LISC hosted and chaired these meetings, and their staff set the agenda (running it by MacArthur staff)—helping to shift the power dynamic that frequently plays a destructive role in foundation partnerships. As one observer noted, “by being present but not dominant at the NCP/LISC table where concerns and issues were being aired and options explored, MacArthur staff joined the NCP team without taking it over.”

After investing \$21 million over five years, MacArthur's willingness to make a five-year renewal grant of \$26 million to LISC for NCP, as well as a \$4 million pledge for diffusion to other cities and audiences, also helped demonstrate the foundation's trust in its partner.

Local Funding Structures: Foundations and Funding Collaboratives

Most Living Cities resources flow from the national pool through intermediaries—LISC and Enterprise offices in twenty-three cities—and into the budgets of a select number of nonprofit producers, largely community development corporations. The arrangements dictating how these resources get leveraged and pooled at the local level, how decisions get made regarding their disposition, and how local funders are engaged in the work beyond the grant-making process vary considerably across sites. Because these arrangements have implications for the development and exercise of civic capacity, we describe their basic outlines below.

One way in which foundations and their partners structure participation in Living Cities is through funding collaboratives: Funders develop goals and strategies for the program, pool their resources, and make decisions about their distribution. Some collaboratives are incorporated, while others are housed in a local community foundation, United Way, or at LISC or Enterprise; some hire their own staff or consultants, while most are staffed by LISC or Enterprise.

Alternatively, in cities without formal funding collaboratives, LISC or Enterprise administers the support program. LISC or Enterprise staff, often with input from local funders, develop goals and strategies for the program and manage the process of selecting grantees. Funders typically provide guidance informally or serve on advisory committees that oversee funding decisions.

An analysis across sites suggests that there is no direct relationship between the ways that funders structure their participation in Living Cities and the civic capacity they are able to exert. The different structures emerge out of different conditions and produce different outcomes depending on history and politics, the size and diversity of the funding community, the city’s role and capacity, the particular strengths that the local intermediary and foundations bring to the table, the existence of a champion within the system, and so forth. Further, significant variation exists within each of the two arrangements for managing Living Cities resources. Some funding collaboratives are largely administrative vehicles for pooling, matching, and dispensing different types of funding (for example, the City of Seattle’s CDBG funds), while others are incorporated entities with their own staff and broad agendas that go beyond Living Cities (for example, NPI in Cleveland). Some LISC or Enterprise offices have very active boards or advisory groups in which the funders play key decision-making roles, while others are more staff-driven.

LIVING CITIES WITH FUNDING COLLABORATIVES	
Cleveland	Neighborhood Progress, Inc.
Columbus	Community Development Collaborative of Greater Columbus
Dallas	Dallas Community Development Partnership
Denver	Housing Development Project
New York	Neighborhood Opportunities Fund
Portland	Portland Neighborhood Development Support Collaborative
Seattle	Operating Support Collaborative/Impact Capital
Washington, D.C.	Community Development Support Collaborative

While the funding structure itself does not appear to be linked to particular civic outcomes, our respondents did share some common views about what makes a funding arrangement work well in terms of mobilizing civic capacity to support community development. The most successful funding arrangements will help key public and private sector actors align their goals and strategies, increase available resources and rationalize their distribution, and maximize the unique expertise and contributions of each actor. An effective arrangement is associated with several important civic outcomes:

- Funders can take advantage of “strength in numbers” to enhance their influence, enabling them, for example, to draw the public’s attention to community development, speak in one voice about particular policies that need to be changed, or set new standards for CDC performance. Strength in numbers can also lead funders to engage in actions that they might perceive as too risky to do alone. As the chair of one funding collaborative noted, the collaborative “provides ‘cover’ for individual members who would not otherwise be able to support advocacy and policy work due to the constraints of their home institutions.”
- Working together, funders can set clear goals and consistent standards, document progress, and engage in an active learning process that can help prevent mission drift and build everyone’s strategic capacity. The relationships they develop within and across sectors can also help provide continuity and stability despite changes in foundation and nonprofit leadership or turnover in city administrations.
- Funders, especially small foundations that do not have the desire or staff capacity to mount their own community development programs, can find a funding collaborative or well-functioning intermediary an attractive investment option. The connection with LISC and Enterprise provides them with access to national resources, tools, and ideas that can be a significant incentive for participation. In this way, the funders get “more bang for the buck,” and the field has access to resources that might otherwise be allocated to other program areas. Further expansion of community development resources results from collaborative members becoming advocates for CDCs among their colleagues in similarly situated organizations.

Notwithstanding the disappointment of those CDCs not funded through the collaborative, the possibility for impact and influence clearly increases when funders work toward common aims and coordinate their efforts. If members of a funding collaborative face “funder fatigue,” then they are more likely to address these concerns with their fellow funders rather than simply withdraw from the funding relationship. Of course, funding collaboratives sometimes disband. They do so for different reasons. For example, funders in Detroit and Kansas City decided to disband their funding collaboratives after a period of investing in CDC capacity-building; they wanted the next phase of the work to generate tangible neighborhood results, and they felt that the best way to signal the new phase of this work was to have a more direct relationship with the intermediary, in this case LISC. Both cities have now launched Neighborhoods Now programs that take a comprehensive approach in a more limited number of target neighborhoods. Funding collaboratives also disband, as in Boston and San Antonio, when LISC or Enterprise becomes the collaborative’s principal funder and source of capacity-building for CDCs, leading to little rationale for sustaining the collaborative as a separate entity.

Conclusion

As members of funding collaboratives, as Pilot City funders, and as civic advocates, foundations play important roles in making the community development system work. On the one hand, they are uniquely positioned to take on certain roles and exert certain kinds of influence. On the other hand, the degree to which they are successful in promoting various program and policy outcomes depends to a great extent on the capacity and cooperation of their partners. So the philanthropic role calls for a strategic blend of building the civic capacity of others while being willing to exert their own influence as necessary. As one funder noted, “Even if we are the 1,000 pound gorilla in the room, we need to keep asking ourselves whether we are only doing things that nobody else can do.”

5 CONCLUSION

Strategizing for the Future

THE FIELD OF COMMUNITY CHANGE IS CONSTANTLY EVOLVING, AND THE ACTORS IN THE community development system are constantly adapting. While many currents are driving the changes that we see today, two have particular salience for how actors in the community development system build and exercise civic capacity. The first is an improved understanding of how neighborhoods fit into the larger metropolitan economy and what needs to happen to ensure that poor neighborhoods engage effectively with broader economic and political dynamics. For example, hot markets are different from cold markets, regional economies offer more opportunities than local economies, and power resides in an array of civic actors. The second current comes out of the experience gained over the last twenty years in trying more comprehensive approaches to neighborhood revitalization. While actors in the community development system have long resisted being pigeonholed into affordable housing production, their recent efforts to broaden neighborhood agendas, combined with lessons learned from other comprehensive community initiatives, are yielding important insights about what to do and how to do it. This, in turn, generates new momentum to go “beyond housing” and integrate other programmatic and political dimensions of change into the work.

The major actors in the community development system examined in this study—the CDCs, the intermediaries, and the foundations—are trying new ways of working as they confront the realities of current market dynamics and the limits of affordable housing as a neighborhood revitalization strategy. Some sites are on the leading edge of these changes while others are just gaining momentum.

Overall, Living Cities investments have helped build a community development system that is resilient enough to adapt to changes in the macro environment, take on a broader scope of work, and develop new bases of support. In particular, we see that:

- **Intermediaries** are expanding and diversifying the public funding base for community development, playing a more active role in advocacy, and mobilizing a wider base of political support.
- **CDCs** are working to develop and implement neighborhood visions of change that are broad and broadly owned. This strengthens neighborhood voice and gives the whole system more legitimacy with external power brokers.
- **Foundations** are playing a more strategic and activist role by funding innovation, engaging with and supporting neighborhood change agendas, exerting civic leadership, and convening civic actors.

The findings in this report show that intermediaries, CDCs, and foundations have the ability to influence policy and resource allocation. In both their housing work and neighborhood work, they have demonstrated critical components of civic capacity, including the ability to

convene civic leaders, conduct strategic analyses and set agendas, enlist partners and allies, develop coalitions, and build support among both neighborhood groups and citywide leaders. Although many of these capacities are not new, they have been exercised in new ways with a broader set of actors to address a more complex community development agenda.

It takes time to build capacity and influence. We have seen the powerful credibility that the community development field has built because of quality execution and implementation in housing production and related issues. We have also seen how Living Cities actors can capitalize on this and take on new agendas. Nevertheless, overreaching could undermine this credibility. Systems need to find the right balance between continuing to invest in and support known strengths and encouraging staff to broaden and develop new perspectives. For example, some foundations have neither the capacity nor political will to take on more activist roles, and some neighborhood organizations need to focus on developing strength in very specific arenas.

Living Cities can help local systems strike the right balance by providing opportunities and incentives for the more mature systems to move ahead, while not imposing too much on more fragile systems. Given that the goal of Living Cities is to strengthen the community development system as a whole, it will be important to continue to build the capacity of weaker elements of the system. Building civic capacity may be especially important in neighborhoods that are weak in social capital and institutional infrastructure and have few connections to external markets, systems, and power brokers.

The research confirms the importance of building civic capacity as well as technical expertise in order to leverage resources, sustain change efforts, and increase the scale and impact of community development. This lesson will continue to be important as Living Cities advances its agenda of connecting poor inner-city communities to market opportunities and making a variety of systems work more effectively for the residents of such neighborhoods.

Our findings and recommendations speak to a broader audience than just Living Cities actors, however, and encapsulate general principles that apply to a wide range of community improvement efforts. They draw on a number of perspectives: an assessment of the strategies that LISC and Enterprise intermediaries, foundations, and CDCs are using to advance their housing and neighborhood agendas; the reflections of key actors and observers about what they have learned through years of experience; lessons from the last generation of neighborhood change efforts, known as Comprehensive Community Initiatives (CCIs); and emerging evidence from other fields, such as community organizing, employment, community safety, and public health.

This report shows that civic capacity can be built and developed when organizations are willing to invest in it, and make deliberate efforts to do so. The recommendations that follow are not just for LISC, Enterprise, and CDCs as Living Cities moves forward. They are for all foundations, intermediaries, local governments, and neighborhood groups that are concerned

about reducing poverty, advancing social and racial equity, and building neighborhoods that are inclusive, diverse, and vibrant. Our findings suggest that the following actions can enhance the development of civic capacity in the community development system and position communities to interact more effectively with external systems and markets:

Invest in advocacy work and broaden the policy agenda.

In recent years, intermediaries in many Living Cities sites have led or participated in public education and advocacy campaigns targeting city councils and state legislatures to support affordable housing trust funds, inclusionary zoning ordinances, or eminent domain legislation. Success to date suggests this is a valuable line of work, and there is the potential to heighten and broaden impact by connecting to coalitions that address broader economic development and social justice agendas, or take on issues like smart growth, transit-oriented development, inclusionary zoning, and equitable development.

City-level intermediaries may further enhance the power of their advocacy campaigns by connecting them to grassroots organizing efforts in neighborhoods. The INCO and RHICO experiences suggest the benefits and challenges of such efforts.

Successful advocacy work cannot happen without sophisticated staff who are able to do the following: analyze political power bases and pressure points; keep track of legislative, administrative and regulatory opportunities; prepare policy analyses; and work strategically with a variety of actors both inside and outside the policy system. Funding for this kind of work is often hard to come by, but the successes that the community development system has had suggest it deserves increased investment.

Support two strategies—neighborhood analysis and neighborhood visioning—that help high-capacity community development organizations expand their programmatic agenda.

Achieving comprehensive neighborhood change requires an understanding of community dynamics and functioning; knowledge about how specific systems, local governments, and markets work; and an ability to identify effective entry points or pivot points for leveraging change in specific communities, markets, and systems. This knowledge can be developed by neighborhood analyses that look beyond local housing and economic development data to include, for example, social indicators, information on political access, local power structures, and racial and cultural dynamics, as well as an understanding of the position of the neighborhood in relation to the municipal and regional economies. This process has been greatly facilitated by the fact that local area data—from property values to crime rates to health statistics—have become easier to access in many sectors. Data on regional economic and housing markets and population trends are also becoming more accessible.

Such analyses often require the contributions of multiple organizations and actors from both the public and private sectors. Experience suggests that this capacity to

collect, analyze, and present data is more likely to reside in an intermediary, a technical assistance provider, or a research institution, while neighborhood organizations typically play a key role in mobilizing neighborhood residents to develop and implement agendas for change.

Evidence from a variety of fields indicates that analysis of community strengths and weaknesses is a powerful tool for mobilizing commitment and action and prioritizing work. Community assessments, visioning exercises, and comprehensive planning efforts are becoming standard vehicles for the agenda-setting that is a critical part of neighborhood revitalization work. These processes require facilitation from staff who can motivate, negotiate, and mediate as well as analyze data. They also require local organizations to support intensive community organizing; foster the emergence of neighborhood leaders; engage a broad section of residents, associations, and organizations; mobilize local constituencies around the vision and specific implementation activities; report back regularly to the community; and develop mechanisms to hold external actors accountable.

Experiences reported here and elsewhere confirm that community organizing should be recognized as a core component of community development. To heighten effectiveness, organizations that take this on need to integrate organizing into their mission, values, and operations. This requires more than bringing an organizer on staff—it requires leadership and commitment at all levels of the organization. CDCs typically need technical assistance and coaching to do this.

Support partnerships that help intermediaries and CDCs broaden their programmatic and policy areas and diversify their funder base.

Community development is by definition a shared enterprise. We have seen how the broadened scope of the community development agenda of many Living Cities sites has led key actors within the system to develop new relationships, alliances, and partnerships. For good reason, they have chosen the path of partnership and collaboration over building in-house capacity in all sectors. A larger and more diverse group of stakeholders has the potential to create a more robust community development system. New, sometimes nontraditional, partners and investors can bring new ideas and innovation, more political clout, and more resources for promoting scale, stability, and sustainability.

This report highlights the importance of developing strategic partnerships with a variety of organizations—including ones that work in education, workforce development, or health—in order to broaden the work on the ground and leverage additional influence, expertise, and resources. Neighborhood organizations and intermediaries should look for partners not just within neighborhoods, but also among citywide and regional players. In particular, entrepreneurs and corporations in the private sector, and community foundations offer promising possibilities as funders and partners as

Living Cities moves forward. By bringing expertise and connections as well as financial resources to the table, they all have the potential to become powerful champions for isolated and poor communities. Corporate sponsors' experience as employers could bring important perspectives and resources to community development systems that are focusing on workforce and education issues for neighborhood residents. Community foundations can provide assets from their long-term embeddedness in the community, powerful connections to civic leaders, and familiarity with many of the programmatic areas that are part of the broader neighborhood agendas.

At the same time, it is important to be realistic about the time, skills, and costs of this way of working, and give staff and organizations the necessary supports. Partnership and collaboration make the work more complex and therefore more challenging—more fields to understand, more relationships to maintain, and more political dynamics to manage.

Frame new messages about community development and communicate strategically to multiple audiences.

Framing issues effectively is key to developing a constituency for affordable housing, community development, and neighborhood revitalization, and connecting them to antipoverty and social justice agendas. Strategic communication is not a luxury or an add-on; it is a fundamental necessity to ensure that the work is supported and can get done.

Living Cities actors have both external and internal audiences for their messages. The external audience includes elected officials, private sector leaders, and the media. Messaging for this audience has the general objective of increasing public will to act on behalf of poor neighborhoods, and enhancing commitment to social, economic, and racial justice. Strategic communication is important to broaden the appeal of the work and overcome the cynical conclusion that “nothing works,” and inner-city neighborhoods are too problem-ridden to offer opportunities for outside investors and entrepreneurs. The external audience needs to understand why inner-city neighborhoods are vital to the health of cities and metropolitan regions, and how community development contributes to a strong workforce, strong transportation systems, and strong schools.

The internal audience consists of Living Cities partners and allies—and potential partners and allies—in government agencies, foundations, anchor institutions, community-based groups, and advocacy organizations. For this audience, messages need to revolve around the need to overcome categorical approaches to community revitalization, the importance of thinking and planning from a regional perspective, and the advantages of strategic relationship-building.

Assess performance and adapt organizationally and strategically over time. Invest in research that focuses on civic capacity and its effect on community outcomes.

Resilient organizations are learning organizations. It is important that Living Cities actors continue to examine how and under what circumstances new strategies are working, and use this information to improve practice on the ground. Peer-to-peer and city-to-city networks can be effective ways of developing knowledge for action at the neighborhood level as well as at the intermediary and funder levels.

Tracking how civic capacity is used or built and the effect it has on neighborhood well-being is a very different enterprise from tracking the products of bricks-and-mortar projects. The evaluation field has been struggling for some time with how to assess the nonprogrammatic dimensions of change, including, for example, leadership development, community organizing, capacity-building, advocacy, collaboration, and social networking. The difficulty is less about how to measure these components—challenging as that is—than it is about how to demonstrate that they lead to improved conditions in neighborhoods.

Emerging evidence suggests that investments in civic capacity can help communities access resources to undertake neighborhood development, strengthen human capital and organizational capacity, and gain political voice. The evidence is not yet systematic, however, and more in-depth research on the connection between civic capacity and overall improvement in neighborhood outcomes is needed. This report finds that Living Cities sites are already undertaking many aspects of civic capacity-building and concludes that they can do still more. As a result, Living Cities offers a rich venue for pursuing better evidence—based on systematic, cross-site research—to show how civic capacity can be built, and how increased capacity can affect the course of neighborhood change efforts over the long term. This knowledge-development agenda deserves high priority because of its potential to enhance the work of a wide range of community change initiatives including, but not limited to, Living Cities.

Thinking of the components of civic capacity as identifiable and important targets for investment represents a shift from the traditional ways of doing community development work. While they may have been recognized as key elements of the change process, they have typically not been seen as a legitimate investment target. More often, they are thought of as preconditions to or by-products of the work that don't require deliberate effort. Or, they tend to be thought of as the “soft” stuff while the “real” work has been about constructing houses, packaging loans, or designing commercial space. The conclusion of this research is that the time has come to focus attention on civic capacity and give it greater legitimacy in Living Cities' and related initiatives' overall approach to change.

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