National Support for Local System Change:
The Effect of The National Community Development Initiative on Community Development Systems

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Introduction and Summary

After years of stagnation and decline, many urban areas rebounded strongly during the 1990s. Across the continent, city jobless rates fell significantly, crime rates declined, and municipal budgets stabilized. The decade brought renewed demand for urban housing and increased commercial and retail interest in city neighborhoods.

The 1990s also saw significant growth in the capacity of the nation’s community development corporations (CDCs). These are nonprofit community-controlled development organizations dedicated to neighborhood revitalization. Historically weak because of the difficult financial circumstances under which they worked, CDCs ramped up production, improved their capacity to implement physical revitalization programs, began expanding into areas beyond housing production, and increasingly became the delivery vehicle of choice for neighborhood-based improvements.

As this paper shows, the National Community Development Initiative (NCDI) played an important role in strengthening CDC industries, dramatically so in certain cities. Launched in 1991 by a group of private foundations and financial services corporations, the NCDI collaboration pooled $254 million in financial support from national corporate and nonprofit funders and the U.S. Department of Housing and Urban Development (HUD). Through two national community development intermediaries—the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation—NCDI invested in CDCs and the local institutions that support them. Over the decade, NCDI funding allowed LISC and Enterprise to supply hard-to-obtain interim finance to community development projects, which made it possible for CDCs to ramp up their production levels and to increase the range and complexity of the neighborhood projects they undertook. NCDI funding played a critical role in providing operating support funding for cash-short CDCs, typically channeled through increasingly sophisticated operating support collaboratives, which held groups accountable for results, but also helped them develop sufficient capacity to accomplish them. Finally, NCDI’s injection of new, national funding into cities helped local LISC and Enterprise offices draw new resources to community development, helping strengthen and institutionalize support for community development among key players in local communities.

1 In 2001, NCDI funders committed to an additional ten years of investment. Since that time, the organization has expanded its activities and incorporated as a nonprofit with a new name: Living Cities: The National Community Development Initiative.
This paper is organized into seven sections.

Section 1 describes how CDCs attempt to improve neighborhoods that have been largely abandoned by traditional businesses and middle-class property owners. CDCs long have drawn support for their work from government, foundations, corporations, religious institutions, and other civic associations. These entities constitute the community development system—the relationships among neighborhood leaders, community development corporations, intermediaries, and citywide institutions that mobilize, allocate, and wield finance, expertise, and political influence for neighborhood improvement purposes. Historically, national and local community development systems have been fragmented. Disconnects among various programs and functions performed by city agencies, lenders, foundations, CDCs, and others compromised CDC ability to secure the resources needed to improve the quality of life of urban neighborhoods.

NCDI aimed to create more integrated, efficient, and effective community development systems in the places where it invested, by pursuing three related approaches:

1. NCDI funders opted to channel their dollars through intermediaries, rather than directly fund local programs. They selected the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation—both with local offices in major cities throughout the country—to operate NCDI. Each local office was given the flexibility to respond to on-the-ground conditions.

2. NCDI provided both grants and loans for development projects and grants for CDC operating support. This combination was key to ramping up CDC production and elevating CDC performance.

3. NCDI funders sought explicitly to engage other players and create a strong and ongoing local community development system.

Section 2 describes the methodology used to assess NCDI. The paper relies on an evaluation of NCDI conducted by a team of community development experts, who visited each NCDI city about every 18 months during the 1990s and submitted detailed field reports. To determine NCDI’s effects, the paper’s authors identified four components of the local community development system, and examined each in turn:

- **CDC industries**: the complement of CDCs within cities.

- **Production systems**: the set of relationships among people and institutions that mobilize, allocate, and regulate the use of land and capital for neighborhood improvement purposes. Typical activities include development of affordable housing and commercial establishments.

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2 Three of the four components of the community development system are themselves “systems” by virtue of the interrelated functions each set or structure of relationships performs. Further, these systems are related to one another, at least insofar as the organizations and actors themselves often are the same. To avoid the inelegant “subsystem” to describe the set of relationships required to carry out production, capacity building, and leadership functions, we refer to them simply as “systems.”
• **Capacity-building systems**: the set of relationships among people and institutions that mobilize and allocate resources to strengthen CDCs’ ability to pursue neighborhood improvement purposes. Activities include provision of operating support, consulting assistance, training and seminars, and upgrades to financial, personnel, and information and asset management systems.

• **Leadership systems**: the set of relationships among CDCs, intermediaries, and those who command community development resources. Leadership systems mobilize political support and resources for a community development agenda.

Sections 3 through 6 examine what happened to each of the four system components during the 1990s and NCDI’s role in those developments:

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### National Community Development Initiative Funders

#### Initial Funders
- William and Flora Hewlett Foundation*
- John S. and James L. Knight Foundation
- Lilly Endowment**
- John D. and Catherine T. MacArthur Foundation
- Pew Charitable Trusts
- Prudential Insurance Co. of America
- Rockefeller Foundation
- Surdna Foundation

#### Additional Round II Funders
- Annie E. Casey Foundation
- McKnight Foundation
- Metropolitan Life Foundation
- J.P. Morgan & Co.***
- U.S. Department of Housing and Urban Development

#### Additional Round III Funders
- Deutsche Bank (formerly Bankers Trust Co.)
- Chase Manhattan Bank***
- Robert Wood Johnson Foundation
- W.K. Kellogg Foundation
- Bank of America (formerly NationsBank)

* The Hewlett Foundation did not invest new funds for Round III.

** The Lilly Endowment did not participate with new funds after Round I.

*** Chase Manhattan Bank and J.P. Morgan & Co. began participating in NCDI as separate entities and have since merged into one organization.


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### Cities in the National Community Development Initiative

- Atlanta
- Baltimore
- Boston
- Chicago
- Cleveland
- Columbus
- Dallas
- Denver
- Detroit
- Indianapolis
- Kansas City
- Los Angeles
- Miami
- New York
- Newark
- Philadelphia
- Phoenix
- Portland, OR
- San Antonio
- San Francisco Bay Area
- Seattle
- St. Paul/Minneapolis
- Washington, D.C.
Section 3: CDC industry. The NCDI field evaluations found nearly unanimous agreement that CDC industries had improved over the 1990s. Local observers credited improvements in production, capacity building, and leadership systems as critical to CDC industry advances.

Section 4: Production systems. CDCs expanded their production outputs, especially affordable housing, but also other developments that allowed them to respond to neighborhood problems more comprehensively. NCDI funding played a key role by filling financing gaps for CDC projects, particularly in the early stages of project development.

Section 5: Capacity-building systems. CDC capacity-building systems registered significant gains—the contribution of NCDI is clearest in this area. NCDI funding played a key role by capitalizing local operating support programs or augmenting their funding. Supported by NCDI funding, over the decade the majority of local programs came to offer multiyear funding to CDCs, establish performance standards as a condition for support, and broker needed technical assistance.

Section 6: Leadership systems. Local collaborations evolved in nearly all 23 NCDI cities to engage leaders from different sectors in support of community development. While NCDI’s impact is difficult to quantify, the field research clearly suggests that NCDI helped establish the political legitimacy of CDCs, drew new funders to community development, and encouraged the institutionalization of community development support.
Section 7 explores the strengths and weaknesses of the NCDI model. Relying on LISC and Enterprise as the conduit for NCDI funds is a key strength, providing a framework for ensuring accountability and for implementing effective programs. NCDI’s decentralized approach was well suited to the highly idiosyncratic and localized nature of community development. And including HUD in the collaborative was an advantage. HUD funds substantially boosted the grant support available for CDC operations, and it imposed accountability requirements of its own.

A key weakness of the model was the difficulty in defining performance standards that apply equitably across different cities, which made it difficult to hold the local LISC and Enterprise offices accountable for achieving community development targets. A related weakness was dependence on the resources and leadership able to be mobilized from government and the private sector in each city, a function of the decentralized model NCDI adopted. In the most difficult community contexts, the demands placed on LISC and Enterprise local offices to act strategically, exercise leadership, build the capacity of weak industries, and produce units exceed the capabilities of all but the strongest program officers. And while most intermediary staff were imaginative and technically strong, there were exceptions. A stronger emphasis on local performance would help ensure programs are carried out creatively and effectively. Moreover, the NCDI model could be improved by using NCDI funding and the prestige of national funders to encourage new state and local efforts to support community development.
Background and Core NCDI Concepts

The clearest symbols of America’s urban challenge are the rows of abandoned properties that line poor neighborhoods’ major thoroughfares. In the poorest neighborhoods of Philadelphia, Cleveland, Chicago, Los Angeles, and many other cities, the collapse of residential housing and commercial markets left behind more than physical deterioration. It also contributed to concentrations of poverty that aggravate the isolation of the poor from mainstream social and economic opportunities.

Economic isolation and the concentration of social ills that accompanies it undermines community residents’ ability to act together to improve their conditions. But this kind of cooperative action is just what is needed to resolve the twin problems of market failure and social isolation. Beginning in the 1960s, one type of entity—community development corporations—sought to involve community residents in efforts to improve neighborhood quality, and thereby reverse the cycle of disinvestment and decline.

Community development corporations (CDCs) are nonprofit, community-controlled development organizations dedicated to neighborhood revitalization. They build affordable housing, improve commercial areas, prepare community plans, advocate for better public services, and conduct other activities to help better their communities. Over the years, the best organizations have served effectively as brokers between community residents and the broader group of powerful interests that command the resources needed to make neighborhoods better.

For years, CDCs have struggled against financial challenges. Although they are development entities able to earn revenues from projects, these projects rarely generate the income needed to cover all of CDC costs. For example, affordable housing projects are built to provide affordable housing for tenants, not generate profits for developers. Further, to accomplish community goals, CDCs often renovate the worst properties—those that drag down the neighborhood—and these cost more to develop. CDCs also undertake a host of activities—community planning, organizing, and advocacy—that generate no income at all.

To overcome these challenges, CDCs must rely on their connection to sources of money, talent, and expertise outside these neighborhoods, that is, to relationships within the community development system. The community development system consists of the relationships among neighborhood leaders, community development corporations, intermediaries, and citywide institutions that mobilize, allocate, and wield finance, expertise, and political influence for neighborhood improvement purposes. Citywide institutions include government, financial institutions, private foundations, corporations, major universities, and civic bodies. Each is a potential contributor to implementation of affordable housing, commercial redevelopment, community safety, workforce development, and other CDC programs.

But throughout the 1970s and 1980s, in most cities, this system was notoriously fragmented. Affordable housing development can easily require the assembly
of six or more different financing sources, each with its own rules pertaining to allowable uses, eligible beneficiaries, and application and reporting requirements. Support for CDC projects may have to be solicited from city administrators, elected executives, representatives of individual council districts, even state legislators. One agency may be responsible for subsidizing housing, another a daycare center, and still another, family services—even though all will be offered in the same apartment building. And while the federal government has periodically devolved program authority to state and local government, this fragmentation has not improved much over the past 30 years because cities continue to rely on categorical federal aid.

This fragmentation introduces serious inefficiencies. Lack of coordination brings high transaction costs for projects, which drains CDC staff and budgets and compromises CDCs’ financial strength Stegman (1991). CDC financial and organizational weakness, in turn, reinforces their dependence on city agencies and private funders for operating support, making it harder for CDCs to maneuver and aggressively advocate for improved city services.

Throughout the 1980s, CDC supporters struggled to solve the problems caused by these chronic inefficiencies. By the early 1990s, several cities had created the basic elements of a well-functioning nonprofit industry. Success in these cities, together with the growing strength of national organizations devoted to community change, paved the way for widespread improvements in community development systems across a broad front.

The National Community Development Initiative: Role and Core Concepts

In 1991, a group of private foundations and financial services corporations formed NCDI to promote neighborhood revitalization by strengthening the CDC industry in multiple American cities. Participants agreed to supply the financial and technical support needed to fill the most obvious gaps in local community development systems. They agreed to attract local corporate, foundation, and public funders to the field. And they agreed to provide direct financing to CDCs.

The NCDI model relies on four core programmatic concepts. This report does not trace each of these concepts across the 23 cities in the NCDI program, although their importance is clearly reflected in the community development gains inspired by NCDI. Rather, this report summarizes the overall results of the initiative, drawing where necessary on examples from selected cities.

- National intermediation. NCDI community investments are overseen by the local offices of two national intermediary organizations: the Local Initiatives Support Corporation (LISC) and The Enterprise Foundation (Enterprise). LISC and Enterprise raise financial and technical resources at the national level and channel these resources locally into low-income neighborhoods. By NCDI’s inception in 1991, both intermediaries had amassed substantial organizational assets and expertise.

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1 The basic characteristics of this industry are described in Walker (1994).
NCDI funders chose to funnel their resources through LISC and Enterprise because they were confident their funds would be well spent and that their own investments would be supported by others.

- **Multiple forms of local assistance.** Two types of assistance have proven to be the most needed by CDCs: (1) loans for development activities and (2) grants for operating support, community programs, technical assistance, and other capacity-building activities. NCDI provides both, channeling loans from financial institutions and grants from foundations and the Department of Housing and Urban Development (HUD).

- **Local flexibility.** Each LISC and Enterprise field office develops its own program for the use of NCDI funds, consistent with objectives set by the intermediaries’ national offices and the consensus of local advisory committees. Local offices may, for example, use their loan funds to generate rental housing, build units for sale to homebuyers, renovate community facilities, or undertake other development projects. The decentralized structure allows local offices to respond appropriately to local conditions. Because poor communities across the country share many of the same redevelopment needs and use federal funds, the local programs tend to be similar.

- **System-building emphasis.** NCDI funders did not provide funds simply to promote redevelopment projects or aid individual CDCs. Rather, they sought explicitly to engage other players in community development over the long term, leveraging their financial and political support for CDCs. As NCDI evolved, its funders made it clear that they expected strategic investments in local systems to remedy the fragmentation of the past and lay the groundwork for sustained local investments.

Figure 1.1 depicts how monies flowed from funders to CDCs. Corporations, foundations, and HUD provided $254 million to LISC and Enterprise through NCDI. LISC and Enterprise, acting as fiscal agents for NCDI management, set aside $10 million for policy work, communications, management, assessment, and other program support activities. The remainder of funds, amounting to $244 million over the three phases of NCDI, were allocated to the two intermediaries based on the numbers of cities in which they operated programs. Another $33 million was allocated by LISC and/or Enterprise for capacity-building programs, intermediary administration, and other NCDI consultants, including the National Congress for Community Economic Development. The remaining $211 million, or 82 percent of all funds provided by the NCDI funders, went to local offices in the 23 cities for investments in CDCs. The two intermediaries selected field offices for funding based on their potential to achieve significant impact in their communities, and their readiness to support a larger production program.

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**Figure 1.1**

**National Community Development Initiative Flow of Funds (Millions of Dollars)**

- **Corporations**: $87.3
- **Foundations**: $103.4
- **HUD**: $36.0
- **NCDI**: $253.7
- **LISC**: $175.5
- **Enterprise**: $78.2
- **Local Offices**: $144.0
- **Local Offices**: $67.2
  - **CDCs**
  - **CDCs**

*Source: Compiled by Urban Institute based on materials supplied by NCDI.*
O

ur research answers one core question: What have been the effects of NCDI investments on community development systems in the 23 cities where these investments were made?

Research Approach

To answer the core questions of this research, we adopted the notion of a community development system, which consists of the relationships among neighborhood leaders, community development corporations, intermediaries, and citywide institutions that mobilize, allocate, and wield finance, expertise, and political influence for community development purposes. Community development systems have four primary components:

- **CDC industries**: the complement of CDCs within cities.
- **Production system**: the set of relationships among people and institutions that mobilize, allocate, and regulate the use of land and capital for community development purposes. Typical activities include development of affordable housing, commercial buildings, and community facilities.
- **Capacity-building system**: the set of relationships among people and institutions that mobilize and allocate resources to strengthen organizations’ ability to pursue community development purposes. Activities include provision of operating support, consulting assistance, training and seminars, and upgrades to financial, personnel, and information and asset management systems.
- **Leadership system**: the set of relationships among CDCs, intermediaries, and those who command community development resources. Leadership systems mobilize political support and resources for a community development agenda.

In the best functioning community development systems, these components reinforce one another. For example, capacity systems may build the CDC staff skills needed to take advantage of the opportunities offered by the production system. Or production systems can be streamlined to permit small organizations to apply for funding without needlessly expensive paperwork. But as noted in the introduction, production and capacity systems do not always complement one another. At the beginning of the 1990s, the most pervasive disconnects between the two lay in the inability of production systems to generate sufficient operating support to fully cover the costs of CDC revitalization activities, thereby spinning off revenues for capacity building, for example, hiring or training staff.

The basic task as practiced by the best LISC and Enterprise offices is community development system building—getting individual systems working as well as possible, and linking them together in ways that overcome traditional fragmentation. Throughout the decade, NCDI supplied large amounts of loan and grant funds to local offices of the national intermediaries to help them carry out system-building tasks. These funds were for new investments in production and capacity building, which in turn were expected to leverage improvements to leadership systems.

To assess the effects of NCDI on community development systems, we answered four questions for each of the system components: What did these systems look
Research Approach and Methods

Like at NCDI’s inception in 1991? What transpired over the decade of the 1990s? What did NCDI contribute by way of new resources? What system-building role did NCDI have?

We expected that differences among cities would influence intermediary selection of activities to pursue and affect the results of NCDI-funded efforts. Therefore, we classified each NCDI city according to the relative strength of its production, capacity-building, and leadership system. These classifications draw on field research activities described below and information supplied by local LISC and Enterprise staff in their strategic planning for the fourth phase of NCDI, which began in June 2001.

Reflecting the considerable differences in the quality of systems at the beginning of the 1990s, local LISC and Enterprise staff opted for different mixes of basic investments, new program packages, and innovative programs. For example, the right combination for Dallas, at a beginning stage of community development system building, would make little sense in Boston’s sophisticated community development environment. We identified three types of system-building activities:

- Basic investments in the building blocks of rudimentary production and capacity-building systems as they pertain to CDCs, which include predevelopment and construction funding on the production side, and operating support and technical assistance on the capacity-building side.
- New program or institutional packages that consolidate major elements of production and capacity-building systems, allowing them to operate at a national standard. Examples include the creation of new production programs—for example, community facilities or homeownership—or the creation of new operating support collaboratives.
- Innovative production and capacity-building programs and institutions that establish new standards of national practice.

Analysis Methods and Data Sources

We did not set out to track the effects of individual NCDI workplan activities on community development systems. This would have required large investments of data collection and analysis resources without any assurance that outcomes could be measured reliably and NCDI’s effects disentangled from the myriad other factors that influenced community change throughout the decade. Instead, research resources were devoted to tracing the overall level of change in community development systems throughout the decade. We did, however, ask local intermediary staff and their partners about the NCDI-funded activities they most valued, and asked them to describe in general terms the results of major NCDI activities.

Thus, our findings are based on an unprecedented effort to track community change in multiple cities over a 10-year period. We rely heavily on field reports for all 23 NCDI cities, compiled by a team of community development experts, each of who visited his or her assigned NCDI cities about every 18 months. These reports follow a common format, typically covering each of the four system components, but
emphasizing different aspects of these components in each reporting cycle. Field researchers gathered information through interviews with representatives from local intermediaries, CDCs, city agencies, banks, foundations, and with other informed observers.

We also rely on other sources of evidence gathered throughout the course of this research. Specifically, some of the findings contained in this report rely on the following:

1. A mail survey of CDCs to find out about CDCs’ activities, assessment of capacity and priorities for the future, and ratings of other community development actors. We surveyed all CDCs in the 23 NCDI cities that were capable of producing 10 housing units per year or more (or the commercial space equivalent) as judged by local intermediary staff. We received 163 completed surveys from 270 surveys mailed, a 60 percent response rate.

2. Documentary material on CDC activities and accomplishments, city administration programs and policies, and other local activities, as well as published reports on changes in federal policy, national funding patterns, and others. We also analyzed data from the Department of Treasury’s Home Mortgage Disclosure Act files, information from the U.S. Census, and other public databases.

3. Information from LISC and Enterprise management information systems on the amount and purpose of NCDI and non-NCDI funding in each NCDI city.

4. Information from LISC and Enterprise program documents submitted to NCDI management and funders as part of their planning and reporting requirements. Most helpful were the system “Portraits” compiled in 2001 in preparation for NCDI’s second decade, the local workplans prepared at the beginning of each of the three NCDI funding cycles, and annual and semiannual reports on problems and progress in implementing NCDI-funded activities.

Our analysis relies on multiple pieces of evidence, assembled and analyzed to arrive at solid conclusions about the direction and pace of change in each NCDI community.

In the analysis to follow, we will rely on findings from other research completed as part of the NCDI assessment. In particular, the following descriptions of overall changes in CDC industries and community development production, capacity, and leadership systems draw on a companion monograph to this one, *Community Development Corporations and their Changing Support Systems* (Walker 2002).
The CDC industry in each city consists of CDCs and the projects, programs, and activities they undertake to revitalize neighborhoods. Over the past 10 years, we have amassed much quantitative evidence on CDC industries, including the number of CDCs exceeding minimum housing production capacity thresholds, their expenditures, the number of housing units they developed, and the programs they offer. We also have assessed, in general terms, CDCs’ capacity to undertake these projects effectively and to draw resources from the broader community development system to their neighborhoods. This section summarizes some of this previous research as a prelude to analysis of how community development systems changed in ways that produced industry growth.

**CDCs Gained Reputations for Improving Neighborhood Quality**

CDCs aim to improve the quality of life of the people they serve. They do this by creating housing that’s affordable, helping businesses create jobs, training workers, and doing other activities that benefit poor people directly. But most CDCs also aim to make neighborhood-wide improvements by encouraging other investors to make long-term funding commitments to neighborhood projects. This is extremely difficult to accomplish. Investors respond to a wide variety of market signals about the social and economic health of neighborhoods, of which only a few can be influenced by CDC activity. Long-standing beliefs about poor neighborhoods and their dim economic prospects have proven resistant to change. As a result, many policymakers have been skeptical of CDC efforts. Our research found that:

- Some CDCs’ investments, by improving neighborhood quality and demonstrating neighborhood market potential, have sent the signals needed to induce investment from other sources. New econometric trend analysis conducted for this research shows that the housing markets in certain neighborhoods have significantly responded to CDC redevelopment efforts. For example, in the Portland, OR study neighborhood, home property values increased 60 percent more than they otherwise would have had there been no CDC effort; the corresponding figure in the Denver neighborhood was 50 percent.
- Field research found widespread agreement among local bankers, public agency staff, foundation representatives, and other community development practitioners and observers in NCDI communities that CDCs have made a difference in neighborhood markets over the last decade. In about two-thirds of cities, practitioners credited CDCs with successful neighborhood turnaround in at least one neighborhood (Walker 2002).
- CDCs have achieved the broadest results where they pursued a consistent redevelopment strategy over time, supported by strategic alliances with other neighborhood and citywide actors (Temkin et al. forthcoming). Cities that had created the best community development support systems throughout the 1980s and 1990s had created by the end of the 1990s a cadre of multiple strong CDCs able to pursue neighborhood revitalization for the long haul.

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1 For more, see Temkin et al. (forthcoming).
CDCs Improved Their Ability to Respond to Neighborhood Problems

At the end of the decade, the most capable CDCs in the 23 cities maintained diverse portfolios of community development activities, funded by a dramatically increased flow of financial support compared to the beginning of the 1990s.

- During the 1990s, CDCs as a group took on a range of activities that were much broader than their traditional stock-in-trade of affordable housing development. Groups that in 1999 pursued the most diverse set of activities—at least five among affordable housing, economic development, youth and workforce development, community organizing (including planning, community safety, and advocacy), open space, and community facilities development—comprised about one-quarter of the industry, averaged million-dollar operating budgets, and employed 23 staff.6

- The number of CDCs able to carry out revitalization activities and the scope of those activities increased dramatically over the 1990s. From 1991 to 2001, the number of CDCs able to produce more than 10 housing units (or their commercial equivalent) annually nearly doubled (from an average of 4.5 CDCs per city to 8.3 per city) (Walker and Weinheimer 1998, 28).

- CDC industries—the complement of CDCs in each community—grew over the first two-thirds of the decade. The largest industries in 1990 in terms of the aggregate value of their operating budgets almost doubled in size between 1990 and 1997. In these cities, CDCs had a long track record of participation in city-funded programs.

More dramatic are the gains in cities where the industry was small, in which operating expenses grew by 1997 to be two-and-one-half times larger than their 1990 beginning point.

CDCs did not improve everywhere across the board, however. Even in cities with the strongest community development systems, some CDCs did not keep pace with the overall upswing in productive capacity. The collapse of several nationally prominent CDCs shows that even the strongest CDCs can be vulnerable to financial losses due to mismanagement or inadequate management systems. In addition, the growth in capacity of CDCs to improve neighborhoods did not keep pace with the rising number of urban communities with a legitimate claim on community development resources. For example, in nearly every city in our study, we found that immigrant groups were unable to break into the first rank of CDC organizations and claim what they view as a fair share of resources.

6 The CDCs in the survey were larger than average, compared to those responding to the latest National Congress for Community Economic Development’s triennial census, which records an average $500,000 operating budget and staff of six. See NCCED (1998).
Moreover, CDC industries were not equally strong across NCDI cities at the beginning of the 1990s or at decade’s end. In the fall of 2000, local LISC and Enterprise staff rated CDC industries in their communities according to six indicators of quality:

- **Effective Program Delivery**, as shown by the industry percentage of CDCs with a reputation for good, neighborhood-appropriate, strategically framed projects, ability to produce to scale, and ability to manage assets;

- **Strategic Alliances**, as shown by the industry percentage of CDCs engaged in partnerships aimed at development and community-building;

- **Command of Information Technology**, as shown by the industry percentage that use it effectively for internal management as well as for analysis of neighborhood trends and community communication;

- **Community Leadership**, as shown by the share of CDCs with a community planning process, with boards and staff representative of the neighborhoods they serve, and participation in civic bodies and advocacy efforts;

- **Effective Government and Management**, as shown by the share of CDCs with strong management systems, staff expertise, and board membership; and

- **Capacity to Attract Funding and Staff**, as shown by the industry share of CDCs that are financially sound, broadly funded, and capably staffed.

These measures were selected by general agreement among the research team, the funders, and national intermediary staff as indicators of the areas where CDCs must develop competence to be effective as community-based developers and where technical assistance has been directed in the past.

These measures of industry quality can be combined with measures of industry size to arrive at an overall measure of industry strength. Where NCDI cities fall on these dimensions of size and strength are shown in figure 3.1.

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**Figure 3.1**

**NCDI Cities Grouped by CDC Industry Strength in 2000**

<table>
<thead>
<tr>
<th>Strongest CDC Industries</th>
<th>Weakest CDC Industries</th>
</tr>
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<tr>
<td>Group A</td>
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<tr>
<td>Larger industries</td>
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<td>New York City</td>
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<td>Seattle</td>
<td>Bay Area</td>
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<tr>
<td>Baltimore</td>
<td>Denver</td>
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<tr>
<td></td>
<td>Detroit</td>
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<td></td>
<td>Indianapolis</td>
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<td>Kansas City</td>
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<td>Phoenix</td>
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<td>St. Paul</td>
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<td></td>
<td>Columbus</td>
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<td></td>
<td>Dallas</td>
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<tr>
<td></td>
<td>San Antonio</td>
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What Explains Relative Performance?

The explanation for differences across these cities in the strength of CDC industries is the relative strength of their production and capacity-building systems. That is, CDC industries tend to be strongest where the project development finance is effectively and efficiently supplied and government regulatory and administrative functions are competently performed, and where local operating support collaboratives deliver multiyear operating support linked to CDC performance targets and a strong technical assistance program.

The six strongest CDC industries belong to New York, Washington, D.C., Portland, OR, Seattle, Baltimore, and Cleveland, as presented in the chart above. Four of these (Cleveland, New York, Portland, OR, and Seattle) are among the best functioning production and capacity-building systems in the group of 23 NCDI cities. A fifth, Washington, D.C., has a first-class capacity-building system that is hampered by a complex and inefficient production system. The five weakest CDC industries belong to Los Angeles, Dallas, Miami, Columbus, and San Antonio; the first three have the least well-functioning production and capacity-building systems among NCDI cities. The other two cities in the weakest group—Columbus and San Antonio—created workable production and capacity-building systems only toward the end of the 1990s.

The relationship between CDC industry strength and the quality of production and capacity-building systems does not hold for all cities. The best example is Chicago, which has no operating support collaborative to help combine or coordinate the various streams of support for core operations and technical assistance. The city has, however, developed alternative ways of mobilizing resources; for example, the Chicago Rehab Network, the industry trade group for nonprofits engaged in housing development, provides some of the technical support often provided by support collaboratives. Over 30 years, Chicago CDCs developed durable one-to-one relationships with private corporations and foundations, an outcome produced by the city's early and aggressive community organizing efforts.

CDC industries did not improve everywhere at the same rate, nor did all individual CDCs keep pace with the overall upswing in productive capacity. But general improvement did occur in nearly every NCDI city, primarily because one or more components of the system—the CDC industry, production system, capacity-building system, or leadership system—improved.

Much of this improvement can be credited to the NCDI account. In production systems, NCDI funding helped LISC and Enterprise fill basic gaps in the inventory of financial tools, develop new program packages to expand and diversify production, and to create nationally innovative community development models. In capacity-building systems, NCDI supplied hard-to-get operating support and helped intermediaries create top-of-the-line support collaboratives and new ways to strengthen CDC capacity. In system leadership, availability of NCDI funding increased the credibility and effectiveness of CDC industries and the two national intermediaries, thereby helping engage new funders into community development. We take each of these systems in turn. For each, we describe what transpired over the decade, then discuss the role, if any, NCDI played in these events.
Productions systems, especially for affordable housing, improved over the 1990s as more funds flowed into them and as new programs to expand the range of CDC activities were developed and implemented. NCDI funding helped local intermediaries play an important role in strengthening production systems by filling the gap for financing in the early stages of CDC projects and by providing timely funds to help CDCs compete more aggressively with private developers in active real estate markets. NCDI resources also were used to encourage cities to create new types of programs to further local community development practice, including support for CDC extensions beyond rental housing activities into the development of housing for home ownership and commercial centers. Generally speaking, local intermediary offices used NCDI funding to promote production system innovations in cities with established CDC industries or solid production systems at the beginning of the 1990s.

Production Systems and Their Problems

Production systems are the set of relationships among people and institutions that mobilize, allocate, and regulate the use of land and capital for community development purposes. The production system includes a wide range of actors—from developers and funders to land-use regulators—in involved in the physical revitalization of neighborhoods. The system also encompasses community-building activities beyond bricks and mortar to support neighborhood improvement.

Generating affordable housing is, by far, the primary activity of the production system. For CDCs to produce homes and apartments, the system must offer them access to finance—including predevelopment funds, construction monies, permanent finance, and rental and other operating income to keep projects in good repair. Any one of these types of funding may be subsidized, typically from federal sources, but large amounts of subsidy are particularly important for permanent finance, since low-income residents cannot generally afford housing financed at market-rates.

The production system includes regulatory elements too, such as zoning and other land use regulations, occupancy and other permitting requirements, and laws relating to acquisition and disposition of tax-foreclosed properties. These financial and regulatory elements interact in complex ways, and multiple agencies are almost always involved. The production system for affordable housing is notoriously complicated and inefficient. The multiple levels of government, financing sources, and regulatory activities rarely work together easily.

CDC commercial development involves an equally complex set of system supports, provided by some of the same set of government agencies, bankers, intermediaries, and foundation supporters as are involved in supporting affordable housing. Social services, community organizing, and other non-bricks-and-mortar activities too, require the interaction of another, sometimes completely different, group of players.
What Happened over the 1990s?

At the beginning of the 1990s, indeed throughout the decade, production systems in NCDI cities ranged from inefficient, unproductive, inadequately leveraged, and poor quality production systems such as Detroit’s to relatively streamlined, high-volume, highly leveraged, and good-quality systems such as New York City’s. Between these bookends ranged 21 other production systems within which CDCs worked.

The box below shows how cities varied in 1991 according to the strength of their production systems. These classifications are based on field research and local intermediary assessments.7

From this initial starting point, production systems generally improved over the decade. As documented in other NCDI-funded research, this improvement came in five ways:

- The affordable housing industry—developers, bankers, syndicators, community development intermediaries, and investors—became more adept in using Low-Income Housing Tax Credits, in place since 1986 (Cummings and DiPasquale, 1999). Intermediaries played a key role in moving large amounts of federal tax credit proceeds into CDC-sponsored developments.
- Private capital—at least for rental housing—became easier to secure during the 1990s, thanks to a general resurgence of rental housing production and the Community Reinvestment Act, which drew in more money from banks, according to our local contacts in the community development industry. CDCs, which had been penalized when private capital was restricted, were among the key beneficiaries. Data from financial institutions show strong lending in low-income areas.8 Our interviews detected a striking improvement in the local assessments of the availability of private capital for CDCs.

<table>
<thead>
<tr>
<th>Strength of Production System in 1991</th>
<th>Cities in Category</th>
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</thead>
<tbody>
<tr>
<td>Weak—Characterized by low levels of private funding, severe shortages of predevelopment finance, uncompetitive tax credit applications relative to other jurisdictions within the state, highly politicized project awards, and inefficient and overly bureaucratic permitting and approvals.</td>
<td>Washington, D.C., Dallas, Denver, Detroit, Oakland, Los Angeles, Miami, Phoenix, San Antonio, Indianapolis, Atlanta, Columbus</td>
</tr>
<tr>
<td>Moderate—Characterized by priority programs that work reasonably well, but others that hardly work at all, predevelopment funding that is difficult to obtain, an uneven flow of tax credit projects, and difficult, but not impossible, regulatory procedures.</td>
<td>Chicago, Philadelphia, Kansas City, Newark, Baltimore, St. Paul, Portland, OR, Seattle</td>
</tr>
<tr>
<td>Strong—Characterized by at least a modest inventory of programs that function well, supported by private sector lenders that understand community lending, a fairly predictable flow of tax credit project awards, and workable regulatory processes.</td>
<td>New York City, Cleveland, Boston</td>
</tr>
</tbody>
</table>

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7 See Walker (2002) for a complete description of the rating factors used and the source of information.

8 Data required by the Home Mortgage Disclosure Act show that between 1992 and 1997, the volume of residential home mortgage lending in poor central city areas (with poverty rates of 20 percent or more) increased at a faster pace than non-poor neighborhoods throughout metropolitan areas. See Walker (2002).
Increased federal funding for housing substantially eased competitive pressures on local housing resources and opened up new opportunities for nonprofit developers to expand production. The new federal HOME program, adopted early in the decade, doubled annual funding available to local governments for affordable housing, from $1.5 billion to $3 billion (HUD 1997). CDCs were also better able to compete effectively for these resources. Throughout the country, some local governments created their own funding sources for affordable housing, particularly through capitalization of trust funds from the proceeds of dedicated tax revenues.

The national community development intermediaries moved aggressively to create new financial products that filled chronic gaps in the nonprofit portion of the affordable housing finance system. Two products were especially important: (1) predevelopment and construction funding and (2) lines of credit and other sources of bridge funding. Financing for these early project phases is especially difficult to secure due to uncertainties over the financial viability of projects, the level of subsidies to be provided, city regulatory approvals, and long-term financing.

Together with improvements to capacity-building systems, production systems encouraged entry of CDCs into new types of community development activities.

These trends held true generally across communities, but there remained considerable variation in production system performance across cities, although perhaps not as much as at the beginning of the decade.

**What Resources Did NCDI Supply?**

NCDI made an immediate and significant contribution to CDC production in NCDI cities, particularly in areas that accounted for relatively little CDC production in the preceding decade—for-sale housing development, commercial facilities, and community facilities.

NCDI funds were used to finance nearly 19,500 affordable housing units, amounting to 23 percent of the 83,000 units assisted with intermediary loans, grants, and low-income housing tax credits purchased by intermediary-affiliated equity funds in the 23 NCDI cities. (See figure 4.1 and appendix table 4.)

Local offices of national intermediaries supply loans and grants to CDC-sponsored development projects to carry them through early phases of project development before buildings are completed and ready for occupancy. Subsequent permanent financing usually is provided by public agencies and private lenders, except for equity provided from the proceeds of low-income housing tax credits. These credits are sold to investors by the National Equity Fund (affiliated with LISC), the Enterprise Social Investment Corporation (affiliated with Enterprise), and other tax credit syndicators.

Figure 4.1 distinguishes between rental units that have tax-credit equity supplied by an intermediary-affiliated fund and rental units that received no tax credit investment, but did get grants or loans from local offices to carry out development. As the table shows, the 38,000 tax credit units are a majority of but not the preponderance of all intermediary-supported rental units; an additional 32,000 rental units were developed without tax credit support. In addition, intermediaries supported development of some 12,000 for-sale units.

Compared to their percentage of low-income tax units, NCDI-supported units were a higher share of all intermediary-supported for-sale housing units and rental units developed without low-income housing tax credits. For purposes of constructing the table, we considered any project developed with NCDI funding as consisting of “NCDI units.” More than one-half of the for-sale units—a development type new to many CDCs—were in projects that received NCDI support. NCDI supplied funding for 30 percent of non-tax credit rental projects. The NCDI share of tax credit project units, because they are often developed without local
intermediary loan or grant support (although usually with intermediary technical assistance, e.g., in financial packaging), came to only 9 percent.

- NCDI-supported projects accounted for 46 percent of the total commercial square footage and 24 percent of the community facilities square footage developed with LISC and Enterprise support in the 23 NCDI cities. Figure 4.1 also shows that NCDI-supported projects totaled 1.3 million of a total 2.9 million square feet of commercial space developed in the 23 NCDI cities between 1991 and 2001. Corresponding figures for community facilities (including school buildings, community centers, health care centers, and other service facilities) came to 133,000 square feet (NCDI) and 564,000 square feet (total).

- Between 1991 and 2001, NCDI provided $174 million in project funding through local LISC and Enterprise offices—42 percent of the $411 million in funding commitments made by the two intermediaries over the same period. (See appendix table 2.)

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**Figure 4.1**

**NCDI by the Numbers: Intermediary Outputs in NCDI Cities, 1991–2001**

<table>
<thead>
<tr>
<th>Total</th>
<th>NCDI Total</th>
<th>NCDI percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Affordable Housing Production</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax-Credit Rental Units</td>
<td>37,647</td>
<td>3,302</td>
</tr>
<tr>
<td>Non-Tax Credit Rental Units</td>
<td>32,034</td>
<td>9,370</td>
</tr>
<tr>
<td>For Sale Units</td>
<td>12,287</td>
<td>6,614</td>
</tr>
<tr>
<td>Total Units</td>
<td>81,968</td>
<td>19,286</td>
</tr>
<tr>
<td><strong>Non-Housing Production</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>2,872,828 sq. ft.</td>
<td>1,332,903 sq. ft.</td>
</tr>
<tr>
<td>Community Facilities</td>
<td>563,893 sq. ft.</td>
<td>132,843 sq. ft.</td>
</tr>
<tr>
<td>Mixed-Use</td>
<td>231,900 sq. ft.</td>
<td>208,000 sq. ft.</td>
</tr>
<tr>
<td>All Projects</td>
<td>3,668,621 sq. ft.</td>
<td>1,673,746 sq. ft.</td>
</tr>
<tr>
<td><strong>Development Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>$6,117 million</td>
<td>$1,411 million</td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>$444 million</td>
<td>$168 million</td>
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<tr>
<td>Community Facilities</td>
<td>$148 million</td>
<td>$31 million</td>
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<tr>
<td>Mixed-Use</td>
<td>$952 million</td>
<td>$632 million</td>
</tr>
<tr>
<td>All Projects</td>
<td>$7,662 million</td>
<td>$2,242 million</td>
</tr>
<tr>
<td><strong>Intermediary Funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>$291 million</td>
<td>$131 million</td>
</tr>
<tr>
<td>Commercial/Industrial</td>
<td>$26 million</td>
<td>$10 million</td>
</tr>
<tr>
<td>Community Facilities</td>
<td>$23 million</td>
<td>$9 million</td>
</tr>
<tr>
<td>Mixed-Use</td>
<td>$38 million</td>
<td>$14 million</td>
</tr>
<tr>
<td>All Projects</td>
<td>$377 million</td>
<td>$163 million</td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Includes all projects that received loans or grants from local LISC and Enterprise offices, and all projects receiving low-income housing tax credits—generated equity from the National Equity Fund and various state funds (LISC) and the Enterprise Social Investment Corporation (Enterprise) and their various national, state, and specially designated funds and affiliated funds.*

*Note: Figures for Housing, Commercial/Industrial, and Community Facilities are for single-use projects only. Any project that contains more than one use such as housing, commercial/industrial, or community facilities have been included in the Mixed-Use category. Some columns may not add due to rounding.*
Most of the finance NCDI provided was hard to come by otherwise: 91 percent of NCDI project funding was used to fund the high-risk acquisition, predevelopment, and construction phases of projects. (See appendix table 7.) In our interviews, intermediary staff ranked short-term financing for predevelopment, acquisition, and construction almost as important as operating support as the use of NCDI funds. Figure 4.2 shows the amounts of intermediary-supplied and NCDI-supplied funds for interim finance, by year.¹

What System-Building Role Did NCDI Play?
The NCDI funders strongly encouraged LISC and Enterprise offices to use new NCDI resources to fund CDC projects, but to do so in ways that encouraged lasting improvements to the way local production systems pursued neighborhood revitalization activities through community-based developers. Production system building means creating new relationships among people and institutions to increase the resources flowing into community development projects and programs, channeling investments through the community-based developers, encouraging new types of production activities, and help local governments regulate land use for community development purposes. NCDI loan funds for interim finance are the basic system-building tools available to local intermediary offices, supplemented by NCDI grant funding for special programs.

NCDI funding helped local intermediary staff accomplish three different levels of production system-building: (1) filling basic gaps in the inventory of financial products, allowing CDCs to take more complete advantage of city community development resources; (2) creating new programs to extend the range of community development production tasks CDCs can take on; and (3) developing new national models to expand and diversify the types of production supported systemically. (See text box.)

The level of system building intermediary staff could achieve with NCDI funding depended on their own ambition and abilities, the episodic opportunities afforded by changing political and economic circumstances, and most important, the readiness of local production systems and CDC industries to take on new production tasks. As shown in the discussion below, local intermediary offices were usually able to take on more advanced system-building tasks in cities with established CDC industries or solid production systems at the beginning of the 1990s.

Figure 4.2
Total Intermediary Acquisition, Predevelopment, and Construction Finance Provided to CDC Projects in NCDI Cities, 1991–2000

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation. Includes all projects that received loans or grants from local intermediary offices.

¹ The one-year hike in NCDI commitments in 1995 is explained by factors specific to multiple communities and should be regarded as anomalous.
NCDI support enabled local intermediary staff to fill gaps in production systems, which allows CDCs to take advantage of existing city housing programs. Most often, these investments consisted of the supply of acquisition, predevelopment, or construction finance to CDCs where these were unavailable from public, nonprofit, or commercial sources. This financing is for early project development phases—where “interim” finance is needed. It is especially difficult to secure due to uncertainties over the financial viability of projects, the level of subsidies to be provided, city regulatory approvals, and long-term financing.

This type of funding was provided in nearly every NCDI city, but in the weakest systems, its use was usually confined to supporting CDC implementation of whatever types of projects city governments were willing to fund. Unlike the creation of new program packages, this use of interim financing usually did not entail the creation of new combinations of city subsidies and private sector finance intended to diversify production. A prime example of this is the use of NCDI funding for construction finance in Philadelphia, which was otherwise unavailable from private sector banks. Cities where intermediaries filled basic gaps in systems included Dallas, Denver, Detroit, Oakland, Miami, and Los Angeles.

### New Program Packages — Bringing System Elements Up to National Standards

Creation of new program packages aims to make possible new types of production at scale, that is, as part of an ongoing program, not just episodic, isolated projects. Intermediaries used NCDI funding as part of the whole package of predevelopment, construction, and permanent finance, including amounts supplied by city agencies and private sector lenders. An example could include a new program of for-sale housing production, where the new program “package” consists of the procedures, regulations, documents, financial products, outreach and marketing, monitoring and performance assessment, training, and other activities needed to produce units. As in already-established production programs, NCDI funding typically is used to support acquisition and predevelopment costs.
Availability of NCDI money and local intermediary staff expertise can encourage new program creation by substantially reducing the difficulty of assembling a complete program package.

Intermediary staff accomplished this system-building task in many cities, including those with the strongest production systems. They did not usually pursue new program packages in cities that lacked rudimentary production systems. The most important activities in terms of amounts of intermediary-supplied funding included homeownership, commercial facilities, and community facilities programs.

**Home ownership.** NCDI funding helped CDCs move beyond their strong focus on rental housing and develop more housing for home ownership. Local governments began favoring affordable owner-occupied housing in the 1990s as a way to build more stable tax bases and encourage the creation of a stable middle-class cohort in poor neighborhoods. However, homeowner housing requires a different set of design, underwriting, development, and financing steps than is true for rental production. It also carries lower per-unit income streams, particularly in markets where real estate costs are high.

NCDI helped local intermediaries build CDC capacity to enter the ownership housing market. New or significantly expanded for-sale housing production programs supported by NCDI predevelopment and construction funding included Cleveland, Boston, Seattle, Phoenix, Indianapolis, and Kansas City.

**Commercial development.** By 2001, intermediaries were funding commercial or retail development in more than half of the NCDI cities—including Baltimore, Boston, Cleveland, Denver, Indianapolis, Los Angeles, New York, Oakland, Philadelphia, Portland, OR, Seattle, St. Paul, and Washington, D.C. In Boston, more than half of the city’s CDCs had become involved in commercial development by the end of the 1990s.

**Community facilities.** NCDI funds helped CDCs become involved in developing police substations, health clinics, parks, charter schools, community centers, and day care centers. NCDI funded such projects in more than 13 cities, including Atlanta, Baltimore, Chicago, Columbus, Los Angeles, Miami, New York, Oakland, Philadelphia, Phoenix, Portland, OR, Seattle, and Washington, D.C. (See figure 4.4 for NCDI intermediary amounts invested.)

**Innovation—Setting New Standards of Community Development Practice**

Some investments of NCDI funding helped to advance the state-of-the-art of community development as practiced nationally. This category of activity—setting new standards of practice—includes some types of activities that resemble those types already

<table>
<thead>
<tr>
<th>Type of Intervention</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Basic Investments</td>
<td><strong>Dallas:</strong> NCDI’s financing has been instrumental in helping at least three CDCs increase their roles in housing development. SouthFair CDC, Operation Relief CDC, and Vecinos Unidos, Inc. all received funding in NCDI-II &amp; -III and increased their housing production substantially. In 1999, Enterprise used NCDI funds to leverage $2.2 million in project financing from several locally based banks, Fannie Mae, and the Foundation for Community Empowerment to develop two 18-unit multifamily projects, a 220-unit multifamily project, two senior citizen projects, and 57 new construction single-family units.</td>
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<td><strong>Los Angeles:</strong> LISC provided basic project financing packages to CDCs for predevelopment and acquisition and fostered CDC-sponsored housing production by taking additional risks in its lending practices. In particular, LISC lent acquisition funds when there was not yet construction or permanent financing in place. It lent for longer terms for acquisition, enabling CDCs to line up financing for other phases. All of these activities enabled CDCs to move more swiftly to capture properties in a competitive market.</td>
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Type of Intervention | Examples
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</tr>
<tr>
<td></td>
<td><strong>Los Angeles:</strong> LISC provided basic project financing packages to CDCs for predevelopment and acquisition and fostered CDC-sponsored housing production by taking additional risks in its lending practices. In particular, LISC lent acquisition funds when there was not yet construction or permanent financing in place. It lent for longer terms for acquisition, enabling CDCs to line up financing for other phases. All of these activities enabled CDCs to move more swiftly to capture properties in a competitive market.</td>
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**Figure 4.3**

Intermediary-Supported Production of Owner and Rental Units, 1991–2000

![Graph showing production of owner and rental units from 1991 to 2000.](image)

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation. Includes all projects that received loans or grants from local intermediary offices.*

*Note: In late 1996, LISC began to record project data at a later point in the project development sequence, producing a 1997 drop in program totals. This change accounts for the apparent drop in 2000 totals as well.*

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<tr>
<th>Type of Intervention</th>
<th>Examples</th>
</tr>
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</table>
| New Program Packages | **Seattle:** In the early 1990s, NCDI supported three CDCs to create HomeSight, a CDC specializing in single-family homeownership. HomeSight has grown into one of the city’s most aggressive and respected CDCs, and its most reputable affordable housing developer. The success of this organization has popularized homeownership and drew bank lending to the city’s CDC industry. In addition to pressures created by the Community Reinvestment Act, HomeSight’s success helped explain why commercial credit for construction and permanent loans became more accessible and why strong competition to lend to CDC projects has manifested within the local banking environment over the years.  
**Boston:** NCDI funded the 1–4 Family Housing Program, which changed the way the city, CDCs, and financing sources looked at the product. The 1–4 program addressed neighborhood stabilization with an emphasis on recovering vacant one- to four-family homes owned by HUD, RTC, banks, or other agencies. Prior to this program, there were no housing ownership programs in the city and CDCs were limited to tax credit projects. Furthermore, NCDI funding allowed LISC to lead the city’s initiative to generate single-family housing. The city shifted its policies to encourage CDCs to move into single-family development, but it was LISC (backed with NCDI funds) that actually helped design the program.  
**Cleveland:** Founded in 1981, the Cleveland Housing Network (CHN) has become an extremely stable and productive affordable housing entity to which Enterprise has committed NCDI funds since 1992. It is an umbrella housing network consisting of 18 CDCs and generates an output of approximately 230 affordable single-family homes every year. In 2000, Enterprise reported that CHN raised $850,000 from the City of Cleveland, the State of Ohio, the Enterprise Social Investment Corporation, and The Enterprise Foundation for a capital improvements fund. |
mentioned, but they emphasized innovative ways to pursue development and revitalize neighborhoods. These strategies fall into three categories: (1) support for wholesale CDC entry into new areas of work beyond physical revitalization (most notably community organizing, workforce development, and comprehensive community initiatives), (2) new financial products, and (3) new institutional forms. An example of each is shown in the box on the following page.

During the 1990s, NCDI’s supply of predevelopment capital helped CDCs respond to neighborhood needs across a broader range of areas, including for-sale housing, commercial and community facilities, and community organizing. Some local LISC and Enterprise offices, with their local partners, also used NCDI funds to reward CDCs that incorporated neighborhood planning in development activities or otherwise improved their ability to identify and target developments to community needs. For example, with NCDI funding, several CDCs began to carry out targeted needs assessments in their communities.

Summary of NCDI Effects on Production
NCDI investments produced different results in different types of community development systems, reflecting the various activities selected for funding by local LISC and Enterprise offices. The financing tools available to intermediary staff were the same across communities, consisting of loans for acquisition, predevelopment and construction of real estate projects, and special purpose grants for program expenses. But funding was used in three different ways:

- To fill chronic gaps in production systems, allowing CDCs to take advantage of development opportunities already supported, but inefficiently, within the local jurisdiction. NCDI funding had this gap-filling value in nearly every NCDI city, but in cities with weak community development industries and support systems, this funding was often critical to helping CDCs establish themselves as credible developers.

**Figure 4.4**

**Total Intermediary Acquisition, Predevelopment, and Construction Finance Provided to CDC, Non-Housing Projects in NCDI Cities, 1991–2000**

![Graph](image)

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation. Includes all projects that received loans or grants from local intermediary offices.*
To help create new program packages that helped make possible new types of production at scale, thereby extending the range of community development production tasks CDCs were able to take on in any city. As a percentage of intermediary-supported units developed, NCDI funding was most important to production of for-sale housing, economic development, and community facilities projects, which were new CDC activities in some NCDI cities. These activities tended to be pursued in stronger community development systems.

To help develop new national models of community development practice, including replicable citywide programs for support of CDC community organizing, workforce development, and business development; comprehensive community initiatives; development of new financial products to support CDC production; and creation of new organizational forms (e.g., community development entities founded in tenant-led multifamily rental projects). These activities were almost always confined to the strongest community development industries.

<table>
<thead>
<tr>
<th>Type of Intervention</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Innovation</td>
<td><strong>Boston:</strong> NCDI funding enabled CDCs (through training and technical assistance) to move into comprehensive neighborhood revitalization. NCDI funds allowed CDCs to engage in neighborhood commercial projects and facilitated their development of new products in a mature industry. For example, NCDI enabled LISC to work with the Neighborhood Development Support Collaborative (NDSC) — a long-standing operating support program staffed by LISC — and the Massachusetts Association of CDCs (the state association of CDCs) to help NDSC provide working capital to mature CDCs and engage in community organizing. <strong>Chicago:</strong> LISC’s NCDI-supported line-of-credit program for predevelopment has had a large impact on the production system and on the abilities of CDCs to work on multiple projects. In 2000, LISC reported that it used most of its NCDI-I and -II loan funds for its Revolving Predevelopment Loan Program from which 15 CDCs used $9.4 million in unsecured lines of credit. The funds helped develop 1,429 residential units and 16,000 square feet of medical office space, with an additional 540 units and 42,500 square feet of day care space in the pipeline. CDCs could qualify for these lines of credit if they met or exceeded several financial thresholds, for example, ratio of cash reserves to total operating expenses or capital reserves to total assets. Loans could be “secured” by using only the general assets of the borrower as collateral. <strong>Washington, D.C.:</strong> The Community Management Program, sponsored by Jubilee Enterprise of Greater Washington, acquires affordable housing units and places them under the management control of local, neighborhood nonprofits. The program aims to build community leadership, stabilize properties financially, improve security, and help create other solutions to community problems. By 2000, Jubilee developed and stabilized five multifamily properties in Southeast Washington. Enterprise also extended lines of credit to CDCs for predevelopment, acquisition, and construction purposes. When permanent financing was acquired, these funds would then be revolved into new projects.</td>
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</table>
The strongest improvements in community development systems in the 1990s were in their capacity-building components. These improvements came in different ways in different cities. Cities with already solid capacity building enhanced their systems and innovated. Cities that started the 1990s with rudimentary systems made considerable strides. Intermediaries played a key role in bringing about both kinds of change. NCDI was important—in some places critically important—in enabling intermediaries to improve capacity-building systems. The effects of NCDI on community development in general are clearest in its contribution to the improvement of capacity-building systems.

Capacity-Building Systems and Their Problems

Since their inception in the 1960s, CDCs have suffered chronic symptoms of organizational weakness. As a group they have been thinly staffed, unevenly led, weakly supported with internal management systems, and short of cash. Over the 1990s, they have grown stronger in all five elements of CDC capacity: (1) planning for neighborhood improvement; (2) development of funding, technical, and political resources; (3) accountable and efficient internal operations and board governance; (4) effective and efficient program delivery; and (5) ability to create and sustain strong networks of relationships with neighborhood and external stakeholders.\(^{10}\)

Much of this strengthening is due to the improvements in capacity-building systems over the decade. The capacity-building system consists of the set of relationships among people and institutions that mobilize and allocate resources to strengthen CDCs’ ability to pursue community development purposes. Capacity-building programs include provision of operating support, consulting assistance, training and seminars, and upgrades to financial, personnel, and information and asset management systems. One now-common institutional form to mobilize and allocate resources to fund programs and to manage them is the operating support collaborative, typically governed by a board of intermediary, government, corporate, and foundation representatives. (These operating support collaboratives are commonly referred to in other fields as “funder” collaboratives.)

Potential sources of money to fund capacity building reside in various places within local community development systems—in multiple agencies within city government, in banks and corporate community affairs offices, and in local foundations. These monies are needed to fund basic operations as well as pay for technical help to CDCs for carrying out project development and managing their organizations. Most important is operating support—the subsidies to pay for staff, overhead, facilities, equipment, and training.

Before the 1990s’ generation of operating support programs, most capacity-building systems were weak, inefficient, and poorly capitalized. CDCs had to seek many small grants every year from foundations, city government, corporations, and other sources. Based

\(^{10}\) These are discussed at greater length in Walker and Weinheimer (1998).
### Strength of Capacity-Building Systems in 1991

<table>
<thead>
<tr>
<th>Strength</th>
<th>Description</th>
<th>Cities in Category</th>
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<tbody>
<tr>
<td>Weak</td>
<td>Low levels of operating support, provided haphazardly, episodic technical assistance, few performance standards for CDCs, few methods to help CDCs attract better leadership and staff, few connections to local universities, little locally sponsored continuing education.</td>
<td>New York City, Seattle, Newark, Kansas City, Detroit, Oakland, Indianapolis, San Antonio, Phoenix, Los Angeles, Miami, Columbus, Dallas, Denver</td>
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<tr>
<td>Moderate</td>
<td>Modest levels of operating support provided by operating support program, but no performance standards. Some technical assistance, but not linked to required workplans. Some educational links, but not formalized or targeted to priority needs.</td>
<td>Cleveland, Portland, OR, Atlanta, St. Paul, Washington, D.C.</td>
</tr>
<tr>
<td>Strong</td>
<td>Formal operating support collaboratives with multiyear operating support, aid for strategic planning, performance assessments and standards, and technical assistance linked to diagnosis of CDC strengths and weaknesses. Systemic human capital linkages, and support systems tiered to different subsectors within the industry.</td>
<td>Boston, Philadelphia, Chicago</td>
</tr>
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</table>

*Note: Cities in italics had strong CDC industries in 1991, with a large number of capable CDCs for the size of the community, and good local reputations for production and internal management. (See discussion in Section 3.)*
solely on personal contacts and their funding relationships, CDCs had to find and pay for training and other technical help from a wide variety of consulting firms, nonprofit technical providers, and other sources.

Funders rarely demanded that CDCs demonstrate concrete outcomes in return for support, nor could they help them accomplish capacity-building goals. As a result, many CDCs struggled to keep their doors open and earned a reputation for poor performance.

The best capacity-building systems bridge the otherwise fragmented elements of support for CDC operations, training, and organizational performance. Unlike the older model of isolated funders with multiple one-on-one relationships with CDCs, the new model creates a central clearinghouse where funding, technical support, advocacy, communication, and other functions come together to create a package of mutually reinforcing activities.

For example, good systems use operating support programs as a lever to help build CDC capacity in more ways than simple financial support. They typically fund an organizational assessment to guide CDC workplan development, which it must then follow to trigger release of annual installments of operating subsidy. They require organizational improvements, if needed, and help arrange technical assistance to help CDCs achieve them. And they offer support over a multiyear period to allow a realistic time frame to show solid organizational gains. Funding is provided through operating support collaboratives, so called because they combine resources from multiple funders, which act as a governing board. These operating support collaboratives have set a new national standard to which capacity-building systems everywhere can be held.

**What Happened over the 1990s?**

Throughout the 1990s, operating support programs ramped up, adding technical assistance programs and adopting the national standards and practices set by a few, leading-edge examples. This general improvement owed much to the national intermediaries, which disseminated best practices throughout their field networks, and to NCDI funding, which provided substantial new amounts of operating support funding. Even the weakest systems at the beginning of the decade improved.

- Across the 23 NCDI cities the number of operating support programs grew from 8 to 21 between 1991 and 2001, and most of the 8 provided only bare-bones support.
- The overall quality of operating support programs increased across the board over the 1990s. More operating support programs offered multiyear support, links to technical assistance increased, and performance testing as a condition of grant receipt became widespread.
- Operating support programs attracted new local funders, although some previous funders may have dropped out. The new funders came from various sectors—foundations and corporations—and ensured that no program went out of business during the decade (without being replaced by a program of comparable or superior quality).
- Importantly, local governments began to work more closely with the programs.
- Technical assistance has become more readily available to CDC leadership and staff. Intermediaries have developed new and sophisticated training materials and methods in the area of asset management, financial management systems, board development, project development, and other core elements of

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11 The following discussion summarizes results from other NCDI-funded research. See Walker and Weinheimer (1998).

12 In Chicago, for example, the operating support program was designed to go out of business, to be replaced by CDC participation as local United Way agencies.
CDC capacity. New Internet-based distance-learning techniques have begun to be employed in the sector.

- In recent years, capacity building has expanded to include broader, systemic efforts to build human capital for the community development sector by, for example, encouraging institutions of higher education to train the next generation of practitioners.\(^{13}\)

- In an extremely important development, many capacity-building programs, especially the operating support collaboratives, embraced new roles in their communities by funding staff positions and covering other CDC costs linked to community organizing, workforce development and other nontraditional community improvement initiatives. They also included funding strategies intended to rationalize community development industries by encouraging consolidations, joint ventures, support tailored to industry segments based on already-built capacity, and so on.

- Local LISC and Enterprise offices improved their ability to design and deliver technical assistance to help CDCs manage assets, develop internal strength, and expand their ability to develop housing and commercial units and deliver programs.

### What Resources Did NCDI Supply?

NCDI’s core contribution was substantial amounts of grant funding for capacity building. The signal value of NCDI funding was to capitalize operating support programs, particularly in cities where no other support was available in quantity in 1990 or where such support remains difficult to access today. In 16 of 23 NCDI cities, NCDI was a source of seed money for new operating support programs where no other source of nonpublic operating support existed.

Furthermore, as shown in the preceding section, NCDI funding was invested heavily to better local production systems. These investments in CDC-sponsored projects were, at the same time, investments in groups’ capacity: each project development represented an opportunity for CDC staff to gain development experience. This experience-building value should be particularly strong for developments that require major rehabilitation or new construction, which are typically more difficult to complete than simple acquisition or light rehabilitation projects.

#### Figure 5.1

**Intermediary Funding Commitments for Capacity-Building Purposes, 1991–2000**

![Graph](image)

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

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\(^{13}\) Together with the Ford Foundation, the NCDI funders created the Human Capital Development Initiative (HCDI), which aims to build the skills of community development practitioners and encourage the entry of young professionals into the field. The HCDI experience is being documented by the Center for Urban Policy Research, Rutgers University.
Our analysis shows that NCDI-supported projects over the 1990s were relatively large, by affordable housing standards, and required fairly extensive renovation or new construction. The average NCDI-supported project cost almost $5 million and involved 57 units, at a per-unit cost of $86,000. In other words, NCDI-supported projects required a relatively sophisticated production capacity on the part of their developers.

Most NCDI project investments were supplemented by grants for core operations and other capacity-building help. More than two-thirds of NCDI project developers received NCDI grant support and, in dollar terms, every $3.64 of NCDI loan funding spent by project developers was supported by an additional $1.00 of NCDI grant funding. In other words, a significant share of the loan funds provided by the private corporate investors to NCDI was backstopped by foundation grants and HUD, effectively reducing the risk borne by for-profit funders.

What Role Did NCDI Play?

NCDI played an important part in most of the capacity-building system changes over the 1990s. Local intermediary offices, in cooperation with local partners (typically consisting of local representatives of the CDC industry, financial institution, foundations, and, sometimes, municipal government) developed workplans for the use of NCDI funds to advance the quality of local CDC industries. These efforts produced three kinds of system-building effects:

- In cities with the weakest capacity-building systems, NCDI resources capitalized operating support programs and created basic training programs aimed to build CDC management and development capacity. (See box, following page.)
- In cities with moderately strong capacity-building systems, and in some of the other cities as well, intermediary staff used NCDI funding to push existing programs to national standards and to direct technical help to emerging CDC capacity needs (e.g., to manage their accumulated inventory effectively).

Figure 5.2

Number of CDCs Receiving Both Project and Capacity-Building Funding from NCDI

Total Project Funding
296 CDCs
$174 Million

Total Capacity Funding
393 Organizations
$60 Million

Overlap:
196 CDCs
$142 Million (Project)
$34 Million (Capacity)

Source: Compiled by the Urban Institute based on data provided by Local Initiatives Support Corporation and The Enterprise Foundation.

Note: Includes NCDI project and capacity funding in all NCDI Cities, 1991–2000.

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14 These average levels are substantially lower than the average total development costs of Low-Income Housing Tax Credit units constructed by nonprofit organizations in central cities. Between 1987 and 1996, the per-unit costs of such projects averaged $90,268. For more details, see Cummings and DiPasquale (1999).
In all cities with strong capacity-building systems, and in some of the weaker cities as well, intermediary offices used NCDI funding for innovative approaches, including new industry change strategies, “extending support-system focus” into new areas of community development activity, and for human capital development programs.

What were the results of NCDI investments? Even some weak capacity-building systems at the beginning of the decade had become strong ones by its end. This does not mean that CDC industries improved as well. There can be a considerable lag between capacity-system change and improvements in CDCs themselves, but the preconditions for industry improvement have been put in place.

### Filling Gaps in Capacity-Building Systems

As shown above, NCDI funding provided substantial amounts of capacity-building support, primarily as operating support and for technical assistance efforts. This assistance produced immediate benefits by adding substantial new amounts of support to what systems had already supplied. But in some cities, the injection of new NCDI funding helped local intermediaries make the case to local funders for additional contributions, thus inducing a larger flow of resources in the capacity-building system. In other cities, continuing supply of NCDI funding helped ensure that departure of some local funders would not halt progress in building CDC capacity.

<table>
<thead>
<tr>
<th>NCDI-Funded Capacity System-Building Effects</th>
<th>Examples</th>
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<tbody>
<tr>
<td><strong>Fills Basic Gaps in Capacity Systems</strong></td>
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<tr>
<td>Provides operating support to selected groups and technical assistance in core areas of CDC activity (e.g., project development, financial management).</td>
<td>Examples in most NCDI cities. Dominant strategy in systems where operating support had been highly fragmented and where CDC industries were weak. Examples—Baltimore, Dallas, Kansas City, Oakland, Phoenix, Miami</td>
</tr>
<tr>
<td><strong>Create New Program Packages</strong></td>
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<tr>
<td>Creates new collaboratives (or radically strengthens existing ones) to bundle operating support, strategic planning, performance assessments, and technical assistance. Supplemental investments to bring other components of capacity systems up to the national standard.</td>
<td>Examples in moderately strong systems and in some weak systems with a strong complement of existing CDCs. Examples—Atlanta, Portland, OR, St. Paul, Denver, Detroit, Seattle, Indianapolis, San Antonio, Los Angeles</td>
</tr>
<tr>
<td><strong>Nationally Innovative Programs and Products</strong></td>
<td></td>
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<tr>
<td>Creates new program packages to make systemic improvements—e.g., human capital linkages, or tiered support systems—or extends CDC capabilities beyond core activities, e.g., neighborhood data systems. Aims to establish new national standards of capacity system operation and CDC technical capacity.</td>
<td>Used in strong systems and some moderate systems to expand capacity-building system roles. Examples—Boston, Philadelphia, Chicago, Cleveland, New York City, Washington, D.C.</td>
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Our analysis of selected LISC and Enterprise cities shows that NCDI accounted for 37 percent of the core operating funding provided by support collaboratives between 1991 and 2001. Local funders, therefore, supplied almost two of every three dollars of operating support. By implication, national funding supplied by NCDI was not "carrying" capacity-building efforts in the absence of any buy-in from local funders. Field interviews detected a widespread belief that other sources of operating funding were increasing over the 1990s. A prime example was Denver's operating support collaborative. The NCDI-leveraged, non-NCDI share of total funding increased from 33 percent in 1993 to 62 percent in 2001. (At the same time, total program expenditures were rising from $285,000 in 1993 to $504,000 in 2001.)

This general increase in the non-NCDI share clearly did not happen everywhere. Local LISC and Enterprise offices have struggled to develop new, non-NCDI sources of operating support in Dallas, Oakland, Columbus, San Antonio, Miami, and Phoenix, but results have been disappointing, primarily because of the shallow pool of foundation funding in these communities.

Creating New Program Packages

In the several years prior to the creation of NCDI, cities such as Boston had set what became a national standard of policy and practice for operating support collaboratives. These included the provision of multi-year operating support, up-front organizational assessments, workplan development, and outcomes monitoring to ensure that performance targets were met prior to approval of further operating support. Much of the value of NCDI throughout the 1990s consisted of helping other cities adopt elements of this best practice, bringing these communities up to a national standard. This happened in Cleveland, Columbus, Denver, Kansas City, New York, Philadelphia, Portland, OR, San Antonio, Seattle, St. Paul, and Washington, D.C. Five of these cities—Portland, OR, Cleveland, New York, Seattle, and Washington, D.C.—now maintain operating support collaboratives that are among the most sophisticated in the nation.

Other new programs had not quite achieved the best national standards by the end of the decade. These also tended to be relatively unsuccessful in attracting the external funding that some others have done. These cities were Los Angeles, Miami, Oakland, and Phoenix. But in two of these cities—Los Angeles and Miami—NCDI support was an important backstop to the loss of other sources of operating support.

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15 The selected cities are San Francisco Bay Area, Kansas City, Detroit, Boston, Seattle, Los Angeles, St. Paul, Washington, D.C., Miami, Phoenix, and Denver. In the first 10 of the 11 cities listed, LISC administers the operating support collaborative and therefore records the amounts spent by them in its management reporting system. The 11th city—Denver—supplied figures on non-NCDI funding directly to the Urban Institute.
New Operating Program Funding Commitments Leveraged by NCDI

**Newark:** The availability of NCDI funding at the beginning of the decade helped local LISC staff lobby successfully for CDC operating support funding from the city of Newark and contributions from a local private funder. These new monies effectively doubled the total amounts of operating support channeled to CDCs.

**Oakland:** Local LISC staff believe it unlikely that the City of Oakland would have provided operating support funds to CDCs without the example set by two successive rounds of NCDI funding, and the appeals from local CDCs for additional contributions to a proven program.

**Portland, OR:** In the early 1990s, NCDI resources provided the newly established Neighborhood Partnership Fund (NPF) with increased capacity to further the scope of the training and increase the budget for operating grants to new CDCs. Today, this partnership has blossomed into the Portland Neighborhood Development Support Collaborative that includes The Enterprise Foundation, NPF, and the City of Portland.

**St. Paul:** NCDI seed money provided the early commitment LISC needed to encourage funders to join the St. Paul Development Fund, a new LISC-operated, NCDI-supported operating support and technical assistance program. Among the funders is the United Way, which suggests that the value of CDC activities have become generally accepted within the philanthropic community.
NCDI cannot take credit for all of the new collaborative development that took place over the period. In some cases, the amounts invested by LISC or Enterprise from NCDI funds were relatively modest compared to the amounts invested by other private and public funders. This is not the sole test, however, of NCDI’s value. In some cities, LISC and Enterprise used NCDI funding to supplement work already being done by a collaborative established and managed by others. Examples include Atlanta, Cleveland, and Indianapolis.

In addition to providing operating support, NCDI funding was used by local LISC and Enterprise offices to build CDCs’ organizational development, project management, and asset management capacity. These local programs were supported by new technical assistance products and programs developed by the national offices of both intermediaries, particularly in the areas of organizational development and asset management. Also important was application of federal accounting requirements to CDCs receiving grants from funds supplied by the Department of Housing and Urban Development. LISC and Enterprise staff devoted considerable effort to ensure that recipients of federal NCDI funding—earmarked for CDC operating support—were able to comply with federal rules. This compliance helped CDCs gain access to other federal dollars.

**Demonstrate New Capacity-Building Practice**

In the strongest systems, NCDI funding gave an important boost to new directions in capacity-building systems, most notably, more sophisticated programmatic interventions, state-of-the-art technical support, and support for entry into new fields. NCDI funding made this possible because it represented new, flexible funding in systems that already had locked in most of the available funding for use as core operating support. Because they were innovative, many NCDI-supported efforts were risky; several have been discontinued, scaled back, or substantially altered due to problems encountered throughout implementation.

- **Industry Change Strategies**

Particularly in the strongest capacity-building systems, NCDI funding helped local intermediaries promote change in the composition of CDC industries. Most often, this targeting/capacity-building resources in some way, often in support of new ways to allocate production resources.

### New Collaboratives Supported by NCDI

**Portland, OR**

The Portland Neighborhood Development Support Collaborative (PNDSC) provides operating support to city CDCs, with funding provided by the City (50 percent), a consortium of private funders called the Neighborhood Partnership Fund (25 percent), and The Enterprise Foundation (25 percent, from NCDI funding). (The 1999 annual allocation was $1.8 million.) One of PNDSC’s most important contributions was to help rationalize funding by packaging grants from multiple funders into larger, single grants that covered multiple activities. PNDSC also cooperated with the association of CDCs to improve asset and property management practices through training, joint learning, and benchmarking.

**Seattle**

Seattle’s Community Development Collaborative (SCDC), a collaborative providing multiyear core operating support to CDCs, pooled funds from several sources, including LISC and the City of Seattle, which in 1999 committed to a five-year, annual disbursement of $900,000 from the city’s Office of Economic Development. The City’s Office of Housing agreed to provide an additional $200,000 annual contribution. SCDC implemented a strategy to assist CDCs in developing and implementing five-year business plans which formed the basis for investment decisions by the funders. In 1999, SCDC provided $1.4 million in operating support to seven CDCs.

**Washington, D.C.**

The Community Development Support Collaborative (CDSC) is a consortium of 30 foundations, banks, and intermediaries. It provides policy guidance, operational support, and management assistance grants to 10 CDCs. CDSC drew in the support of LISC and Enterprise, and in the 2000 program year, CDSC provided $980,000 in core operating support, technical assistance, and training to eight CDCs, as well as internship and training opportunities to the District’s CDCs at large. In the early 1990s, LISC used $500,000 in NCDI funding to capitalize the collaborative, bringing it closer to its target of $2 million. The collaborative has been extremely successful and has grown to $3 million per three-year funding round.
### NCDI-Funded Technical Assistance Programs

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<tr>
<th>Category/Description</th>
<th>Examples</th>
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<tr>
<td><strong>Organizational Development</strong>&lt;br&gt;Systems for capable management of internal operations as well as the ability to support multiple CDC programs.</td>
<td><strong>Columbus</strong>: The Community Development Collaborative of Greater Columbus, which administers NCDI funds, made fiscal accountability and strategic planning core components of its operational funding program in the mid-to-late 90s. By 2000, the Collaborative and its partners developed a series of training sessions to address matters of effective governance and internal management. They also provided technical support to CDCs to assist them in developing long-range strategic plans.</td>
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<td><strong>Project Management</strong>&lt;br&gt;Ability to handle all aspects of project management including planning, budget management, development, and ongoing support.</td>
<td><strong>Denver</strong>: Overall, CDCs have become more focused and organized with much credit for the change given to Enterprise and to the core funding and support for technical assistance provided by NCDI. NCDI and Enterprise have made a difference in how the average CDC has addressed issues of internal organization, having positive impacts on the professionalism of CDCs.</td>
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<tr>
<td><strong>Asset Management</strong>&lt;br&gt;Planning, packaging, development, marketing, and ongoing management of CDC assets.</td>
<td><strong>Detroit</strong>: In 1999, LISC used NCDI funding to initiate the multiyear Development Assistance Center (DAC) program. The DAC promoted CDC collaboration and peer learning, and provided technical assistance from expert “coaches” who helped participating CDCs avoid development pitfalls. By 2000, the construction value of LISC-sponsored projects increased by 50 percent due to increased development scales, and CDCs experienced fewer delays which reduced construction time by 15 to 20 percent.</td>
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<td><strong>Indianapolis</strong>: LISC and its tax-credit-syndication affiliate, the National Equity Fund, are working together to stabilize distressed projects through capital contributions, refinancing of existing debt, and possible resyndication of tax credits. NCDI funds enabled LISC to train asset managers from 14 area CDCs, establish reasonable cost standards, and work with property management firms to improve their capacity to manage scattered site housing.</td>
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<td><strong>Cleveland</strong>: In the mid-1990s, The Enterprise Foundation used NCDI funds to sponsor the multiyear Asset &amp; Property Management (APM) Capacity Building Initiative, in partnership with LISC and Neighborhood Progress, Inc., the local intermediary. APM brought together lenders and tax-credit-syndication affiliates of Enterprise and LISC and the City of Cleveland to develop asset management performance standards for CDCs. For 11 CDCs, APM also designed and delivered a series of asset management trainings to address the growing needs of CDCs to stabilize and preserve affordable housing. APM paid for CDC staff to become certified nonprofit asset managers and housing management specialists through the Consortium for Housing and Asset Management.</td>
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<td><strong>Philadelphia</strong>: LISC is the only local resource for asset management training. In NCDI-II, LISC delivered its third annual Asset Management training and also sponsored a very well received commercial development training in partnership with a leading local law firm.</td>
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<tr>
<td><strong>St. Paul</strong>: In 1998, LISC used NCDI III funds to help develop and implement a comprehensive training and technical assistance framework called EXCELerate. Through the program, EXCELerate sponsored training workshops, provided technical assistance to CDCs on organizational development issues, and disseminated “best practice” information. Training sessions focused on asset management, financial management, fundraising strategies, and commercial real estate development.</td>
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For example, LISC used some NCDI resources in Boston to create a new Capitalization Program that favored mature CDCs with demonstrated track records, but used other NCDI funding to invest in emerging CDCs, often representing new immigrant communities that had not yet managed to establish themselves within the Boston community development system. In the same vein, Cleveland’s Neighborhood Partnership Program introduced a new “tiering” into the CDC industry, granting technical and program resources to mature CDCs aiming to promote comprehensive neighborhood change following community-defined plans. Other CDCs received smaller packages of support and technical aid to help with specified projects.

- System Support for New Activities

NCDI support has been helpful in extending the reach of capacity-building systems into new areas of community development activity, which helps CDCs respond more comprehensively to community problems, important in neighborhoods where few other community-based organizations have the capacity to deliver programs. But converting systems constructed primarily to develop affordable housing to systems that support other kinds of community development activities requires considerable effort (Vidal and Keyes forthcoming). Some of the program models, financing tools, and relationships among CDCs, intermediary staff, city agencies, private lenders, and foundations can be useful in pursuing other activities, particularly economic development and community facilities, which involve real estate development. Other efforts require extensive reshaping of system elements to support CDCs effectively. For example, workforce development demands that CDCs develop wholly new sets of skills and program management systems, tap new sources of funding, develop new nonprofit partners, and work with city, county, or state agencies that they had not worked with before when doing housing. As another example, community safety programs typically entail cooperation with local police departments and other community action programs (e.g., Americorps in Cleveland).

Because of the considerable difficulties involved in pursuing wholly new types of activities, these initiatives do not always bear fruit. The best example was the New York City child care initiative, intended to get CDCs to build and operate child care facilities throughout the city. This initiative ran up against the inability of city government to change operating and funding policies in ways that allowed CDCs to enter the field. For other reasons, the health care initiative in Los Angeles, aimed to get CDCs involved in developing primary care facilities or training health care workers, proved far more difficult to implement and sustain than expected. Although risky and disappointing in their results, these initiatives were not misconceived; rather, they were creative attempts to help CDCs solve new neighborhood problems.

- Human Capital Strategies

The capacity of CDCs to undertake community revitalization projects depends critically on the expertise, experience, imagination, and determination of individual staff. The capacity of CDCs as an industry to pursue community development successfully depends on the flow of young talent into the community development field, continuing education of those already in the industry, and retention of experienced staff. Yet CDCs have difficulty as a group in attracting and retaining talent because salary and benefits levels can be low relative to for-profit alternatives, however rewarding the work may be. To help increase the ability of CDC industries to attract and retain talent, NCDI and the Ford Foundation jointly pursued a “human capital initiative” to invest in capacity-building systems. Some of the results are shown in the text box on page 40.

**Summary of NCDI Effects on Capacity-Building Systems**

NCDI’s design allowed local intermediary offices to adopt capacity-building strategies that reflected the needs of local CDC industries and the willingness and ability of other stakeholders within CDC systems to participate in system-building activities. NCDI’s core contribution was new money for CDC operating support, but the real value of that contribution lay in the capitalization of pools of operating grants, drawing in funding from local suppliers of funding. In 16 of 23 NCDI cities, NCDI funds were a source of seed money of new operating support programs.

Almost all of these new efforts received NCDI funding support, including economic development programs in Boston and Chicago, workforce development in Denver, New York, and Chicago, community organizing in Boston and Kansas City, child care facilities in New York, health care in Los Angeles, comprehensive initiatives in Chicago and Cleveland, and community safety programs in Cleveland and Atlanta.

One important aspect of the NCDI model was the use of NCDI capacity-building funding to backstop
NCDI-Funded System Support for New Community Development Activities

Cleveland: NCDI funding supported the Cleveland Neighborhood Partnership Program, a sophisticated effort to encourage CDCs to attack community problems comprehensively, according to a strategic plan developed with community help. This program is offered only to the most capable Cleveland CDCs, which receive larger grants of operating support than other groups, and program support for new activities needed to complement their traditional lines of work.

Boston: NCDI helped launch the Community Organizing Demonstration Program, jointly implemented by the state CDC association and the Neighborhood Development Support Collaborative to promote resident participation, identify resident leadership, promote CDC power, and integrate the organizing and development functions within CDCs. The effort helped CDCs identify immigrant and minority leadership for boards and committees, and “reconnect” with changing communities.

New York City: NCDI provided important support to child care initiatives to both LISC and Enterprise, but new CDC efforts in child care were stymied by the total inability of two city offices (for day care and Headstart) to work together and to understand the development process and its requisites. Although NCDI supported as many as eight new child care centers, this was many fewer than were originally planned, and the intermediaries and CDCs were clearly frustrated and disappointed. The challenges of developing and financing child care centers have also been exacerbated by the inadequate capital and income structure of these transactions, with child care reimbursement rates being grossly below the true costs of providing child care and consequently the economics of child care being incapable of attracting debt in lower-income communities.
NCDI production funding, as two-thirds of CDCs receiving project funding also received capacity-building funding, mostly core operating support. Put another way, every $6.80 of loans supplied by private corporate investors to an NCDI project developer was supported by an additional $1.00 of grant funding from foundations and HUD. This grant support effectively reduced the risk borne by the for-profit funders to NCDI.

Just as local LISC and Enterprise staff tailored their NCDI investments in production systems to the quality of the already existing system, NCDI capacity-building investments were similarly made to fit existing circumstances:

- In cities with weak capacity-building systems, NCDI resources capitalized operating support programs and created basic training programs aimed to build CDC management and development capacity. In these cities, injections of new NCDI funding helped local intermediaries make the case to local funders for additional contributions; in other cities, continuing supplies of NCDI funding helped hold the line when local funders departed the community development field.
- In cities with moderately strong capacity-building systems, and in some of the weaker cities as well, intermediary staff used NCDI funding to push existing programs to the standards set by the best national examples of capacity-building practice, and to direct technical help to emerging CDC capacity needs; e.g., to manage their accumulated inventory effectively.
- In all cities with strong capacity-building systems, and in some of the weaker cities as well, intermediary offices used NCDI funding for innovative new approaches, including new industry change strategies, extensions of support system focus into new areas of community development activity, and for human capital development programs.

### NCDI-Funded System Support for Human Capital Initiatives

**Boston's Human Capital Development Initiative**
By 2000, 10 CDCs were selected to receive funding through Boston-LISC's HCDI program to undertake human capital and diversity assessments and develop human capital plans. The program's primary goal was to increase the number of people of color in professional and management positions in local CDCs. Work was also carried out with local colleges and universities to identify and design courses appropriate to train in-service, CDC staff members.

**Cleveland's Human Capital Development Initiative**
Between 1996 and 1999, the local intermediary managed Quantum Leap, an innovative organizational and human capital program designed to assist 15 CDCs become more capable, productive, and sustainable. Under Quantum Leap, the local intermediary formulated and refined CDC operating guidelines to evaluate the health of Cleveland's CDCs and promote a best practice environment. The guidelines focus on seven categories: governance, resource management, human resources, planning, community involvement and networking, program management, and information technology. Each category has a list of baseline standards that represent the minimum threshold for CDC operations. The operating guidelines also set good practice and best practice levels to guide CDCs toward increased operating capabilities.

**Oakland 2000 Human Capital Development Initiative**
In the Bay Area, LISC collaborated with local CDCs and community colleges to create ongoing, low-cost training for several CDCs in property management. The goal was to help generate pools of qualified candidates for property management positions from the neighborhoods in which they will work. Over 80 students utilized training in basic property management though 16-week courses offered at three community colleges in the area. The curriculum covered topics that site administrators would typically encounter in their work and emphasized leasing and occupancy issues.

**St. Paul's Human Capital Development Initiative**
Since implementing its HCDI program in 1998, LISC partnered with Metropolitan State University to manage a mid-career apprenticeship program designed to attract, train, and retain more persons of color in professional CDC positions. Known as Careership, the program recruited and placed seven new participants with CDCs during 2000, with two of the participants accepting full-time positions in the field. HCDI also organized a seminar to build understanding of trends in community development and created a support network among the CDC industry.
The primary accomplishment of the community development leadership system in the 1990s was the creation or strengthening of strong intermediary institutions—the collaborations, partnerships, coalitions and alliances, and other bodies that help engage leaders from multiple sectors as contributors to community development. These intermediaries, which include the local offices of the Local Initiatives Support Corporation and The Enterprise Foundation, help engage citywide institutions—government, foundations, financial institutions—and community organizations in cooperative efforts to pursue community-based neighborhood revitalization.

Funding provided by the national institutions prominent in NCDI helped LISC and Enterprise offices establish themselves as credible players in local community development policymaking. This new credibility helped them engage new actors into the community development field, particularly where earlier financial and political support for CDCs had been weak. Where community development systems already were well developed, NCDI funding helped local intermediaries and CDCs sustain this support, and attract more of it for new areas of practice. In all systems, NCDI investments in CDC production and organizational capacity helped boost industry credibility among skeptics, increasing their willingness to invest.

Leadership Systems and Their Problems

Community development is among the many legitimate claimants on scarce local funding support and public attention. Educational systems, public safety agencies, urban transportation systems, child welfare agencies, and other public bodies require public and sometimes private funding to carry out their responsibilities well. The federal government provides a relatively predictable level of affordable housing and community development funding to local governments each year, mainly through the Community Development Block Grant and the HOME program. Public agencies do not always engage the support of other potential investors in community change, such as banks, foundations, corporations, universities and hospitals, and other city institutions. Further, public funds are not always invested strategically by local governments in activities (and combinations of activities) designed to lead to neighborhood change. And community-based organizations are not always the delivery system of choice for local governments, who sometimes opt to pursue community development through public agencies or through for-profit developers.

Each city can be thought of as having a leadership system that functions well or poorly as a mobilizer of political support and resources to further the community development agenda. The leadership system consists of three sets of relationships:

- among system-wide stakeholders, who include representatives from the public sector, private lenders and other corporations, foundations, and representatives of civic bodies;
- among neighborhood stakeholders, including leaders of prominent community corporations, community-based organizations, locally important businesses, and politicians and elected officials; and
### Strength of Leadership Systems in 1991

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Cities in Category, 1991</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weak</td>
<td>Political leadership has no strategy for neighborhoods, and little agreement across sectors on policies toward neighborhoods. No policies or programs for CDCs and little recognition of their potential role. Few examples of collaboration within or across sectors.</td>
<td>Atlanta, Columbus, Detroit, Dallas, San Antonio, Phoenix, Washington, D.C.</td>
</tr>
<tr>
<td>Moderate</td>
<td>Political leadership has public strategy for neighborhoods, but not consistently implemented; some agreement across sectors on neighborhood policy. Some programs for CDCs and recognition of their potential role. Isolated examples of collaboration within or across sectors.</td>
<td>Chicago, Philadelphia, Seattle, Baltimore, Portland, OR, Detroit, Los Angeles, Newark, Oakland, Miami, Indianapolis</td>
</tr>
<tr>
<td>Strong</td>
<td>Political leadership has public strategy for neighborhoods that is consistently applied. Considerable agreement across sectors on neighborhood policies. Multiple programs for CDCs and strong recognition of their role. Many examples of collaboration within or across sectors.</td>
<td>Boston, Cleveland, Kansas City, New York City, St. Paul</td>
</tr>
</tbody>
</table>
between system-wide and neighborhood stakeholders, where intermediary organizations stand, including local offices of national intermediaries, local intermediaries, community development coalitions, and other citywide advocacy groups.

To create strong leadership systems, community development practitioners and policymakers must engage system-wide and neighborhood stakeholders in joint pursuit of neighborhood revitalization. There are three good ways to do this: through articulation of city public policies or strategies that declare the importance of neighborhoods to system-wide and neighborhood stakeholders alike, and outline a workable strategy for change; by establishing community-based organizations as central players in neighborhood change efforts; and by creating venues for collective deliberation and decision making within which multiple parties can agree on concrete community improvement policies and programs. The box on the previous page classifies cities according to these three criteria, based on the results of several rounds of field investigation.16

What Happened over the 1990s?

During the decade, community development generally rose on local political agendas, and CDCs became more prominent parts of the delivery system. We saw a strengthening of relationships among government and private sector actors in the most mature community development systems, especially as electoral changes in some cities signaled the creation of a new, consensus approach to urban problems. Specifically,

- CDCs’ role in local program delivery increased. Research shows that public agency funding and policy decisions more often accorded CDCs a central role in the delivery of government programs in low-income neighborhoods, and that this occurred in almost every NCDI city (Walker 2002). Although not always backed by real dollars, even verbal support represents an advance over the skepticism that prevailed in 1990.
- Cooperation increased within and across sectors in pursuit of neighborhood development. We found a strengthening of relationships among government and private sector actors in the most mature community development systems. In nascent CDC industries, private sector leaders became engaged around issues of neighborhood development, and rudimentary collaborations formed to craft and debate a new neighborhood agenda.
- Public community development strategies tended not to be particularly strong or effectively implemented. Political and administrative fragmentation remains a real problem for community developers across NCDI cities; few cities have worked out effective ways of articulating a consistent position on neighborhoods and coordinating the work of multiple city agencies.

Some cities have put together particularly strong leadership systems, others are notable for their weaknesses. At the end of the decade, the strongest leadership systems were those in Cleveland, Portland, OR, Boston, Indianapolis, Seattle, and Atlanta. The weakest were in Miami, Detroit, Oakland, Phoenix, and Denver. Researchers found strong improvement in Atlanta, Washington, D.C., Indianapolis, and Columbus.

What Role Did NCDI Play?

The leadership system is the most difficult arena in which to disentangle the effects of NCDI from the other factors that helped strengthen leadership systems in the 1990s. It is also the most difficult area in which to make a difference: efforts to influence the exercise of leadership very much depend on preexisting relationships among local actors, some formed over many years. Systems advanced throughout the 1990s for three basic reasons. NCDI funding contributed to each.

The rise of funding collaboratives and their increasing operational sophistication helped mobilize and channel new forms of support to CDCs.

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16 Researchers rated each city on several indicators pertaining to each factor. These ratings were combined to produce a summary measure of system leadership, which is the basis for the classification presented here. For more details, see Walker (2002).
The last section outlined the importance of NCDI in capitalizing new operating support programs or ramping up the activities and performance of existing ones. As noted, local intermediary staff credit NCDI contributions with helping leverage additional contributions from other local funders. Engagement through monetary donations often is accompanied by, or is a prelude to, other forms of support, for example, new foundation initiatives to support community-based organizations or increased willingness on the part of financial institutions to provide capital.

*Improved production systems and higher CDC outputs demonstrated the value of additional investments.*

CDCs’ growing reputations as developers made private financial institutions more willing to support CDCs. Foundations also invested more heavily in CDC production systems, encouraged by the prospect of visible neighborhood improvements. NCDI has helped build CDC credibility in several ways:

- NCDI investments helped increase the CDC industry’s reputation for basic competence. This effect was particularly prominent in cities where industry capacity was weak, for example, Columbus, Dallas, Los Angeles, Newark, and Portland, OR, but also in Seattle, St. Paul, and Kansas City, where CDCs had not yet solidified a strong reputation for organizational competence.
- NCDI investments help show that CDCs could mount more sophisticated attacks on neighborhood problems than generally believed, by helping them diversify their production. Field researchers found these effects to be particularly important in more mature cities, such as Boston, Chicago, New York City, and Washington, D.C.

*Intermediaries increased their ability to support CDC industries and to mobilize support from citywide stakeholders.*

In cities where the intermediaries had not already carved out a prominent community development role, their ability to bring in external funding from NCDI helped encourage city governments and private industry to recognize them as credible actors on the policy stage. This was true because of the prominence of NCDI’s national funders and the immediate value in the form of new operating support and project finance. These cities included Dallas, Detroit, New York City, Phoenix, Portland, OR, and San Antonio. NCDI also boosted intermediary status within cities with mature community development industries where other intermediaries compete for program funding and political recognition. These cities included Boston, Philadelphia, Indianapolis, and St. Paul.
Conclusions about the NCDI Model

The National Community Development Initiative has rightly won acclaim for the staying power of the national collaboration and the contributions it has made to community development as it is practiced at the beginning of the 21st century. At the beginning of this paper, we noted several core concepts that define the programmatic, on-the-ground character of the initiative. These were the role of national intermediation, local flexibility, multiple forms of assistance, and system-building emphasis. These features represent the core strength of the NCDI model, but there are others. Many features of NCDI are worth attention by those who would replicate its successes in other policy arenas, but there are weaknesses. Both are summarized here.

We did not set out to conduct an evaluation of NCDI per se. Our charge was larger than that: to document and assess the record of community development system change over the 10-year period that NCDI was in operation. We were asked to examine the contributions of NCDI to this change, but only in the most general terms, as reported in this paper. However, by observing local intermediary use of NCDI funding over a 10-year period, and by participating as observers and sometimes in NCDI funders’ meetings, we learned a considerable amount about the strengths and weaknesses of the NCDI concept.

From our research we conclude that the considerable strengths of the NCDI model outweigh its several weaknesses, and that overall, the model is worth emulating. Every approach to community change has strengths and weaknesses and NCDI is no exception. The text box on the following page summarizes the core concepts or features of the NCDI model, and notes the strengths and weaknesses that pertain to each.

The core strength of the NCDI model is its blend of national program support and local implementation. The NCDI funders and central staff of the two national intermediaries set overall strategies, provide funding, develop products, and ensure basic accountability. Local offices are responsible for workplan development, “matching” fundraising, day-to-day implementation, and local leadership. With respect to specific elements of the model, and drawing on the findings presented throughout this paper we offer the following conclusions:

- The Role of National Intermediation

NCDI’s accomplishments depend critically on the role of the national intermediaries in providing a delivery system for loan and grant dollars that simply could not be created from scratch. Both intermediaries had considerable experience in national program development and field network management prior to creation of NCDI.

National intermediation provides a framework of accountability and a support system for local strategy development and program implementation. In addition, the national offices of both intermediaries have been critical to the dissemination of best practices throughout their field networks. New products and ideas developed in one city can be transferred relatively easily (and if appropriate and feasible) to other cities within the network. LISC designed an organizational line of credit mechanism that it subsequently applied...
Conclusions about the NCDI Model

Enterprise Foundation’s community safety initiative was supported centrally, but implemented in a number of NCDI cities through locally participating CDCs. The ability to transfer knowledge easily throughout national intermediary networks heightens the demonstration value of the system-building accomplishments of any one city. As indicated on discussions of production and capacity system-building in this paper, much of the effect of NCDI is in bringing individual cities up to a national standard or in creating new standards of national practice. These individual accomplishments would be of limited value without the ability to disseminate best practices to other communities.

But one corollary to the use of intermediary field networks is that the performance of the national initiative

<table>
<thead>
<tr>
<th>Model Element</th>
<th>Strengths</th>
<th>Weaknesses</th>
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</thead>
<tbody>
<tr>
<td>National Intermediation</td>
<td>Achieved balance of national product and program development and locally tailored applications. Enabled funders to operate program of national scope efficiently.</td>
<td>Uneven results, partially the result of differences in local staff quality (as well as community willingness and ability to support community development). Some strong local intermediaries (other than LISC and Enterprise) not eligible to design and manage local programs.</td>
</tr>
<tr>
<td>Local Flexibility</td>
<td>Ensured appropriate responses to local problems, with opportunity for local participation in program design and implementation.</td>
<td>Difficult to establish national standards of performance that can be fairly applied across different communities.</td>
</tr>
<tr>
<td>Multiple Forms of Assistance</td>
<td>Allowed project development to be back stopped by investments in CDC capacity.</td>
<td>CDC project funding is not necessarily linked to receipt of capacity-building assistance, and vice versa.</td>
</tr>
<tr>
<td>System-Building Emphasis</td>
<td>Successfully encouraged engagement by local foundations, governments, civic agencies in community development. Created new national standards for production system and capacity-building system performance.</td>
<td>Little direct connection between national funders and local system participants, leaving potential “leverage” unused.</td>
</tr>
</tbody>
</table>
depends very much on the capacity of local intermediary offices to devise sensible strategies, in cooperation with their local partners, and pursue these strategies effectively. Although our general view is that the majority of local staff are both imaginative and technically expert, there are exceptions. A stronger national emphasis on performance, as adopted in the phase of NCDI that began in July 2001, should help ensure that local staff receive the attention, support, and guidance they need from national offices to carry out their programs creatively and effectively.

- **Flexible Responses to Community Development Needs Across Diverse Cities**

As should be clear from the foregoing, cities are very differently “placed” on the community development landscape: cities do not have the same neighborhood development priorities, nor the same financial, human, and political assets to commit to their pursuit. NCDI’s decentralized program development and implementation approach makes eminent sense in the field of community development, where problems and opportunities are highly idiosyncratic to cities and even neighborhoods.

An important corollary to the principle of local flexibility is the need to preclude national funders from prescribing local actions unnecessarily. HUD’s involvement in the NCDI set a new standard for federal engagement in cutting-edge, foundation-led program innovations. HUD’s entry into NCDI brought an enormous boost in the amounts of grant support available to CDCs, but at the same time, these funds came with few strings attached. Congress bought into NCDI collaborative concept and refrained from dictating new terms for the program’s pursuit. This meant that LISC and Enterprise were free to continue locally tailored strategy development, unconstrained by restrictive definitions of eligible program purposes. It did not mean, however, that public funds were not accounted for; indeed, LISC and Enterprise made major efforts to ensure that the CDC recipients of HUD’s funding were able to comply with federal financial management standards. (The practical effect of the requirement was to ensure that CDCs upgraded their management systems, which produced other benefits to the organizations than simple compliance with federal rules.)

But one other corollary to the principle of local flexibility is the difficulty of establishing standards of performance and ways to measure results that are valid across communities. This difficulty stems from the very different strategies that local intermediary offices have adopted and the ambiguity inherent in “system-building,” which is an important NCDI outcome. Moreover, until very recently and with the adoption of interest in ensuring that local offices are strategic in their use of NCDI funds, the NCDI funders as a group did not hold local offices accountable to targets set forth in their work-plans. (Funders at the beginning of NCDI’s third round in 1997 required offices to specify performance targets, but did not ask LISC and Enterprise or anyone else to find out whether these targets were met.) This omission is correctable, but only if local offices are admonished not to set goals so low that meeting them reflects relatively small contributions, nor so high that they are unachievable.

- **Multiple Forms of Assistance**

Loans and grants from corporate, foundation, and HUD sources supported complementary local activities. Loans for project development were backed by grants for organizational capacity. These investments reinforce one another at both the organizational and the systems level. Where individual CDCs received project grants, they gained experience and built staff skills; where they also received capacity-building assistance, they were able to develop better projects. At the systems level, intermediaries were able to open new program windows offering project finance—predevelopment funding to for-sale housing developments, for example—and to stimulate effective demand for these programs by funding staff positions, offering training courses, paying for specialized consulting help, and supporting other activities that built CDC capacity to apply for project funds successfully.
System-Building Emphasis

From the inception of NCDI, the national funders insisted that program funding be used not just to fund projects, but to help create better local production and capacity-building systems. In other words, to change the way the community development business was done in cities. As we pointed out in the preceding chapters, a considerable amount of genuine system-building took place. On the production side, new programs helped strengthen and diversify CDC production, and in some cities, local innovations helped establish new standards of national practice. On the capacity-building side, formation of local operating support collaboratives created an institutional home for capacity-building programs that linked operating support to technical assistance and performance standards. Both production and capacity-building improvements, supported by NCDI, helped bring new funders into the community development arena and lent new credibility to CDCs and intermediaries.

But the NCDI funders have been resolutely apolitical. This feature of the collaborative reflects the real legal and political difficulties private foundations have as actors in the political arena, as well as the difficulty in getting any group of strong organizations to agree on a common policy or approach. Nevertheless, efforts to connect with both state and local government interest organizations and individual governments where that may help advance local strategies could offer much promise. This might entail cooperation among foundations to support CDC entry into activities with high local significance and visibility, where CDCs have some already built capacity, and where new local opportunities present themselves. Examples might include plans for the reentry of paroled prisoners into their old neighborhoods or development of new strategies for training and employment of the hard-core unemployed.

The NCDI is an unprecedented collaboration with an important societal purpose. This document presents evidence of its accomplishments, which are considerable and worth emulating in other policy areas. NCDI has helped community development corporations improve the neighborhoods in which they work. It has invested national funds in ways to encourage the creation of enduring systems of local support, thereby attracting new resources into the community development field. It has accomplished these goals in a variety of city and neighborhood contexts, ranging from the deeply depressed neighborhoods of Detroit to the gentrifying areas of Boston and the Bay Area. In so doing, it has demonstrated the value of national funder collaboration and the considerable power of intermediation as an instrument of public policy.

Encouraged by the successes of the first decade, the funders of NCDI have committed to continue and expand their work in these areas for another decade under a new name: Living Cities: The National Community Development Initiative. This initiative will continue to make investments that promote the vitality of America’s neighborhoods and strengthen the organizations and institutions that carry out this work.
References


HUD. See U.S. Department of Housing and Urban Development.


NCCED. See National Congress for Community Economic Development.


Appendix A: Methodology

This report relies on multiple sources of information and analysis carried out over a number of years. This methodology briefly describes the principal methods we used to collect and analyze data.

Field Reports
The analysis relies heavily on local interview information, compiled by researchers into “field reports,” which summarized the main conclusions to be drawn from the body of interviews conducted. Completed about every 18 months, these reports followed a common format, typically covering each of the four system components—CDC industries, production systems, capacity-building systems, and leadership—but emphasized different aspects of these components in each reporting cycle.

Field researchers gathered information through interviews with representatives from local intermediaries, CDCs, city agencies, banks, foundations, and other informed observers. These interview subjects were identified based on conversations with LISC and Enterprise field staff, supplemented by initial contacts with a preliminary list of suggested respondents. Over the course of seven years, the field teams compiled their own list of principal respondents, but also relied on local intermediary staff to indicate where staff turnover in banks, local government, and other institutions had occurred, or where new people had become important to the design and conduct of community development programs.

Researcher Ratings of System Performance
In field data collection conducted in 1996, 1997, and 2001, researchers solicited information from local interview subjects on specific aspects of system performance, then produced summary “ratings” of performance. These ratings followed a five-point scale, with a description of each point on the scale supplied to aid researcher placement of each community on the scale.

Scale items included multiple indicators in each of several general systems categories: (a) system production, (b) community building, (c) CDC capacity building, (d) delivery of community development programs, (e) public and private strategies, and (f) system leadership. Researchers used multiple interviews to arrive at a synthetic judgment on system performance for 1996, 2001, and retrospectively, 1991.

Researchers rated multiple cities based on first-hand field investigations, thereby giving them a comparative perspective from within the group of communities they had visited. Throughout the rating process, researchers circulated their ratings to other field team members with knowledge of the city being rated as well as of other cities that the rating provider had not visited.

Mail Survey of Community Development Corporations
In 1998, we surveyed community development corporations to find out about their activities, self-assessment of capacities and priorities for the future, and ratings of other community development actors. We surveyed all organizations in the 23 NCDI cities that local LISC and Enterprise staff judged capable of producing 10 housing units per year or more (or the commercial space equivalent). We received 163 completed surveys from 270 surveys mailed, a 60 percent response rate.
National Center for Charitable Statistics
For each of the “capable” CDCs identified by local LISC and Enterprise staff, researchers downloaded information on their expenditures as reported to the Internal Revenue Service on Form 990, required to be filed by nonprofit organizations accepting more than $50,000 per year in public contributions. This information is from 1989 through 1999, the most recent year for which good information was available at the time of this analysis.

National Intermediary Management Information Systems
Both LISC and the Enterprise Corporation maintain management information systems that obtain and store information on the amount and purpose of thousands of loans and grants made by national and local intermediary offices. Researchers combined data from these loan-and-grant databases with information contained in databases on low-income-housing tax credit purchases by the National Equity Fund, the Enterprise Social Investment Corporation, and several regional funds.

NCDI Program Documents
Throughout NCDI’s first ten years, LISC and Enterprise submitted a variety of program documents intended to support national decisionmaking and monitoring of local performance. We relied on several of these:

- program workplans submitted at the beginning of each of three NCDI funding rounds, which contained specifics on program activities, but also useful diagnoses of challenges and opportunities in local community development systems;
- local intermediary annual reports submitted at the conclusion of every year, as well as summary reports filed at the end of every NCDI funding round;
- local system assessments, or “portraits,” compiled in 2001 in preparation for NCDI’s second decade, and which contained local intermediary ratings of various system components according to a format developed by the Urban Institute research team and the NCDI secretariat.
Appendix B: Funding and Production Tables

The tables presented in this appendix document the outcomes of NCDI investments in the 23 cities.

Table 1

Total NCDI Funding Allocated and Committed, by Intermediary

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total NCDI funds allocated</th>
<th>Total NCDI funds committed*</th>
<th>Total NCDI project funding committed</th>
<th>Total NCDI non-project funding committed</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC total</td>
<td>$144,018,697</td>
<td>$160,794,822</td>
<td>$133,361,183</td>
<td>$27,433,639</td>
</tr>
<tr>
<td>Enterprise total</td>
<td>$67,200,000</td>
<td>$74,011,093</td>
<td>$40,584,625</td>
<td>$33,426,468</td>
</tr>
<tr>
<td>Total</td>
<td>$211,218,697</td>
<td>$234,805,915</td>
<td>$173,945,808</td>
<td>$60,860,107</td>
</tr>
</tbody>
</table>

* Funding committed as of September 1, 2001

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: Total NCDI funds allocated is funding provided by national funders to local offices. NCDI funds committed are NCDI funds awarded to individual projects or programs, which because of the relending of funds repaid from earlier loans, totals more than the original allocation. “Project” funding committed refers to NCDI funding for bricks-and-mortar development projects; “non-project” funding committed refers to NCDI funding for general operating support grants as well as grants for social service and other programs.

Table 2

NCDI Share of Total Intermediary Project Funding and Numbers of Housing Units (1991–2001)

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total intermediary project funding</th>
<th>Project funding from NCDI</th>
<th>NCDI percent of total funding</th>
<th>Total units</th>
<th>NCDI units</th>
<th>NCDI percent of total units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC total</td>
<td>$308,385,718</td>
<td>$133,361,183</td>
<td>43%</td>
<td>52,506</td>
<td>13,559</td>
<td>26%</td>
</tr>
<tr>
<td>Enterprise total</td>
<td>$102,221,062</td>
<td>$40,584,625</td>
<td>40%</td>
<td>31,343</td>
<td>6,214</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>$410,606,780</td>
<td>$173,945,808</td>
<td>42%</td>
<td>83,849</td>
<td>19,773</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation. Total intermediary project funding is loans or grants provided to local CDC projects by intermediaries. Project funding from NCDI is the amount of intermediary project funding from NCDI loans or grants. Total units are those in any nonprofit project supported by intermediary loans, grants, or tax credits sold by intermediary-affiliated syndicators. NCDI units are units in any intermediary-supported project receiving NCDI funding.
Table 3

Number of Intermediary and NCDI-Supported Housing Units in 23 NCDI Cities, by Intermediary and Type of Housing Units Supported

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Unit type</th>
<th>Total intermediary units</th>
<th>NCDI units</th>
<th>NCDI percent of total units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>Tax credit rental</td>
<td>23,911</td>
<td>3,064</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>Non-tax credit rental</td>
<td>19,734</td>
<td>6,030</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>For sale</td>
<td>7,837</td>
<td>4,082</td>
<td>52%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Tax credit rental</td>
<td>14,592</td>
<td>3,342</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>Non-tax credit rental</td>
<td>12,301</td>
<td>3,440</td>
<td>27%</td>
</tr>
<tr>
<td></td>
<td>For sale</td>
<td>4,450</td>
<td>2,532</td>
<td>57%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>82,825</td>
<td>19,390</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: Tax credit units are rental units receiving assistance from the Federal Low-Income Housing Tax Credit Program. Rental (non-tax credit) units are in subsidized rental housing developments that do not receive tax credits. For-sale units are developed for purchase by owner-occupants. Because of missing data, we could not assign a unit type to 1,024 units of the 83,849 total units produced.

Table 4

For-Sale Units as a Percentage of Intermediary and NCDI-Supported Housing Units, by Intermediary

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total units</th>
<th>NCDI units</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>Total intermediary-supported units</td>
<td>51,482</td>
</tr>
<tr>
<td></td>
<td>For sale as a percent of all units</td>
<td>15%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>Total intermediary-supported units</td>
<td>31,343</td>
</tr>
<tr>
<td></td>
<td>For sale as a percent of all units</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>82,825</td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: Because of missing data, we could not assign a unit type to 1,024 units of the 83,849 total units produced.
### Table 5
Intermediary-Supported Community Facilities, by Intermediary

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Facility type</th>
<th>Total</th>
<th>Square feet</th>
<th>Total development costs</th>
<th>Total intermediary commitment</th>
<th>Total NCDI commitment</th>
<th>Intermediary commitment funded with NCDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>Child care</td>
<td>N</td>
<td>2</td>
<td>14</td>
<td>15</td>
<td>4</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>16,526</td>
<td>$18,941,721</td>
<td>$2,875,467</td>
<td>$2,158,467</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Health care</td>
<td>N</td>
<td>5</td>
<td>12</td>
<td>12</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>226,000</td>
<td>$84,951,317</td>
<td>$4,830,502</td>
<td>$2,108,102</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>School</td>
<td>N</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>2,068,465</td>
<td>$175,000</td>
<td>$165,000</td>
<td>94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Job training</td>
<td>N</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>2,323,233</td>
<td>$1,400,000</td>
<td>$785,000</td>
<td>56%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Mixed</td>
<td>N</td>
<td>7</td>
<td>11</td>
<td>16</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>234,114</td>
<td>$73,860,128</td>
<td>$8,842,386</td>
<td>$1,957,000</td>
<td>22%</td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Other</td>
<td>N</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>197,743</td>
<td>$96,463,812</td>
<td>$11,403,978</td>
<td>$4,230,150</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Community/neighborhood center</td>
<td>N</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>9,233,185</td>
<td>$1,922,050</td>
<td>$938,050</td>
<td>49%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Youth facility</td>
<td>N</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>6,408,443</td>
<td>$1,098,500</td>
<td>$50,000</td>
<td>5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LISC</td>
<td>Outdoor facility</td>
<td>N</td>
<td>2</td>
<td>6</td>
<td>10</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>225,000</td>
<td>$1,180,000</td>
<td>$0</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>N</td>
<td>28</td>
<td>78</td>
<td>92</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>Sum</td>
<td>710,383</td>
<td>$294,475,304</td>
<td>$33,727,883</td>
<td>$12,391,769</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>Child care</td>
<td>N</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>2,005,100</td>
<td>$372,000</td>
<td>$-</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>Other</td>
<td>N</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>124,050</td>
<td>$9,903,376</td>
<td>$930,000</td>
<td>$-</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>Community/neighborhood center</td>
<td>N</td>
<td>2</td>
<td>6</td>
<td>7</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>33,620</td>
<td>$128,896,638</td>
<td>$1,455,500</td>
<td>$1,380,500</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>Enterprise</td>
<td>Youth facility</td>
<td>N</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum</td>
<td>283,120</td>
<td>$283,120</td>
<td>$283,120</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>N</td>
<td>6</td>
<td>12</td>
<td>14</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>Sum</td>
<td>157,670</td>
<td>$141,088,234</td>
<td>$3,040,620</td>
<td>$1,663,620</td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>N</td>
<td>34</td>
<td>90</td>
<td>106</td>
<td>39</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Sum</td>
<td>$868,053</td>
<td>$435,563,538</td>
<td>$36,768,503</td>
<td>$14,055,389</td>
<td>38%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: “N” represents the number of projects to which the dollar/square footage figures correspond. Of the 106 projects receiving intermediary funds, there was square footage information for 34 projects and total development cost information for 90 projects. Complete financing information was available for all 106 projects, of which NCDI supported 39.
Table 6
Total Development Costs of Intermediary and NCDI-Funded Projects by Source of Funding, by Intermediary

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total development costs—all intermediary projects (000s)</th>
<th>Total development costs—NCDI projects (000s)</th>
<th>Development costs of NCDI projects as percent of all intermediary development costs</th>
<th>Total NCDI project funding (000s)</th>
<th>NCDI project funding as a percent of NCDI total development costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>$5,211,773</td>
<td>$1,856,871</td>
<td>36%</td>
<td>$128,436</td>
<td>7%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>$2,439,861</td>
<td>$376,822</td>
<td>15%</td>
<td>$34,022</td>
<td>9%</td>
</tr>
<tr>
<td>Total</td>
<td>$7,651,634</td>
<td>$2,233,693</td>
<td>29%</td>
<td>$162,457</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: Total development costs—all intermediary projects refers to the amounts from all sources required to develop projects supported with intermediary funds. Total development costs—NCDI projects refers to amounts required to develop only those intermediary projects supported with NCDI funds. Because of missing data or because projects were too early in the development process to have a known total development cost, we could not include total development costs for $11,489,000 of a total $173,946,000 in NCDI project funding.

Table 7
Uses of NCDI Project Funding, by Intermediary

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total NCDI project funding</th>
<th>Acquisition/ predevelopment</th>
<th>Construction</th>
<th>Permanent</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total</td>
<td>100.0%</td>
<td>17.6%</td>
<td>74.8%</td>
<td>5.1%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Enterprise</td>
<td>$40,584,625</td>
<td>$19,413,371</td>
<td>$15,539,059</td>
<td>$934,195</td>
<td>$4,698,000</td>
</tr>
<tr>
<td>% of total</td>
<td>100.0%</td>
<td>47.8%</td>
<td>38.3%</td>
<td>2.3%</td>
<td>11.6%</td>
</tr>
<tr>
<td>Total</td>
<td>$173,945,808</td>
<td>$42,828,158</td>
<td>$115,261,695</td>
<td>$7,669,597</td>
<td>$8,186,358</td>
</tr>
<tr>
<td>% of total</td>
<td>100.0%</td>
<td>24.6%</td>
<td>66.3%</td>
<td>4.4%</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.

Note: The large relative share of LISC NCDI funds in construction is, in part, an artifact of the organization’s identification of project transactions based on the latest phase of LISC project involvement, which often is construction.
### Table 8

**Total Development Costs of NCDI-Funded Projects and Per-City Average Total Costs, 1991–2000, by Intermediary (Dollars in thousands)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>$1,865,426</td>
<td>$124,362</td>
<td>$129,384</td>
<td>$8,626</td>
</tr>
<tr>
<td>Enterprise</td>
<td>$377,105</td>
<td>$37,711</td>
<td>$34,305</td>
<td>$3,430</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,242,531</strong></td>
<td><strong>$97,501</strong></td>
<td><strong>$163,688</strong></td>
<td><strong>7,117</strong></td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Because of missing data or because projects were too early in the development process to have a known total development cost, we could not include total development costs for $10,257,395 of a total $173,946,000 in NCDI project funding.*

### Table 9

**Per-City and Per-CDC Average Total Project Costs and NCDI Project Costs per CDC, by Intermediary**

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total N of NCDI-funded CDCs</th>
<th>Per-city avg. N of NCDI-funded CDCs</th>
<th>Total Development Cost per CDC</th>
<th>NCDI Cost per CDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>208</td>
<td>14</td>
<td>$8,968,394</td>
<td>$575,517</td>
</tr>
<tr>
<td>Enterprise</td>
<td>73</td>
<td>7</td>
<td>$4,671,976</td>
<td>$456,947</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>281</strong></td>
<td><strong>12</strong></td>
<td><strong>$7,852,243</strong></td>
<td><strong>$544,714</strong></td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Data excludes 15 of a total 296 CDCs with NCDI-funded projects because total development costs were unknown.*
### Table 10

**Total Costs and NCDI Funding per Project, by Intermediary (Dollars in thousands)**

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Total number of NCDI projects*</th>
<th>Total cost per project</th>
<th>NCDI $ per project</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC</td>
<td>350</td>
<td>$5,330</td>
<td>$342</td>
</tr>
<tr>
<td>Enterprise</td>
<td>122</td>
<td>$3,091</td>
<td>$280</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>472</strong></td>
<td><strong>$4,751</strong></td>
<td><strong>$326</strong></td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Because of missing data or because projects were too early in the development process to have a known total development cost, the table excludes total development costs for $20,071,000 of a total $173,946,000 in NCDI project funding.*

### Table 11

**Number of Units per NCDI Housing Project, by Intermediary**

<table>
<thead>
<tr>
<th>Intermediary</th>
<th>Number of units</th>
<th>Number of projects</th>
<th>Units/ project</th>
</tr>
</thead>
<tbody>
<tr>
<td>LISC Total</td>
<td>13,559</td>
<td>320</td>
<td>42</td>
</tr>
<tr>
<td>Average</td>
<td>904</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>Median</td>
<td>773</td>
<td>19</td>
<td>41</td>
</tr>
<tr>
<td>Enterprise total</td>
<td>6,214</td>
<td>110</td>
<td>56</td>
</tr>
<tr>
<td>Average</td>
<td>621</td>
<td>11</td>
<td>56</td>
</tr>
<tr>
<td>Median</td>
<td>483</td>
<td>9</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,773</strong></td>
<td><strong>430</strong></td>
<td><strong>46</strong></td>
</tr>
<tr>
<td>Average</td>
<td><strong>791</strong></td>
<td><strong>17</strong></td>
<td><strong>46</strong></td>
</tr>
<tr>
<td>Median</td>
<td><strong>772</strong></td>
<td><strong>17</strong></td>
<td><strong>45</strong></td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Data also include housing units in mixed-use projects.*
### Table 12

**Number, Cost, and Per-Unit Cost of Intermediary-Funded Rental and For-Sale Housing Units (1991–2001)**

<table>
<thead>
<tr>
<th></th>
<th>LISC</th>
<th>ENTERPRISE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total units</td>
<td>Total development cost (in millions)</td>
</tr>
<tr>
<td><strong>Tax credit units</strong></td>
<td>23,604</td>
<td>$1,804</td>
</tr>
<tr>
<td><strong>Non-tax credit rental units</strong></td>
<td>15,210</td>
<td>$1,237</td>
</tr>
<tr>
<td><strong>Non-tax credit ownership units</strong></td>
<td>6,484</td>
<td>$619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>45,298</td>
<td>$3,661</td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*

*Note: Because of missing total development cost information and the exclusion of housing units in mixed use projects, the table does not include 7,208 of LISC’s total 52,506 housing units and 7,694 of Enterprise’s total 31,343 units.*

### Table 13

**Relationship between NCDI Capacity Building and Project Funding**

<table>
<thead>
<tr>
<th></th>
<th>LISC</th>
<th>ENTERPRISE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of developers of NCDI-funded projects</td>
<td>296</td>
<td></td>
</tr>
<tr>
<td>Developers with NCDI capacity-building funding</td>
<td>196</td>
<td></td>
</tr>
<tr>
<td>Percent with NCDI capacity-building funding</td>
<td>66.2%</td>
<td></td>
</tr>
<tr>
<td>Total NCDI capacity-building funding</td>
<td>$60.9 million</td>
<td></td>
</tr>
<tr>
<td>Total capacity funding to NCDI developers</td>
<td>$39.0 million</td>
<td></td>
</tr>
<tr>
<td>Percent of total capacity-building to NCDI project developers</td>
<td>64.1%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Compiled by the Urban Institute based on information supplied by the Local Initiatives Support Corporation and The Enterprise Foundation.*