In this chapter, we will examine the lessons learned from the case studies and take a look at both the successes and challenges that the participating organizations faced. The seven case studies described how core competencies were used as comparative advantages to advance strategic partnerships in community development. In selecting case studies for the book, we sought compelling examples of community development organizations that are able to choose the right partners to obtain the requisite competencies and capacities to achieve significant outcomes for the community. Case studies were selected that represent both urban and rural settings throughout the USA with participating partners from diverse sectors. We sought collaborations that could be durable over time and financially viable and that represented unique funding models and new approaches. We also looked for high-performing organizations.

Common themes and patterns emerge from the case studies, and this chapter will compare and contrast the themes and lessons. In each case study, we’ll explore whether or not the organizations understood their core competencies and leveraged them as their comparative advantage. We’ll also examine the collaborations that were undertaken and whether or not they reflect the characteristics of successful collaborations. Finally, we’ll discuss whether or not the collaborations were financially viable.
UNDERSTANDING AND UTILIZING CORE COMPETENCIES

Looking at the lead organizations that were featured in each case study, the organizations have ambitious missions with one or more lines of business and numerous proficiencies. Several of the organizations are hybrids, meaning they are a combination of a CDC, RHDO, or CDFI, and thus have a diverse set of competencies. Yet when going after large and complex problems, they chose to collaborate and partner with others who had the capabilities that they were missing.

NWSCDC is an example of an organization that developed competencies to address a strong, singular focus. They transitioned from being a major project developer and real estate owner to a catalyst convener role. While they are a CDC first, they also are a CDFI, which they use to aggregate and deliver their financial resources. Their focus is to revitalize a community through the creation of opportunities, primarily employment, for residents living in northwest Milwaukee. As their role changed over the years, they have modified their board and staff to reflect the skills and competencies that they need to do this work. They recognized which resources and capabilities they needed to be successful and have carefully selected partners that can deliver the things they cannot deliver alone. Through their partnership with Wisconsin Energy Research Consortium (WERC), a consortium of three engineering schools in the Milwaukee area, and eight firms representing businesses in energy, power, and control, they have worked to create an industrial technology base that will employ local residents with good wages.

The partners in the Fairmount Indigo Line collaborative spent long hours building a working relationship and pulling in other organizations that had skills and relationships that they lacked. Sharing of philosophy of community empowerment, the collaborative was keen to involve local residents and stakeholders in their process. This competency was essential for gaining community support and developing a meaningful plan.

In addition to working with prominent employers and research institutions, NWSCDC also worked with grassroots organizations, whose competencies include community organizing, advocacy, and knowledge of local residents. The community, with support from NWSCDC’s organizer/planner, helped start neighborhood block watch clubs in 2003 and 2004, and then organized the block clubs into the Century City Triangle Neighborhood Association. The initial goal of the association was safety and community improvements to retain and attract businesses that
provide living wages. Previously, the community had several auto manufacturing businesses that contributed to a sizeable black middle class and there was a desire to attract companies back to the community to provide good living wage jobs to local residents. The Association provides grassroots support and leadership to NWSCDC so that local people can benefit from the economic opportunities (Snyder and Daniell 2011).

The CDC of Brownsville is an excellent example of an organization with multiple related lines of business. They are a lender, a developer, and also provide housing counseling. When they embarked on a mission to combat payday lending, they branched out into related territory—financial literacy. They understood that if families in the Rio Grande Valley were going to be able to purchase homes and be successful homeowners, they couldn’t get caught in the web of high-interest payday finance. To tackle this issue, they leveraged their innovation, entrepreneurship, and facilitation competencies to find partners who could deliver the software and services to their target clientele. The CDC of Brownsville (CDCB) understood the problem and recognized the need to bring in specific expertise to solve the problem at hand.

IFF on the other hand had many of the competencies needed to address the foreclosure crisis in West Cook County suburbs. They had been working in these communities on housing policy and affordable development projects and they understood the local market and political dynamics. By working with the local governments of five suburban communities, they were able to access resources and political will to address the foreclosure problem regionally. This was important because the foreclosure crisis did not confine itself to specific jurisdictions. While IFF had the skill set to do much of the work itself, they recognized the importance of collaborating with local partners and contracted out some of the housing work to smaller, community-based organizations that had local presence and support.

Fahe is indeed a hybrid. It is a membership organization but it is also a CDFI. When it took on the challenge of tackling affordable housing issues in Appalachia, Fahe knew that they could not do it alone, and they needed to grow the capacity of their local members. They needed to organize and facilitate a group effort that maximized the skills of their various partners. Fahe’s core competencies are finance and collaboration, and they used these skills to engage a range of partners to play various roles needed to positively impact affordable housing production. By proposing a bold performance challenge and then coordinating its implementation, Fahe leveraged its skills to provide a scaled solution for the region.
In the case study about the REACH–ACE merger, the organizations understood both their competencies and their weaknesses. ACE needed to find a strong financial partner to survive and thrive, and the Executive Director had the foresight to be proactive in acting before they were in a crisis situation. REACH had strong capabilities and an interest in expanding into a new community and state, but understood that their chance of success would increase greatly if they had a local partner with local connections and credibility.

**Characteristics of Successful Collaborations**

There are several common characteristics of successful community development collaborations. While each organization must understand their competencies and know how best to leverage them with others, they also need to understand the fundamentals of what makes strategic partnerships successful. Following are six essential characteristics and a description of how the organizations in the cases studies reflected them:

- There is a leader, quarterback, or backbone organization that marshals the effort.
- The organizations are ready and well positioned to proceed.
- There is strong public sector support.
- The challenge that the collaboration is trying to tackle is strategic and of a meaningful size, but not so large that progress can’t be made.
- The time is right for action.
- There are quick wins that help coalesce support and propel the collaboration forward.

**Lead Organizations**

In each of our case studies, there is either an individual or an organization that leads the collaborative work. Community development organizations will need to partner with other nonprofit organizations, public institutions, and private entities in order to tackle complex problems. In each case, these organizations became skillful facilitators to pull together coalitions of groups to address issues. The leaders have been likened to quarterbacks, but in reality they function more like symphony conductors. They are not the star player acting on their own, but the person responsible for bringing
out the best of everyone involved and ensuring their coordinated effort results in a great outcome. The term quarterback is more widely used term for describing the individual or organization that leads a collaborative effort, and that is how we will refer to this role throughout the book.

NWSCDC frequently took on the quarterback. By leveraging their strategic planning, facilitation, and community organizing competencies, they were able to recruit major corporations to see the advantage of locating or remaining in their community.

As the convener of a strong network of local organizations, it was natural for Fahe to play the leading role. When Fahe launched the Berea Compact, they helped build the capacity of their members to operate at scale in through strategic partnerships. The Berea Compact consisted of five initiatives described in the previous chapter. Fahe’s strategy was to pick one member with a particular core competency to be the primary aggregator or distributor of the services for other members. They did a pilot project to test concepts and attempt to standardize what worked and then rolled out the model for larger scale and impact. As a result of Fahe’s leadership, the Berea Compact partners significantly ramped up the production of affordable housing in Central Appalachia.

EBALDC serves as the backbone organization for their healthy neighborhood collaborative. The collaborative incorporated the core values of EBALDC including collaboration, respect for diversity, skillful listening, shared leadership, accountability, and commitment to their mission. They accomplish more by engaging others and encouraging people to be leaders and problem solvers in their community. To do this work, EBALDC draws from more than 30 years of experience creating successful partnerships in diverse initiatives.

In the West Cook County Housing Collaborative, IFF played the role of the quarterback by functioning as the central administrator and facilitator for the collaborative’s work. IFF was selected through a public request for proposal process to manage the collaboration. Once the WCCHC was up and running, IFF became the key player for organizing meetings, developing a common strategy, seeking, administering, and lending funds and implementing specific programmatic components. Given their financing and real estate development competencies, they could also be directly involved with a real estate project.

In the Fairmount Indigo Line effort, four CDCs were actively involved in the planning and implementation of the revitalization work along the rail line. The Dorchester Bay EDC, and its then Executive Director Jeanne
Dubois, were a primary force behind the collaboration, working in close partnership with the other CDCs. Ms. Dubois’ strong commitment to community engagement and tireless dedication to the cause of improving the corridor were essential factors to the collaboration’s success.

The CDC of Brownsville has been a community development leader in the Rio Grande Valley for many years. Because of its commitment to its mission, stepping up to lead an effort to address the payday lending problem was not a stretch. They were already serving many of the people who were impacted by this issue and they had a broad network of relationships that they could tap to tackle the issue. By giving people an alternative mechanism to access short-term debt, they were helping potential home buying customers from ruining their credit, while strengthening the financial viability of the entire region by stemming the drain of cash in the form of exorbitant loan fees.

The Executive Directors of both REACH and ACE took leadership roles to make their collaboration happen. Working closely together, they mapped out a strategy that would result in a win–win for both organizations. They recognized that to get what they needed, they both needed to compromise. And while they both understood this, they had to manage the expectations of both boards that had their own views on how the partnership should be structured.

**Organizational Readiness**

With each of our case studies, the lead organizations either had experience with and knowledge of the issue they chose to address, or they were willing to make significant organizational changes to educate and prepare themselves.

Organizational readiness for NWSCDC required divesting of 250,000 square feet of commercial and industrial property, including their office in a historic fire station. It took five years to complete this work. Next, NWSCDC demonstrated the ability to forge a partnership with the Wisconsin Energy Research Consortium (WERC), now called the Midwest Energy Research Consortium (MERC). MERC acts as a mentor to technology-based businesses that NWSCDC recruits, finances, and assists. NWSCDC and MERC have also formed a workforce development program in the power controls and energy fields that draws upon NWSCDC’s expertise in workforce development. NWSCDC quickly succeeded with their new strategic direction and have had additional successes with the partnership model.
Fahe took a 2-pronged approach of quality control and technical expertise to build their organizational capacity and readiness. The first prong was to emphasize quality control to meet and exceed industry standards for mortgage origination. They hired staff and created systems to meet these standards. This enabled them to raise significant pools of capital in a capital-starved region. Secondly, Fahe spent extensive time with its 50 plus members to provide support and direction as needed. Fahe staff and members have created a learning environment based on open communication and trust. The ability to ask and answer tough questions is critical to the learning and success of the collaboration, and the open questioning of strategies and issues is a hallmark of an effective collaboration according to the Nonprofit Finance Fund Catalyst project.

Fahe meets twice a year with all of their members in the spring and fall, and have quarterly caucus meetings in four states (Kentucky, Tennessee, Virginia, and West Virginia) that comprise their primary membership. These meetings emphasize training and technical assistance. They also create an environment for sharing information and build knowledge among the members toward a goal of having Fahe members ready to benefit from Fahe’s housing financing products.

EBALDC has spent considerable time over several decades building organizational leadership and readiness to lead collaborative efforts. The Healthy Neighborhood initiative is grounded in the concept of collective impact, which prescribes developing a common agenda and shared measurement system, focusing on mutually reinforcing activities of participating organizations and partaking in continuous communication with all participants. EBALDC provided “backbone” support by dedicating staff and leadership to this effort.

Collective Impact efforts tend to be led by major institutions, and what is unique about the San Pablo Avenue Revitalization Coalition (SPARC) initiative, is that a grassroots community development organization, EBLADC, is leading the effort. They are respected by both community leaders and powerful institutions. EBLADC brings a deep understanding of the roles of relationships before engaging in partnerships.

In the West Cook County Housing Collaborative, IFF prepared prior to formally joining the collaborative by participating in housing policy forums and developing affordable housing in the impacted areas. In responding to the request for proposal to lead the effort, IFF had to think through its approach and identify its human and other resources that it could dedicate to the work.
The four CDCs who comprised the Fairmount Indigo Corridor Collaborative had worked in the communities affected by the lack of transit for decades. They were ready to proceed in that they understood both the challenges and opportunities. They were able to build upon the work already underway by the Greater Four Corners Action Coalition, and they were careful to lay out a plan with clear goals and actions. They developed an MOU that defined the goals, principals, a decision-making process, and the responsibilities of the participating groups.

CDC of Brownsville readied itself by learning about the issue through the discussion of the members of the “kaffeklatsch” that Nick Bennett Mitchell participated in. The availability of grant funds for a public education campaign on the topic prompted the group to develop a better solution—one that did more than educate and actually provided people with a good alternative. The group did significant research about the problem before arriving at a solution.

Both REACH and ACE were very ready to proceed. One organization was poised for growth and the other poised for a partner. The only drawback to the process was that the REACH Executive Director left just prior to the finishing the transaction and was not there to facilitate the integration of staff and activities. While it still happened, it did slow down the process and created a lack of continuity in leading the transition.

**Strong Local Public Sector Support**

Community development organizations have had a long history of support from local and state governments, in part because of the availability of federal block grants (CDBG, CSBG and HOME), and the Low-Income Housing Tax Credit program. Relationships across the USA between community development organizations and governmental units were for many years a traditional funding relationship with a grantor and a grantee. Over the years, as public funds have dried up, some local and state governments have turned to nonprofit community development organizations to help implement their policies and programs. The case studies in this book suggest that the evolving relationship between community development organizations and local and state government is dynamic, with local and state governments viewing community development organizations as genuine partners.

IFF had tremendous public sector support in the West Cook County Housing Collaborative. They were viewed by the participating local suburban governments as the trusted facilitator of a multi-year strategy to
combat the foreclosure crisis. Based on their success with WCCHC, they were subsequently asked by the public sector to lead a similar effort for suburbs south of Chicago.

In the case of the Fairmount Indigo Corridor Collaborative, much of the early work was aimed at getting local governmental bodies to respond to a problem that they had ignored for years. The lack of viable transportation for residents in the impacted neighborhoods had contributed to disinvestment in the areas along the rail line. Once the Collaborative achieved some success, many of the local governments stepped up and fully supported the goals of the group.

The CDC of Brownsville Community Lending Center was created in part because public policies allowed payday lenders to charge huge fees to borrowers, so an alternative lower-cost small-loan system was needed. Now that their good payday lending system is operational, local governments are some of their customers, offering the services of CLC to their employees.

NWSCDC has forged strong relationships with local elected officials including aldermen. Additionally, the CDC has in-depth knowledge of federal government policies and funding sources have made them a valued partner. The technology organizations consider NWSCDC to be an ideal partner, because they help provide financial support and technical assistance to small businesses through their CDFI, as well as assistance with political support. NWSCDC has been able to secure major federal grants from the Office of Community Services (OCS) for facility improvements and specialized equipment important for the growth of the industrial firms.

Fahe and their members serve hundreds of small rural communities where there is limited capacity and activity. Fahe has built strong relationships with state housing finance agencies in the states where they and their members work. Fahe is pursuing work with energy efficiency, healthy homes, and aging in community initiatives. They will be able to utilize state government resources to help achieve those results.

EBALDC has a strong partnership with the Alameda County Public Health Department located in Oakland. The Public Health Department informed EBALDC staff and stakeholders on the importance of addressing the social determinants of health. The Health Department study, Life and Death Through Unnatural Causes, showed the enormous difference in health and education outcomes based on where one lives. The Public Health Department has been an invaluable partner and has brought other major stakeholders to work with EBALDC including St. Mary’s Hospital and Life-Long Federal Qualified Health Center.
In the REACH-ACE collaboration, the public sector partners in Washington State had to be convinced that the partnership would be a positive. While they respected REACH and appreciated the organization’s strengths, they openly stated that they would have much preferred it if ACE partnered with another organization from the same community. Once they understood that that option wasn’t available to ACE, they got on board and supported the merger.

**THE CHALLENGE IS STRATEGIC AND BIG ENOUGH TO BE A PRIORITY**

The lead organizations in each of the case studies faced a substantial challenge or opportunity where the traditional status quo was not sufficient given the scale of the issue and the communities’ needs. They recognized that addressing the issue was aligned with their organizational goals and strategically important to their missions.

As noted in the case study, the foreclosure crisis had a huge negative impact on Chicago’s suburban communities. On their own, these local governmental bodies did not have the staff or tools in place to adequately respond. By pulling together with neighboring communities and engaging a partner like IFF that had the knowledge and skills to obtain and deploy resources, they were able to strategically respond to the problem. Now that much of the problem has been addressed and with some government institutions shifting priorities to new issues, the collaboration may wind down.

Texas has one of the biggest payday lending problems in the USA, with payday and title loan lenders doing nearly $6 billion of total business done in 2013. This challenge was so big that it couldn’t be ignored, and strategically fit the mission of CDCB.

For those living along the Fairmount Indigo Line, quick, inexpensive transportation to the jobs and services of the central city had evaded them for decades. The challenge was big and the solutions to it were expensive, but by rising up and demanding improvements the communities along the line the Fairmount Indigo Corridor Collaborative were able to strategically channel new resources to the community and revive not only a transit line but four communities that surround it.

The neighborhoods on the northwest side of Milwaukee had suffered from disinvestment and unemployment for decades. The challenge is to bring and retain companies with good paying jobs to the community. As
noted in the case study, historically, Northwest Side CDC had pursued a commercial/industrial development agenda that was typical for CDCs focused on commercial revitalization activities. After considerable strategic analysis the board and executive staff shifted the direction of the organization to focus on strategic partnerships where it could add value.

The value add was that NWCDC was skilled at accessing federal grants for major economic development and business financing. They had a long history of solving economic development problems in the neighborhood and they had strong relationships with the business community. NWSCDC has focused on providing financing, real estate support, and political support to industrial firms that have national and global markets.

Fahe’s big challenge was different than NWSCDC. Their organizational future was not in jeopardy, but the ability of Fahe and its members to continue to produce new units of affordable housing and continue their effectiveness and impact was questionable. The production trajectory of Fahe and its members was flat and their self-sufficiency rate was low. As noted in the case study, Fahe and its network members which have grown from 30 to over 55 organizations launched in the Berea Performance Compact. Over the period of a decade, they were able to quadruple the annual housing production of the Fahe network to well over 8000 units and grow their self-sufficiency ratio. Fahe has used this big challenge to position itself to strategically pursue new opportunities in the future.

EBALDC is a well-operated diversified CDC and has developed over 2000 units of housing, commercial development, and asset-building programs. However, the organization’s leadership realized that while the CDC had engaged in significant physical revitalization of core neighborhoods in Oakland and surrounding communities in Alameda County, the health and social outcomes of the community were low by comparison to surrounding communities.

The study by Alameda County Public Health Department and additional analysis spurred EBALDC into focusing on healthy neighborhoods as their core priority moving forward. The challenge was large and timely. EBALDC’s strategic response was to focus on healthy neighborhoods. EBALDC has not reduced their real estate development activity; rather, it has targeted the real estate development to neighborhoods that are in their core target areas. EBALDC leads a collaboration of 13 organizations of the SPARC Coalition to tackle and improve health outcomes for local residents at all ages.
THE TIME IS RIGHT FOR ACTION

In all of the case studies, the ability of those involved to proceed in a timely fashion was critical. Organizations must identify the right partners and begin the work of aligning systems and resources. Being ready to proceed does not imply that all the capacity and competencies are in place, but it does suggest that organizations have adequate collaborative leadership and capacity in place to launch their new initiative. Strategic partnerships and multi-sector collaborations are a different way of doing business, and the lead community development organizations have to create the learning environment and capacity to succeed. The collaboration leadership needs to acknowledge inherent risks and uncertainties. It is hard to know the outcome of the collaborative as the partnership is being launched. It is important that the value added by working together is genuine and that the criteria for working together are clear.

The trigger that prompted action in each of the case studies varied. Two groups were prompted by financial need (NWSCDC and ACE). The West Cook County Housing Collaborative was prompted by a major crisis pertaining to home foreclosures. New information about health outcomes prompted EBALDC to take action. Fahe and the partners of the Fairmount Indigo Line were responding to community issues that had been building over years. No matter what the trigger for action, the community development organizations needed to be willing to act and be open to new ways of doing their work. They also had to get outside of their comfort zone of business as usual and develop new partners. Both attitude and aptitude play a role in their success.

QUICK WINS AND INITIAL SUCCESS

Collaborations that involve big challenges and new directions can take many years. It can be difficult to engage and retain stakeholders and funding over the long haul. Organizational change practitioners and experts strongly encourage organizations to secure quick wins (Kotter 1994). The notion is simple: having clear tangible successes early on that vest the members, and that help the collaborative stay engaged and achieve its long-term goals.

For the partners of the Fairmount Indigo Line, first success was the completion of the Indigo Line plan and the MOU that identified goals and desired outcomes for the community and laid out the roles and
responsibilities of the collaborative members. Major physical improvements to stations that resulted as part of a legally mandated program to mitigate increased pollution caused by the “Big Dig” brought visible improvements to the community.

For IFF and West Cook County Housing Collaborative, the award of a large federal grant (Neighborhood Stabilization Funds) allowed work to get underway fairly quickly.

NWSCDC had the dual challenges of selling commercial real estate that was draining the organization and forming new strategic partnerships. NWSCDC “quick win” was to secure a large grant from the Office of Community Services to finance facility renovation, which created an initial success and momentum.

To quadruple their housing production impact, Fahe pursued several critical initiatives early on. Their first win was the creation and adoption of the Berea Performance Compact, which laid out a plan for how Fahe members would scale up. Secondly, Fahe became a broker and was able to originate market rate housing loans with 5th Third Bank and Kentucky Housing Corporation. The broker role enabled them to expand their products, while not being constrained by their balance sheet.

EBALDC started with a Healthy Neighborhoods Strategic Plan that assesses each project, program, and partnership for its potential to create resources and opportunities to achieve healthy outcomes and vibrant lives. To build momentum, they focused on reducing emergency room and hospital visits due to high blood pressure. EBALDC and their partners emphasized preventive treatment at health clinics and by providing access to healthy foods. EBALDC also promoted exercise and health education (San Pablo Area Revitalization Collaborative plan 2015). SPARC brought health technicians from Life-Long Medical, a Federally Qualified Health Center and St. Mary’s Hospital to provide blood pressure screening for 10 weeks for adults living in the SPARC target area.

EBALDC and their partners worked to improve area safety by reducing blight and improving streets, parks, and abandoned land. Improving the physical environment can improve the perception that neighborhood is safer. They focused on five “hot spots” in the neighborhood that needed improvement through activities such as mural wall paintings, cleaning up trash and making the streetscape more attractive and active.
Adapting Organizational Structures to Advance Competencies and Strategic Partnerships

Community development organizations operate in an ever-changing environment. As such, the challenges that they are facing today may morph and change into something else in the future. To be effective at responding to these shifts, the organizations will need to develop new competencies to respond to the challenges and create collaborative structures that are resilient and flexible and able to pivot and adapt.

In *Toward a New Business Model*, Laura Choi and David Erickson of the Federal Reserve Bank of San Francisco underscore the importance of understanding complex adaptive systems. They note “that everything is connected to everything and interacts in ways that we cannot predict or control.” Adaptive challenges present problems that are not understood and that are messy. They require innovation, learning, and evolving strategies. The ability for a collaboration to adapt is a critical element of the community development ecosystem because of the constant change that occurs with leadership, resources, and communities. Adaption works best when multiple stakeholders are engaged and part of the process, leading to changes in numerous ways across organizational and stakeholder boundaries (Choi and Erickson 2015).

Another challenge is to do the work that is necessary to build or acquire the needed competencies and develop the relationships in new strategic partnerships. Community development organizations must weigh the cost/benefit of investing in these structures, taking into consideration what can be gained by working with others, rather than proceeding alone.

In moving toward a strategic partnership model, NWSCDC revised its governance structure and procedures of the organization. They decided to expand the board of directors reflecting the new competencies and strengths needed for the organization. NWSCDC enlisted board members who were recruited with specialized expertise in marketing, law, and human resources to assess potential economic partners. At the staff level, the CDC made some strategic staff realignments to reflect the new competencies needed for the new direction of the organization. A position was created for an organizer/strategic planner to engage the community in a neighborhood strategic planning process. The net result of these changes was to make the organization able to develop a comparative advantage that made them an attractive partner to others. They adapted to the changing environment and created new strategic partnerships.
For Codman Square CDC, a member of the Fairmount Indigo Corridor Collaborative, the experience gave the organization a better understanding of their core competencies and the confidence to take on bigger issues. Going forward they looked for the right partners with complementary competencies to address specific issues. They learned that collaborations take time and that the relationship building work that is necessary for working well with others is necessary and ultimately pays off. Collaborative member Dorchester Bay EDC related the importance of creating alliances with others to build political power and obtain additional resources. While these alliances take time and patience, they are necessary to bring a voice to communities.

Fahe leadership realized that simply adapting the Berea Performance Compact was not enough. They needed to develop a stronger competency for operating a first-rate mortgage platform. Among their first hires was a former Fannie Mae senior lender to develop the systems and quality control necessary to succeed. The organization invested in mortgage origination software. Fahe became a leader in loan servicing in their region and by 2015 had attracted 33 investors including state housing mortgage finance agencies and Habitat for Humanity.

EBALDC made major changes to embrace a “Healthy Neighborhoods” framework. EBALDC’s healthy neighborhood lens helped them identify the neighborhood assets and stressors, and determine which stressors they could address with a collaborative strategy that built on their strengths. EBALDC began adapting to a new set of issues and strategies that will undergird their future work.

CDC of Brownsville created a new entity, the Community Lending Center, to provide their alternative to predatory payday lending. They used their experience and competency to develop the collaborative effort to build the program and engaged other individuals and organizations with complementary competencies to provide technical skills for the company’s software and legal expertise, and provide customers access to it.

REACH changed its by-laws and board makeup to require the inclusion of members of the Vancouver and SW Washington community. This was necessary to show that they were committed to having the involvement of local residents and stakeholders in guiding the future work in that community.

The Fairmount Indigo Line CDC collaborative spent countless hours developing an MOU to clearly define roles and responsibilities that built on the various organizations’ competencies and comparative advantages. This document guided their collaboration for many years.
FINANCIAL VIABILITY

Community development organizations operate in challenging environments and serve people with limited resources. Often, the mission-driven work that is done does not produce adequate revenue to support the cost of the work. Frequently organizations need to seek resources to subsidize this work. Financial viability is critical for organizations and collaborations to operate and succeed. These initiatives have to cobble together diverse streams of funding. Multi-sector partnerships that focus on long-term outcomes and impact will likely need to access many different sources of funding over the life of the partnership.

Historically, funding for community development work came from four primary sources: the public sector, earned revenue, private capital, and philanthropy, including individual, corporate, and foundation gifts.

The most common public sector sources included CDBG, HOME, LIHTC, Tax Increment Financing, New Market Tax Credits, the CDFI and Capital Magnet Funds and HHS Office of Community Services Urban and Rural Economic Development Program. These are important sources for financing affordable housing and for community development lending. One of the challenges facing the field in the last decade is that some of the traditional public funding sources have declined—notably Community Development Block Grants (CDBG) and HOME Partnership dollars.

Earned revenue for community development organizations comes from fees and revenue for the services they provide, which may include rental income, loan fees, and program fees. For CDFIs and RHDOs, earned income can comprise a significant portion of their budget. Community development organizations also rely on private capital to finance much of their community development and real estate development work, and to invest in their loan funds. Private donations from philanthropic sources support the services and non-cash generating activities of community development organizations. In recent years, new sources of funding have surfaced, such as impact investments, social impact bonds and funds from other sectors, such as the health-care sector via the Affordable Care Act.

Funding for collaborative efforts is less well defined. It may come from public or private sources, but can be short lived and unreliable. Frequently, organizations must rely on their own balance sheets to engage in these efforts. As community development work is a long-term process that requires long-term capital, finding adequate support can be challenging. While funding can be episodic, organizations need to be able to have enough support to build momentum that will last the duration.
These financial constraints can make it difficult for smaller community development organizations to take on significant roles in starting collaborations. However, once established it is very possible, as in the Fairmount Indigo Line, that new resources can be accessed that grow the work of the collaborative and also benefit the individual organizations.

Effective community development organizations, especially those who play the quarterback role, have to consciously plan for and allocate resources to form collaborations. However, as our case studies show, there can be very significant payoffs in terms of improved outcomes for residents and communities.

NWSCDC has had considerable success securing large community economic development grants from the Office of Community Services (OCS) for their collaborative work on industrial and technology projects. These sources coupled with the federal and state support including tax credits that the manufacturing firms have accessed, has the net effect of leveraging significant new dollars into the low-income neighborhoods of Northwest Milwaukee and attracting and retaining large employers.

Fahe deploys both an internal and external strategy for raising significant new source of capital. Their internal strategy has been to grow their membership and housing production capacity to generate additional money. As of 2014, Fahe and their 55 members have increased the annual level of capital deployed from $7 million in 2003 to over $80 million in 2014. Fahe has been very creative in terms of deepening existing funding and accessing new funding sources. They became a correspondent lender for JP Morgan Chase & Co. and Flag Star Bank, enabling them to originate, underwrite, and sell loans to both of these financial institutions. They also have established a broker network allowing local organizations, Fahe members, and partners, to originate USDA guarantee loans and they earn a fee for loans closed.

EBALDC has a strong history of launching comprehensive community development initiatives with an array of different funding sources. They have raised over $200 million in their first 40 years of existence.

The WCCHC relied on public sector funding to do its initial work. As the foreclosure crisis subsides and communities develop new priorities, the collaborative’s role, and possibly its existence, is likely to change in the coming years.

CDCB has developed a franchise model that relies on little subsidy and many partners. By designing an income-producing program that is more beneficial for borrowers but still produces revenue, the Community Lending Centers should be able to proliferate and flourish.
REACH and ACE sought philanthropic sources to support their initial collaborative and due diligence work. Now that the partnership is formed and functioning, no further subsidy is needed.

CONCLUSION

The seven case studies featured in this book describe a wide variety of community development challenges, organization types, and solutions. The organizations featured all share certain commonalities, including: a strong understanding of their goals and purpose, an understanding of their competencies, and an ability to select appropriate partners. In some cases, organizations need to pursue a tactical strategy that is not comprehensive initially, in order to obtain the visibility, wins, and resources needed to employ a more holistic approach. While there are no absolute right and wrong ways to pursue collaborative solutions, success is enhanced when organizations know their competencies and understand how to leverage them in a particular situation.

REFERENCES