CDCs - At the Crossroads?

Community Affairs Department • Federal Reserve Bank of Kansas City

Community Reinvestment
Volume 10 • Number 1
Summer 2002

Community Reinvestment is published by the Community Affairs Department of the Federal Reserve Bank of Kansas City, 925 Grand Boulevard, Kansas City Missouri 64198-0001. It is available on the Bank's web site at http://www.kc.frb.org/home/subcommunity.cfm. Comments or questions may be directed to Sharon M. Blevins, 816-881-2867 or 800-333-1010 Ext. 2687 (telephone), 816-881-2135 (fax), or sharon.m.blevins@kc.frb.org.

Community Reinvestment is published twice a year. Free subscriptions and additional copies are available upon request. Material may be reprinted or abstracted provided *Community Reinvestment* is credited. Please provide the Community Affairs Department with a copy of any publication in which material is reprinted. The views expressed are not necessarily those of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Community Affairs Department

Larry G. Meeker
Vice President
Consumer and Community Affairs
816-881-2476
larry.g.meeker@kc.frb.org

John A. Wood
Assistant Vice President and Community Affairs Officer
816-881-2203
john.a.wood@kc.frb.org

S. Andrew Thompson, Jr.
Assistant Vice President
303-572-2535
sandrew.thompson@kc.frb.org

Sharon M. Blevins
Editor and
Community Affairs Coordinator
816-881-2867
sharon.m.blevins@kc.frb.org

Ariel Cisneros
Senior Community Affairs Advisor
303-572-2601
ariel.cisneros@kc.frb.org

Connie P. Hill
Senior Administrative Assistant
816-881-2687
connie.p.hill@kc.frb.org

Design: Micah Rott
Layout: Chris Schoenhals
Photographs: Andrew Thompson and Chris Schoenhals

Community Reinvestment

Summer 2002

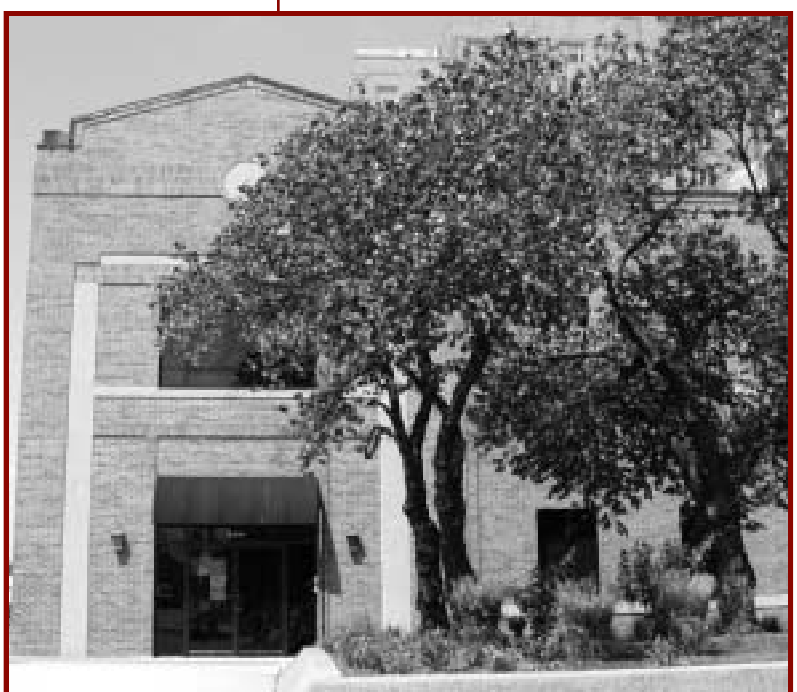
Community Reinvestment

Summer 2002

CDCs—At the Crossroads?

Ask almost anyone who's involved in community or neighborhood revitalization to talk about the process, and it won't be long before they mention community development corporations.

Indeed, the conversation may begin with a CDC, because CDCs provide a political base to get attention focused on neighborhood issues. They make resources and skills available that can make the difference between neighborhoods thriving and neighborhoods declining.



Curtis W. Johnson, a noted economic development commentator, put it this way recently at the Federal Reserve Bank of Kansas City's 2002 annual rural conference on the "New Power of Regions": "While we are stuck with a decision model that relies on federal, state, and city [policy makers], our most pressing problems and most appealing opportunities sort out at other levels." One of those levels, according to Johnson, is neighborhoods, "the places where the most worrisome social conditions are rooted and the only venues boasting any success stories." And many of those successes are due to CDCs.

For more than 30 years, CDCs have been organizing neighborhoods and educating residents and outsiders alike about neighborhood issues. They have shouldered a lot of the actual work of neighborhood development. And they've grown and changed. Twenty-first century CDCs are likely to be multifaceted organizations, doing everything from providing social services and educating residents on home ownership to engaging in commercial and residential development activities and assembling the funding to support it. CDCs are key partners in the public-private-nonprofit partnerships that tackle the challenges of neighborhood revitalization.

CDCs today find themselves in a rapidly changing world. They are more businesslike than the CDCs of yesteryear, and since they're often administering large amounts of public money, they are more than ever being called on to account for results.

The accountability issue was driven home in a two-part series by *The Washington Post* this past February entitled "The $100 Million Failure: Stalled Urban Revival." Articles written after a six-month investigation alleged that there were significant problems with a number of CDCs in the Washington, D.C. area and with the city's system of overseeing them. According to the Post, only a third of the 200 projects that received public funds over the past ten years have been completed, and more than half of those were delayed for years or triggered lawsuits from buyers or contractors. The articles charged local CDCs with overspending, self-dealing, cronyism, and conflicts of interest. Defenders said the articles were biased, focused only on the problems, and didn't allow for the challenges that CDCs face. Whatever the "truth" may be, the Post articles highlighted issues that CDCs and their partners are sensitive to across the country.

The worlds of those CDC partners are also rapidly changing. Government funding levels and sources change when new administrations form new policies that focus on new issues or on old issues in new ways. Community development must constantly compete with other public priorities. For example, today's new emphasis on the role of faith-based organizations in neighborhood improvement may evolve with experience or change if newly elected leaders bring different ideas about how resources should be utilized.

Banks, another essential partner, are facing change on two fronts: consolidation and technology. While consolidation has the tendency to push bank decision making further from neighborhoods, technology can make more bank services available in neighborhoods without a bricks-and-mortar presence. Nevertheless, banks remain essential partners in community revitalization. They serve as gatekeepers for many public resources and, without

Banks remain essential partners in community revitalization. They serve as gatekeepers for many public resources and, without their involvement, many sources of government funding are not available.

their involvement, many sources of government funding are not available. As someone once noted, "You can't get a government loan guarantee or a second mortgage without a bank loan."

Foundations, which are a third key partner for CDCs, have become increasingly active in funding community development activities. For many CDCs, this opens doors of new opportunity. At the same time, it adds a partner whose requirements for demonstrating results can make the CDC world even more complex.

Because of both the challenges and the changes facing CDCs, we thought the time was right to take a closer look at the CDC world in this issue of Community Reinvestment. We spoke with more than 40 people, including representatives of 20 CDCs located in metropolitan Kansas City, Denver, and Oklahoma City.

In addition, we raised the CDC topic with the Kansas City Fed's 15-member Community Development Advisory Council at a meeting in March. All members of the CDAC are involved in one way or another with community economic development issues, and many are CDC staff or work directly with CDCs. The Advisory Council's interest in our questions about CDCs was enthusiastic, and two members surveyed people in their communities about CDCs. Peter Merrill, who is involved in homebuilding in Santa Fe, New Mexico, constructed a questionnaire that he distributed to CDCs in his area to learn more about their perspectives. The Advisory Council explored the challenges facing CDCs, how time has changed their mission and role, how to measure CDC performance, and how to measure success. Comments from this discussion are included in our article, as are comments from an April roundtable held at the Kansas City Fed for representatives of the Community Development Association of Greater Kansas City.

We begin our exploration of CDCs with a brief history. Then we focus on the key issues and challenges facing CDCs, mainly through the words of our interviewees. We will look at the attributes identified in a study of effective nonprofits, and we'll tell you about an initiative to create stronger and more self-sustaining CDCs in Kansas City. Finally, we take a look at what the future might hold for CDCs.

We've also included three brief CDC profiles that reflect the wide range of organizations with which we spoke. One has a targeted focus on housing, another provides extensive social services and develops housing and commercial facilities, and the third is a statewide CDC established to serve development needs in communities of all sizes in the state of Oklahoma.

Origin and History

The CDC movement began in earnest in the 1960s with the passage of the Economic Opportunity Act in 1964, which spawned the predecessors to CDCs in the form of community action agencies.

These agencies were financed directly by the federal government to combat poverty at local levels. However, the agencies' narrow focus on social services, among other factors, left many people unsatisfied. A subsequent amendment to the Economic Opportunity Act created the Special Impact Program.

This program was inspired by the resident-initiated improvement Senator Robert Kennedy saw in Brooklyn's Bedford-Stuyvesant neighborhood. Beginning in 1968, the Special Impact Program provided funding to local organizations to promote economic development and social and other services, in partnership with residents, nonprofits, and the private sector. The organizations that received Special Impact Program funding were called community development corporations, or CDCs, and with this funding they began focusing more on job opportunities and housing and less on social issues. Some early CDCs began with this funding or funding from the government's Model Cities program, which was designed to address issues of poverty, discrimination, and inadequate housing. Others grew out of advocacy movements or protest activities of that era. One CDC leader that we interviewed said that many of the people working with CDCs are still "hippies saving the world."

In the 1970s, approximately 40 CDCs in both urban and rural locations received direct federal funding through HUD's Title VII program. However, this process changed in 1974 with the advent of the Community Development Block Grant (CDBG) program, which began by disbursing funds to the states. The state governments then decided which community development efforts to fund. CDCs also began to appear in suburban areas and portions of the country other than the East Coast. By the end of the 1970s, hundreds of CDCs were in existence.

For CDCs, the 1980s were marked by significant cutbacks in the federal government's domestic spending. The cutbacks by the new administration were intended to spur greater development activity by state and local governments and by private individuals and corporations. One result was that many cities formed public-private partnerships to support local development. To obtain funding, CDCs were forced to look to local and state sources and often had to finance projects with multiple and more complex sources of funds.

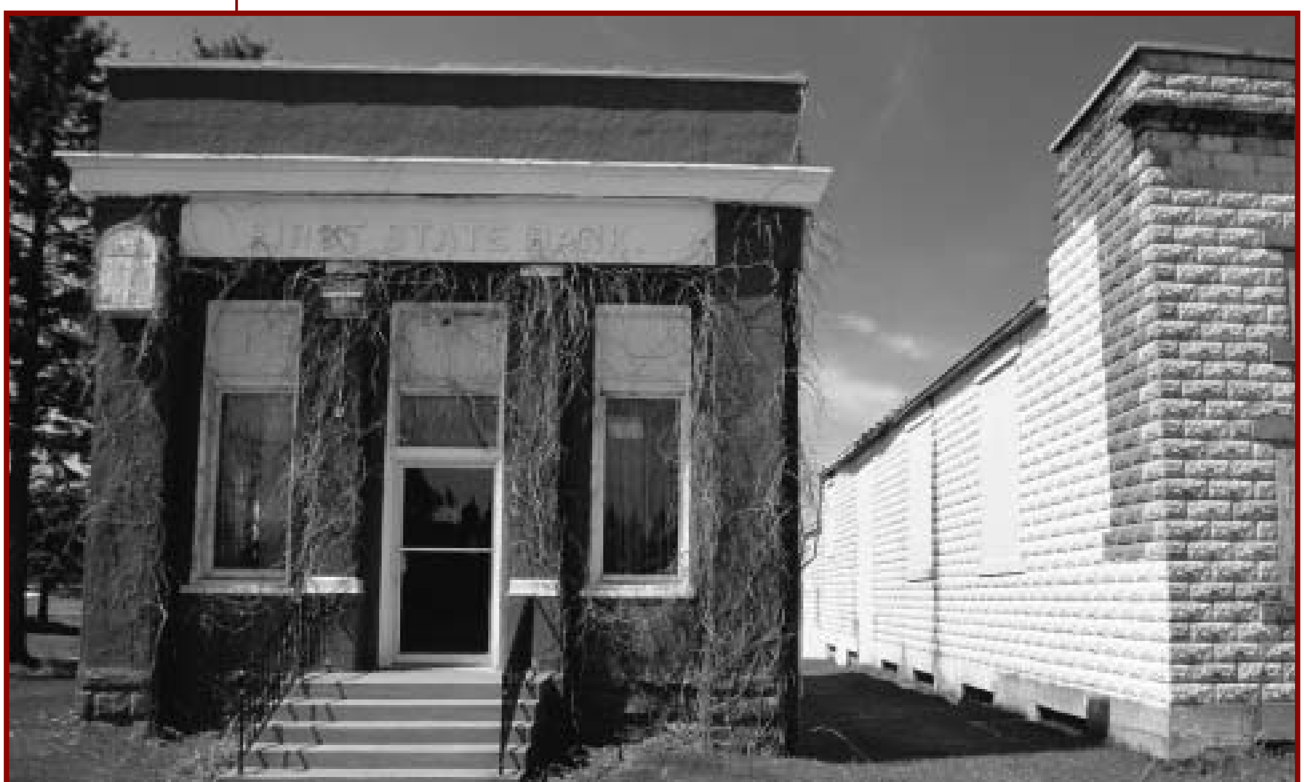
One CDC leader that we interviewed said that many of the people working with CDCs are still "hippies saving the world."

Most CDCs are still small, with 60 percent of them employing 10 or fewer staff members, and they continue to serve a predominantly poor population.

As the business of CDCs became more complex, organizations were created to assist them in building their capacity. Intermediaries such as the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation were formed to help CDCs leverage their investment dollars and to provide them with resources and technical assistance in other areas, including operations management.

By 1998 there were approximately 3,600 CDCs nationwide, according to a census conducted by the National Congress of Community Economic Development. Roughly half of those served urban areas, with the other half split equally between suburban and rural areas. Most CDCs are still small, with 60 percent of them employing 10 or fewer staff members, and they continue to serve a predominantly poor population.

Housing remains the most common activity for CDCs, with roughly 80 percent involved in the development or financing of affordable housing; however, commercial real estate development and business enterprises are increasingly common activities. Property management typically accompanies real estate development, while technical assistance and counseling are often provided with business development. More recently, some CDCs have shown a renewed interest in providing social services.



Adding Value *to* Communities

Private charities, faith-based organizations, and government welfare programs have historically provided social services that are now included in some CDCs' programs.

However, communitywide development and housing and business development that can help low-income people move out of poverty are priorities unique to CDCs. Many believe that much of the work that CDCs do would not occur if they did not exist.

A study team led by Avis Vidal, author of Rebuilding Communities: A National Study of Urban Community Development Corporations, concluded that in only 6 percent of the cases studied would other groups have stepped in for CDCs and taken up "most or all of their activities." In approximately two-thirds of all cases, other organizations would have undertaken "few" or "none" of the CDC projects. Most CDC projects are difficult to put together and complete, and they are perceived as being riskier and having less profit potential than mainstream development projects. Furthermore, the projects are often too small to attract larger organizations.

"None of us would exist if private industry were doing, or could do, what we're doing," noted Bill Threatt of CDC-Kansas City. As Kathyrn Walker of the Kansas City Neighborhood Alliance put it, "We are the developers of last choice."

And the motivation for doing these difficult deals is based on more than the bottom line. As Ray Stranske, founder of Hope Communities in Denver, said at the Kansas City Fed's Community Development Advisory Council meeting, "We do deals that don't work, and we do it because a problem exists and we want to help somebody."

Like water filling a vessel, CDCs seem to fill in the cracks and gaps others can't or won't address. Their challenge is to address unmet needs, and they do that by adopting whatever form best fits those needs. Those diverse forms are evident in three CDCs we've chosen to profile: Habitat for Humanity affiliates in Denver and Oklahoma City, El Centro in Kansas City, and MetaFund in Oklahoma City.

Although housing, commercial real estate, and business development are the three most common activities, a number of CDCs are involved in educational development, job training, community organizing and advocacy, leadership programs, and family assistance. A comment heard more than once during the course of our interviews was that CDCs must take a holistic approach to the community's needs. With so many opportunities and needs, what are the key issues and challenges facing CDCs today?

"None of us would exist if private industry were doing, or could do, what we're doing."

"We are the developers of last choice."

Habitat for Humanity: A CDC Model

Habitat for Humanity International has a goal, and it's a big one – to change the world . . . one home, one family at a time. Started in 1976 in Americus, Georgia, Habitat was ranked in 2000 as the ninth largest nonprofit organization in the United States and the largest nonprofit home-builder in the world. It now has over 2,000 affiliates in 80 countries, with 1,600 of those in the United States. We spoke with one of the 29 Habitat affiliates in Colorado, Habitat for Humanity of Metro Denver (HFH-Denver), as well as Central Oklahoma Habitat for Humanity (CO-HFH) in Oklahoma City. HFH-Denver, which is the older of the two affiliates, was established in 1979, while CO-HFH was established in 1990.

Habitat has a single-minded focus, which is to build decent, affordable homes for low-income families in partnership with volunteers and the families who will live in the houses that are built. According to Lori Vaclavik, Executive Director of HFH-Denver, the ease with which this mission can be communicated gives Habitat name recognition and is one of the organization's greatest strengths. To date, Habitat affiliates have built more than 100,000 homes, and they currently build 35 homes per day. Habitat is the 15th largest homebuilder in the United States.

Habitat affiliates are different from other CDCs in that they rely very little or not at all on government funds. When they do use government funds, they are limited to using them for land and infrastructure. HUD provides Habitat with an annual grant, and each Habitat affiliate can apply for a portion of those funds; however, it is not mandatory. CO-HFH has chosen not to rely on government funds at all, while government funds comprised less than 20 percent of HFH-Denver's funding base in 2000. The majority of the funding for these two affiliates comes from individuals and, in the case of CO-HFH, more than 50 percent.

Another difference between Habitat and other CDCs is the partnership they enter into with the families they help. After an application has been approved, HFH-Denver requires 500 hours of "sweat equity" from each family to build their house, while CO-HFH requires 300 hours. This is a significant commitment for families whose members are often working multiple jobs and raising a family. However, this requirement also serves to create relationships between volunteers and families as they work together to build the house. Said a corporate representative for HFH-Denver volunteers, "The opportunity to work side by side with the family afforded our employee volunteers an extremely rewarding experience." Best of all, perhaps, volunteer labor keeps the cost of each house down, which enables Habitat affiliates to build more houses for families with extremely low incomes (15 percent of the median in the case of HFH-Denver).

Finally, there's a noteworthy support component to this requirement. Dubbed the Homeowner Self-Sufficiency Program by HFH-Denver, prospective homeowners must complete a 32-hour course (as part of their 500 hours) that consists of money management and home maintenance workshops. This program was designed to provide families with the additional skills needed to increase their economic self-sufficiency and become successful homeowners.

Key Issues and Challenges Facing CDCs Today

People

It all starts with people, which is true for any organization. Time and time again we heard that people are a special challenge for today's CDCs.

The core of that challenge is "our ability to attract and retain quality people," according to Jerry Shechter of the Westside Housing Organization in Kansas City. "Our below-market salaries make it difficult to keep people. As a result, we're often a training ground for others."

This is not just a problem for CDCs in one part of the country. In Washington, D.C., "CDCs have been unable to retain key housing development staff, due to their inability to compete for their skills in the rising D.C. real estate market. CDCs are desperate for more resources in order to retain these talented and critical personnel in the face of strong market pressures," according to a recent proposal for funds issued by the Community Development Support Collaborative, a funding collaborative for Washington, D.C.-based CDCs.

The skills issue is particularly important today. "We need experienced people who know what they're doing, because the projects we're putting together are increasingly complex financially. It's not just more layers of financing, it's more complicated layers of financing," said Ray Stranske.

Furthermore, money isn't an easy answer to attracting and retaining skilled people. As Jerry Shechter explained, "If we pay competitive salaries, we pay a political price with our funders. It's a Catch 22."

Several people said that additional education and training systems are needed for CDC staff. "We're in an industry in which there's no educational feeder system," said Bill Threatt. Colleen Hernandez of the Kansas City Neighborhood Alliance concurred and believes that there is a cost to this shortcoming: "The School of Hard Knocks is expensive and slow."

Education and training might not be such a daunting challenge if it weren't for the combination of skills needed to make a CDC function. Fed Advisory Council members said that CDC leaders must be effective managers, have a broad vision, think strategically, operate holistically, and possess entrepreneurial skills.

A recent position announcement for a Kansas City-area CDC looking for a new executive director indicated they were looking for a person with these qualifications: college degree or equivalent, significant man-

"If we pay competitive salaries, we pay a political price with our funders. It's a Catch 22."

"Where will the next level of leadership come from?"

agement experience, knowledge of real estate and housing development, strong oral and written communication skills, and the ability to be an effective representative or advocate for a wide range of groups. Finding such talent is difficult for any organization, and it's a special challenge for CDCs that may not be able to offer a competitive salary.

All of this leads to another concern voiced by Chuck Gatson of Community Builders of Kansas City: "Where will the next level of leadership come from?" Do CDC leaders today have successors waiting in the wings?

"Denver has a number of tenured executive directors, often people who formed and grew the CDC," according to Grace Buckley of Mercy Housing Inc. in Denver. Representatives of the Denver Neighborhood Reinvestment Corporation (NRC) office mentioned a 2001 survey that showed that the average tenure of executive directors within their network was 11 years, a significant increase from several years ago.

What happens when those experienced executive directors retire or leave? "Have they passed their knowledge and experience on?" asked Stuart Bullington of the Kansas City Housing and Development Office. Are CDCs prepared to fill such positions from within? Unfortunately, most believe they are not.

Money

Funding remains a constant concern for almost every CDC. In the survey distributed by Fed Advisory Council member Peter Merrill to New Mexico CDCs, funding was listed as one of the top three challenges by every CDC that responded.

"We're facing dynamics that are all out of our control, such as changes in government funding. Sometimes I feel like I'm an ambulance chaser, only I'm chasing dollars," said Bill Threatt.

Furthermore, the funding environment seems to have become more challenging in recent years. One respondent to Merrill's survey said that when applying for foundation money, there is a great deal of competition from the arts community and other nonprofit organizations. Educational institutions, health research and care organizations, and others all compete for foundation resources.

And based on our interviews, people believe it is also more difficult now to obtain either contributions or loans from banks. The advent of interstate banking, with mergers and acquisitions, has resulted in far fewer locally owned banks and fewer local decision makers. The experience of CDCs leaves them believing those out-of-state banking organizations are less community-oriented and are less likely to fund local community development organizations and initiatives.

Another common theme was the struggle to meet operating and administrative costs. Michael Jones of the Oklahoma Association of Community Action Agencies commented, "For nonprofits, obtaining operating funds is getting increasingly difficult. Federal funds have more restrictions on administrative dollars, as well as matching requirements. One of our biggest challenges is to build up and maintain the operating funds necessary to take advantage of the different programs that are available."

A number of the respondents to Peter Merrill's survey cited "sustainable administrative funding" or "operating funding" as key challenges, and noted that funding for support services is not included in grants for many programs. Grace Buckley said that operating funding is becoming much more of a problem, particularly as many CDCs broaden the services they offer.

CDCs often expand the services they offer in response to demand in their communities. Some, however, have been tempted to expand their services primarily to retain or increase their funding. One challenge cited by CDCs was foundations that change their funding focus every three to five years, leaving CDCs with the task of quickly developing self-sustaining programs, finding other funding resources for programs formerly supported by foundations, or developing new programs that fit new funding criteria.

"We all have some mission creep," said Jerry Shechter. "But how far does it go before it gets out of hand?

People believe it is also more difficult now to obtain either contributions or loans from banks.

“Do we go after a grant because it’s there, even when it forces us to take on a new activity or service?”

Do we go after a grant because it’s there, even when it forces us to take on a new activity or service?” Shechter believes it is “absolutely counterproductive” to focus on a new activity or activities solely for the money. Taking on new activities or services can result in a CDC being stretched too thin, it raises issues about staff capacity, and it also raises questions about whether the organization is focused on the needs of its constituency.

A final aspect of the money challenge is the size and scale of a CDC’s operations. Most CDCs have ten or fewer staff members, which can pose an efficiency problem. “Core operating costs, i.e., operating expenses that must be incurred to keep the organization functional but are not directly related to a specific project or program, constitute a larger share of the total budget for small CDCs than for larger ones,” according to Avis Vidal of the New School for Social Research in his study of urban CDCs.

Some smaller CDCs have begun collaborating with one another or have merged, and it has been suggested that more mergers would achieve an operating scale so that administrative costs would not be such a concern. At the Kansas City Fed’s March Advisory Council meeting, Tom Loy of the MetaFund in Oklahoma suggested, “We need CDCs, but the traditional model may not be worth the trouble. You must have scale to ensure financial stability.”

As with bank mergers, a potential problem with merging CDCs is a loss of their neighborhood- or community-based focus. Retaining that geographic focus, however, may limit a CDC’s ability to develop programs that have significant impact. Furthermore, for some CDCs, merging is not an option without changes in laws. In Massachusetts, for example, the law mandates that the population served by any one CDC cannot exceed 115,000 people. No doubt the question of size and scale versus economy and efficiency will continue to be debated.

Capacity

Organizational capacity has many dimensions: skilled personnel, adequate financial resources, and the ability to meet the demands from the marketplace.

What we heard is that the development of organizational capacity remains one of the biggest challenges for today's CDCs. Previously, we discussed one dimension of capacity - attracting and retaining skilled personnel.

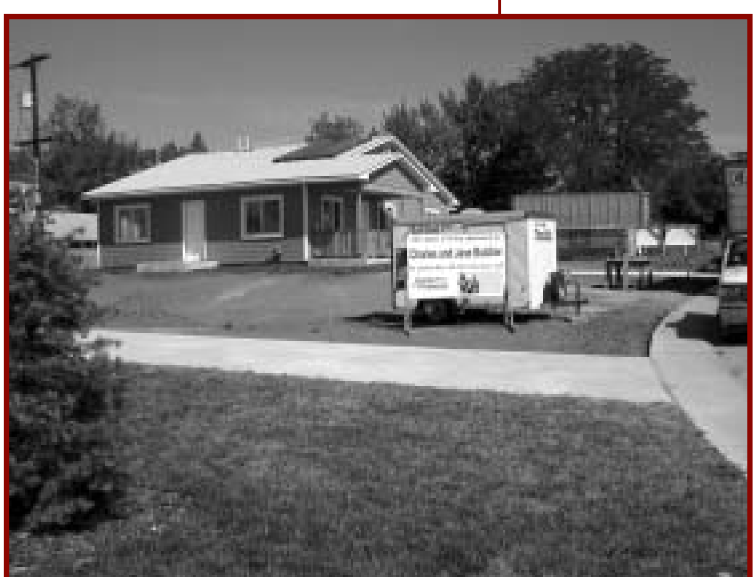
Another aspect of this challenge is having the ability to address the broad array of needs posed by many CDC neighborhoods or communities. As Flora Buford of the East Meyer Community Association in Kansas City said, "We're not just about housing – we're about building a community."

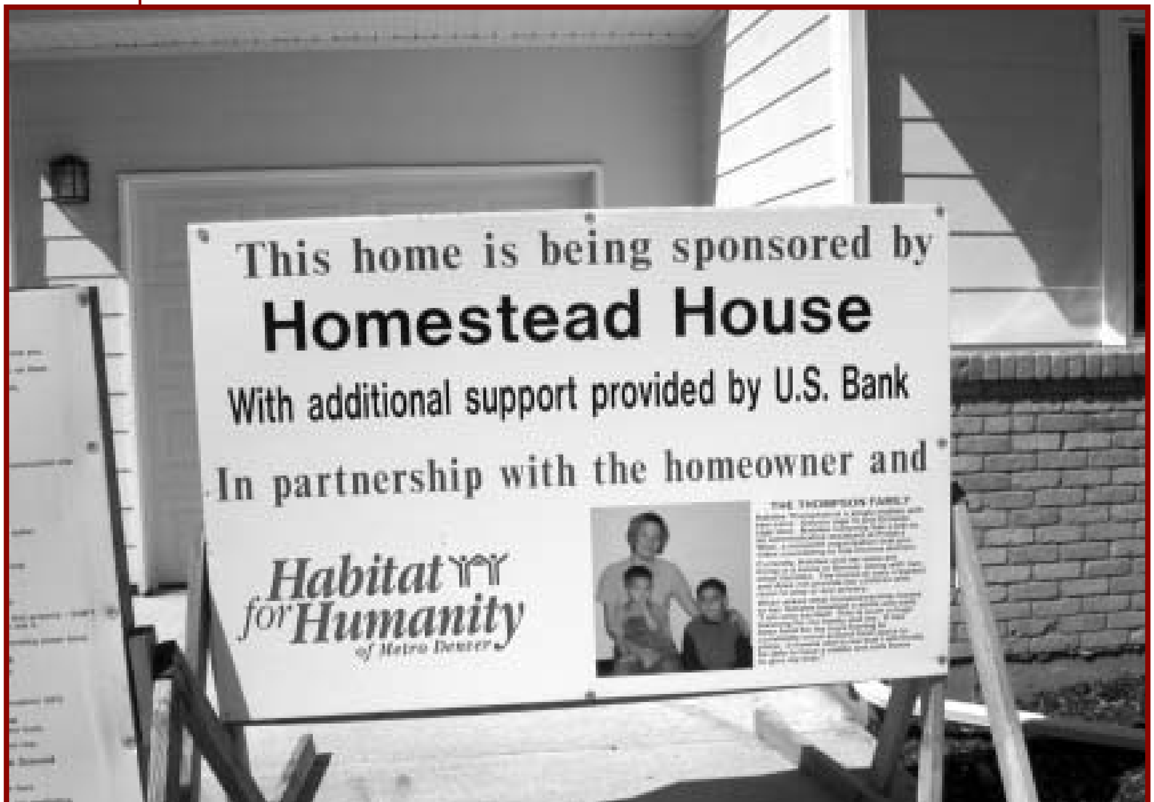
The Community Development Support Collaborative in Washington, D.C. recently noted that area CDCs are experiencing significant pressure from city government as well as from their own neighborhoods to address new issues, such as commercial development, tenant purchases of multiunit buildings, and microlending to small neighborhood businesses. However, the CDCs often lack the organizational skills, technical expertise and number of staff necessary to meet needs that tend to change over time.

National organizations such as the LISC, the Enterprise Foundation, and the Neighborhood Reinvestment Corporation (NRC), along with local organizations, play a vital role in helping CDCs build capacity. Often referred to as "intermediaries," they provide various types of funds to CDCs for neighborhood redevelopment, and they also have programs designed to strengthen the productive capacity of CDCs.

For example, LISC's Organizational Development Initiative provides a broad range of services and technical assistance to CDCs to increase their capacity in such areas as program administration, board governance, financial management, and mission and strategy. In some cases, intermediaries

"We're not just about housing – we're about building a community."





provide direct grants to CDCs to build their capacity by providing the funds necessary for technical assistance and the training and development of staff.

Representatives from the Denver NRC office cited building CDC capacity and measuring their success as their two biggest challenges today. One aspect of that capacity challenge, in their view, is ensuring that a CDC's board of directors provides effective oversight. NRC organizations are required to have neighborhood residents on their boards. At the same time, those boards need to be increasingly sophisticated and knowledgeable as CDCs' projects and operations become more complex.

Linda Shaw of the Blue Hills Home Corporation in Kansas City emphasized the importance of a well-informed and experienced board when assessing the viability of potential projects. A knowledgeable board that can help make preliminary assessments of projects quickly and accurately can save both time and resources for the organization. "Capacity" encompasses not only the staff of a CDC, but its board of directors as well.

"Capacity" encompasses not only the staff of a CDC, but its board of directors as well.

El Centro, Inc: A CDC Model

El Centro is truly a holistic CDC, providing a long list of services to low-income people including child care, youth tutoring and mentoring, family intervention, job training and placement, financial literacy, rental housing, homebuyer education, housing construction and rehabilitation, technical assistance for entrepreneurs, and services for seniors. From its modest beginnings in Kansas City, Kansas in 1976 as a $10,000-a-year operation mostly serving elderly Hispanics, El Centro now has ten locations, nearly 100 employees, and an annual budget of more than $4 million. It provides services to as many as 15,000 people each year.

El Centro is led by Richard Ruiz, a former auto assembly worker who found his life's calling in social services during a layoff from the General Motors plant. After leaving GM, he worked for several nonprofits before helping to found El Centro, and he became its executive administrator in 1978.

In 2000, El Centro received one of the Kauffman Foundation's inaugural REACH awards for sustainability. Building El Centro to last was one of the most important objectives of its founders. As related in the Kauffman Foundation's Profiles in Organizational Effectiveness for Nonprofits report for 2000, the community had seen organizations come and go because their funding came from only one or two sources. "When the powers that be felt that it was time to turn off the water, the community would suffer the consequences. The early strategy for El Centro was to diversify funding so that no one entity could ever determine our existence," said Ruiz. El Centro currently receives funds from more than 30 sources, with no single fund representing more than 10 percent of the agency's budget.

According to Ruiz, a critical factor in placing El Centro on solid financial ground was the knowledge he gained in the early 1990s while studying for a master's degree in business through Rockhurst College's Executive Fellows program in Kansas City. It became clear to him in his studies that it was necessary for El Centro to borrow money in order to generate more income, a concept that is somewhat foreign to the nonprofit world. "If we want families to build assets, then we must build assets," Ruiz said. Relying mainly on real estate ventures, including the purchase of a rundown 211-unit apartment building, El Centro was able to generate new streams of revenue while cutting much of its facility costs. Today, El Centro has more than $1.3 million in reserves.

Richard Ruiz has successfully applied his business skills, and he is also clear about the values of El Centro. He speaks of establishing a good working environment for people and creating an environment in which employees are empowered to make decisions. He credits much of El Centro's success to the people who work there, stressing the necessity of hiring the right people with the right skills. And he continues to search for new and innovative ways to serve the community and build El Centro's ability to do even more.

As Ruiz told the Kauffman Foundation, "Social entrepreneurs have to look for economic opportunities that make sense for the families we serve. We have to develop high-quality products and apply business principles with compassion and intelligence."

External Changes

"The two-term limit [for Kansas City Council members] creates the need for constant education of political leaders."

Poverty and the work of CDCs are closely tied, and with the 2000 U. S. Census showing 12.5 percent of the population living in poverty, clearly much work remains to be done. Many CDCs are looking at new approaches to that work.

One change is a trend toward taking a more holistic approach to community development. As Chuck Gatson observed, "In medicine, you can't treat just one symptom, you must treat the entire individual. The same holds true for community development." Veronica Barela of NEWSED Community Development Corporation in Denver noted that the holistic approach has been practiced for years on the East Coast and is much more commonplace than it is in the western half of the United States.

While some CDCs have used a holistic approach, others that have operated with a project orientation are feeling pressure to address more social and education issues. For many CDCs, this raises a host of questions, ranging from mission to capacity, that are not easy to answer.

Another external change is more rapid turnover in the political arena, due in part to term limits for elected officials in some localities. Shorter terms result in the loss of institutional knowledge and memory, and greater and more frequent efforts must be made to educate new legislators about the role and impact of CDCs.

As Kathryn Walker of the Kansas City Neighborhood Alliance said, "The two-term limit [for Kansas City Council members] creates the need for constant education of political leaders." To address that need, "We had to mount an offensive," said Jerry Shechter, who responded on behalf of the Community Development Association of Greater Kansas City with a PowerPoint presentation to the City Council. Given that productive working relationships with state and local government agencies are essential, "getting the word out" has become even more important for CDCs.

A third external change is that CDC funders are seen as being more focused on "performance" these days than in years past. "Funders are tired of hearing nice stories. They want to see results," said John Laney of the Hall Family Foundation in Kansas City.

Being able to demonstrate results to the foundations is important, according to Jeff Koleski, formerly of Neighborhood Housing Services in Oklahoma City, because they provide a much higher percentage of the organization's funds than they did in past years. He believes that foundations are giving larger amounts of money to fewer organizations, and that they are giving it to those organizations that can demonstrate results. In addition, CDC must often have the data and statistics to prove performance. As Koleski put it, " Your files have to be in order."

Due to their reliance on public funds and increasing vigilance in many places over the use of public dollars, CDCs are often scrutinized by the media and the general public. While some interviewees chafe under this scrutiny, others suggested it is high time for CDCs to "grow up" and be managed in a businesslike fashion.

At the Advisory Council meeting in Denver, member Dan Clark of Clark Consulting Company in Arvada, Colorado, suggested "CDCs are the right product, but they are managed the wrong way." Grace Buckley noted that the "CDCs that have been around for a long time have become small businesses, and they struggle with growth and changes in the marketplace as small businesses do." "Most CDCs do not have business plans, or very good ones, and they fail for very predictable reasons that mirror the reasons small businesses fail," said Tom Loy of MetaFund in Oklahoma City.

A final external change is that the relationship between CDCs and for-profit organizations appears to be more competitive. Flora Buford noted that private developers are "stepping up to the plate" more frequently in Kansas City, and some of those developers question the need for CDCs. Bill Threatt responded, "When private developers want to come into our markets, it's because we're doing something right. We handle a lot of money, and it's only natural that private industry will shake our tree from time to time."

Competition between CDCs and private developers isn't usually head-to-head. In the view of Kathryn Walker, the for-profit entities focus primarily on housing and not on the broader needs of the community that most CDCs try to address, and she believes "there will always be a role for CDCs." Ray Stranske suggested the competition was beneficial: "In Denver, there is lots of competition between nonprofits and for-profits, and that keeps us all sharper."

"Funders are tired of hearing nice stories. They want to see results."

"CDCs are the right product, but they are managed the wrong way."

Results and Measuring Effectiveness

If "performance" and "results" and "effectiveness" are important—and of course they are—what exactly can be measured to indicate success? In the private sector, the bottom line is clearly defined, but it is not nearly as clear for nonprofits whose missions include social impact.

"Markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay."

Nonprofits often have multiple goals and objectives as well as numerous stakeholders. In a 1998 article entitled "The Meaning of Social Entrepreneurship," J.G. Dees writes, "Markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay."

But how to measure social impact is puzzling. Janine Lee, in her 1999 "Key Attributes of Effective Nonprofits" study for the Kauffman Foundation, observes that those who have studied this subject seem to agree that social impact is the ultimate value to be created, but that a clear description of how to measure that value is difficult to find.

Nevertheless, the need for measurement is there. From public funders to intermediaries to the CDCs themselves, everyone would like good measures of results. Easy or not—and accurate or not—performance is being measured.

Intermediaries often monitor their grantees' progress through quarterly program and financial reports and regular meetings with organization leaders. The Kansas City Community Development Initiative's Community Development 2000 (CD 2000) program takes it a step further by utilizing reports on production and net economic impact for housing-related CDCs. It then ranks participating CDCs by comparing actual production with the organization's production goal. CD 2000 also looks at the CDC's net worth and its average performance (results compared with goals or expectations) in areas such as asset management, board development, financial and management information systems, marketing, and staffing.

Some argue that such measurements are too numbers-oriented and fail to take into consideration, for example, the complexity of community development finance and the additional time it takes to bring projects to fruition. They also point to the many obstacles in trying to rebuild neighborhoods that others have forsaken. In response to criticisms in *The Washington Post* articles, CDC leaders stressed the city's reluctance to subsidize developments, the difficulties in winning bank loans, and bureaucratic delays over which they have no control.

Community Development Advisory Council member Kevin Biltz Danler of Family Housing Advisory Services in Omaha believes that the real issue is that people are looking at the neighborhoods in which they grew up and are not seeing significant differences between then and now, i.e., improvement. She argues that you must also look at whether a neighborhood was kept from further decline in order to measure a CDC's success.

Another question is to whom—funders, constituents, communities—are CDCs accountable? Pat Fennell of the Latino Community Development Agency in Oklahoma City said that her first task, when she started the agency in 1991, was to gain credibility and the support of the larger community. She said she believes it is extremely important that the agency be fully responsible for its actions and completely accountable to the community. Chuck Gatson put it another way: "You must do what the community asks you to do." He also suggested that the measures of success should be agreed upon in advance by the CDC and the people they serve.

The questions about results and measuring effectiveness are difficult and increasingly important as the performance bar for CDCs continues to be raised. What is clear, with heightened attention from both the public and from funding sources, is that to continue to receive support, CDCs must meet performance expectations and maintain credibility.

In the next section, we will take a more in-depth look at how effectiveness is being measured by such organizations as the Kauffman Foundation in Kansas City in its study of effective nonprofits. We also examine the efforts of the Kansas City Community Development Initiative and how it is working with LISC to build the capacity of CDCs in the Kansas City area.

"You must do what the community asks you to do."

MetaFund: A CDC Model

When asked his motivation for starting MetaFund, Tom Loy quickly and unabashedly replied, "To save the world." With that statement in mind, it's safe to say that Loy doesn't think small. The vision for MetaFund is to create a "collaborative Oklahoma environment of financial and social capital, citizenship, and civil society, in which virtually any viable community, economic, and/or work force development initiative can be realized."

At a nuts-and-bolts level, MetaFund is a certified Community Development Financial Institution (CDFI) and a nonprofit, 501(c)(3) corporation that has raised more than $10 million in capital from Oklahoma banks since it opened for business in January 2000. With a full-time staff of five employees, MetaFund reviews funding proposals for projects which must have at least one of the following four purposes: (1) provide or improve affordable housing, including multifamily rental housing, for underserved demographies; (2) provide job creation or retention, or other direct benefits for underserved demographies; (3) promote housing, job creation or retention, or other direct benefits for persons who are residents of distressed geographies; and/or (4) revitalize or stabilize distressed geographies. In basic terms, MetaFund provides debt and/or venture capital financing for affordable housing, community development, and small and commercial business projects.

What's unique about MetaFund? In a word – plenty. First, it is like a nonprofit, but it has a very broad mission and the financial capacity to use banking and venture capital structures to fund both viable companies and community development projects. According to Loy, MetaFund expects to make money and is a nonprofit in the legal sense only. Second, it is like a financial institution, but it is a nonprofit CDC that can use merchant banking and venture capital structures to finance otherwise unbankable companies and projects.

"We find deals through banker rejects," said Loy. "If you have to get your money through a bank CRA person, the assumption from management is that this deal is a loss leader." Third, MetaFund is like a venture capital firm, but it can also use its low-cost funds to lend to, or take long-term positions in, smaller companies and projects that further its community development mission. And finally, MetaFund has the luxury of a position that few, if any, CDCs have: It is financially self-sustaining, which means that staff members do not have to spend time and money raising funds.

MetaFund has funded a total of 20 projects since January 2000, including 14 in the last year alone, and currently has more than $4 million in outstanding loans and investments. The deals include a wide variety of financial instruments, including loans, convertible debt, convertible preferred stock, and equity "kickers" such as royalty agreements. In Loy's view, one of the keys is the venture capital upside. "The biggest problem with community development proposals is that everyone views them as loss leaders. That's why it is necessary to combine loans with venture capital in these deals. If you can't, the only alternative on high-risk deals is to charge predatory rates."

A key to MetaFund's success is a good working relationship with banks. Banks not only provide capital to the organization, they also provide people, hardware, software, and space. Banks benefit from their participation through completion of successful projects in their communities and healthy returns on their dollars.

Loy said that he has been contacted by a half-dozen states to set up operations similar to MetaFund, and the U.S Treasury Department's CDFI Fund recently authorized MetaFund to operate nationally.

Effectiveness and Performance

The Ewing Marion Kauffman Foundation in Kansas City took an in-depth look at nonprofit performance measures in a 1999 study entitled "Key Attributes of Effective Nonprofits: Serving Children, Youth and Families in Kansas City's Urban Core" by Janine Lee.

Recognizing that its goals can only be achieved through the "delivery system" of nonprofits performing at high levels of effectiveness, the foundation's study focused on identifying the key attributes of effective nonprofit organizations. In addition to reviewing research studies and literature and studying local groups, interviews were held with more than 70 local nonprofit executive leaders, their board members, and funders representing community, family, corporate, and private foundations.

The most important performance attributes identified by the study and confirmed by local stakeholders were the following: mission-directed, entrepreneurial, sustainable, outcomes-oriented, adaptable, and customer-focused. The Kauffman Foundation believes that the more a nonprofit organization can demonstrate effectiveness in these key areas, the more effective it will be. More on these attributes is provided below.

Attributes of Successful Nonprofits

Mission-Directed

The organization knows clearly what its mission is, what its goals are, and what it wants to achieve. Its leaders are able to answer the following questions:

- Who are we?
- What do we do?
- Why do we matter?

The organization also has written mission and vision statements that clearly state the reason for its existence and serve as focal points of commitment for the board and staff. The decisions that are made at all levels of the organization are consistent with that mission.

Entrepreneurial

The organization forges relationships with the community and pursues new opportunities, as well as the resources necessary to take advantage of these opportunities. Its leaders are dynamic and innovative, and they motivate and inspire others to achieve high levels of performance.

Sustainable

The organization has acquired sufficient funding from a broad range of sources at a level that will enable it to exist as long as there is a need for its services. It has the ability to identify and access new revenues, efficiently use scarce resources, and diversify its funding base to avoid overdependence on a single source.

Outcomes-Oriented

The organization links mission to performance and can articulate the expected outcomes of its services in concrete, realistic terms. It assesses the extent to which the desired outcomes are achieved and uses the information to improve service delivery. Stories of success and lessons learned are documented.

Adaptable

The organization is aware of changes in its environment and is able to respond quickly and with flexibility. It is resilient and able to rebound from setbacks in order to continue to pursue its mission.

Customer-Focused

The organization's primary concern is meeting the needs of its customers. It understands which services they value, how to develop services that respond to their needs, and how to improve existing services. Their customers know that their needs are important.

By focusing on such statistics as crime rates, housing values, and level of home ownership, the Neighborhood Alliance and the Blue Hills Homes Corporation were able to demonstrate results with measurable outcomes.

One of the study's recommendations was to share what was learned in Kansas City with nonprofit staff, board members, and funders, which is now done in two ways. First, organizations are invited to submit applications to the Kauffman Foundation for annual Reaching for Excellence/Achieving Community Health (REACH) awards that recognize organizational effectiveness in the metropolitan area. Kauffman selects a group of community-based judges each year who select winners based on criteria in each category. Those winners are honored at a banquet for nonprofit organizations and their partners.

The winners of the REACH award are also highlighted as nonprofit partners of the Kauffman Foundation who best exemplify the attributes of organizational effectiveness each year in Profiles in Organizational Effectiveness for Nonprofits. This publication serves as a vehicle to share the nonprofits' stories and "lessons learned," both locally and nationally.

Expanding on this theme of organizational effectiveness is an ambitious effort known as the Kansas City Community Development Initiative (KCCDI). This is a three-year, $28 million partnership among foundations, corporations, and government entities in the Kansas City area focused on increasing funding for successful neighborhood programs and building the capacity of CDCs. The goal of KCCDI, according to one of the founders, John Laney of the Hall Family Foundation, is to reverse the decline of neighborhoods by investing resources in grassroots CDCs that have proven their ability to improve the physical environment and to think, plan, and act strategically.

The key to this effort has been gaining the confidence of funders, and the KCCDI fundraising team "sold the concept that by developing measurable outcomes, positive change will occur." Proof in hand was the success of Kansas City Neighborhood Alliance's Neighborhood Preservation Initiative in the Blue Hills neighborhood. By focusing on such statistics as crime rates, housing values, and level of home ownership, the Neighborhood Alliance and the Blue Hills Homes Corporation were able to demonstrate results with measurable outcomes. Said Laney, "We promised funders that if they gave us money, we would not come back to them with anecdotes and pretty pictures. We would show them results or not ask for another penny."

Modeled after the National Community Development Initiative, which is a collaboration of the nation's largest foundations, KCCDI concentrates resources in targeted areas to revitalize housing markets, increase the effectiveness of area CDCs, and ensure consistency with Kansas City's 25-year strategic plan. KCCDI funds and supports three programs designed to stabilize and improve neighborhoods. CD 2000 is coordinated by the Greater Kansas City Local Initiatives Support Corporation (GKCLISC), while the Neighborhood Preservation Initiative and the Neighborhood Self Help Fund are coordinated by the Kansas City Neighborhood Alliance.

The Neighborhood Alliance provides intensive financial and technical support to blighted neighborhoods through the Neighborhood Preservation Initiative and funding to small, grassroots neighborhood groups through the Neighborhood Self Help Fund. A donor advisory board guides KCCDI and establishes policy, while an operations committee oversees daily activities. Grants are administered through a designated fund at the Greater Kansas City Community Foundation.

By funding high-performance CDCs and building the capacity of other CDCs to become high-performing organizations, CD 2000 strives to restore healthy housing markets and a clean physical environment, to enhance community economic vitality and a sense of community, and to reduce crime and increase the perception of safety. GKCLISC serves as an intermediary in this process, working with the CDCs to strengthen performance and effectiveness based upon defined standards and measurable results.

Jim White, who is the senior program director for GKCLISC, said, "We are focusing our investments on those CDCs that show the greatest capability." The initial phase of the program consisted of completing assessments and strategic planning with 19 CDCs. Performance goals are established by the CDCs and negotiated with GKCLISC as necessary, and then GKCLISC monitors progress toward the goals on a quarterly basis.

A critical element in KCCDI is the funding of a comprehensive data warehouse of urban core neighborhood information at the Center for Economic Information (CEI) at the University of Missouri-Kansas City. The data include housing conditions, crime, real estate, census, and infrastructure information. CEI collects, maps, and analyzes the data so community groups can use the information to identify trouble spots and plan accordingly.

These data also make it possible for KCCDI to quantify its success by measuring neighborhood progress in key areas. "You have to be able to measure what you do," John Laney noted. He's confident that, by the end of KCCDI's first three years in December 2003, the improvement shown in different neighborhoods will persuade funders to invest in a second, three-year round of funding.

"We are focusing our investments on those CDCs that show the greatest capability."

But there's increasing dissatisfaction with conventional performance management, for not-for-profit organizations and for business.

CDCs, funders, and constituents all agree that there is a need for accountability by CDCs, which means there is a need for measures of success. Measurements for CDC effectiveness, such as those developed in Kansas City, are a step toward helping all those concerned ensure that resources are being used to support work that has a significant impact.

At a conference sponsored by the Midwest Center for Nonprofit Leadership at the University of Missouri-Kansas City, however, Rob Paton, Professor of Social Enterprise at the Open Business University in the United Kingdom, cautioned against thinking of measures as a clear-cut indicator of performance.

"It's dangerous to think measurement works," he said. "It's not useless, but it can be simplistic and naïve. We've looked at performance management since the 1960s, and in the last ten years there's been a boom because technology has made information easier to gather. But there's increasing dissatisfaction with conventional performance management, for not-for-profit organizations and for business. Too often people manage to the measurements. Measures may be defined by past problems rather than current goals. Improvisations may be considered negative. And the costs are enormous."

"There are benefits to measurement, but they're not necessarily the ones that were expected," said Paton. "Measurement needs to fit with experience and with observed reality. People need to be alert to its costs and dangers."

The Future

So what does the future hold for CDCs? Based on our interviews and research, it appears that the need for the work that CDCs do will remain.

Although the economy has generally been healthy and at times quite robust over the last decade, a significant portion of the U.S. population remains mired in poverty and in need of decent housing and other services. Providing those services often requires direct and intensive assistance that the private sector is not able to provide without public or philanthropic funding.

Bill Threatt believes that "Thirty years from now, we'll be having the same conversations, the same conversations that we had 30 years ago in Cincinnati. It's like education – if the private sector could do it better, it would have taken over years ago. The same is true for community development. The private sector hasn't been able to do it, and CDCs are still here."

The future for CDCs is also a future with many of the same pressures that face the for-profit business world. Demands to do everything "faster, better and cheaper," coupled with nearly constant change, touch virtually every organization. Add to that an emphasis on measurable and credible social results, heightened scrutiny from the media, and an overreaching need to "do everything" and you have a prescription for pressures exceeding those on most private-sector institutions.

So what will CDCs of the future look like? Will they be conglomerates doing everything from providing social services to training entrepreneurs to building affordable housing? Or will CDCs tend to focus their efforts more to produce measurable results to satisfy funders?

The model of Tom Loy's statewide MetaFund demonstrates that some CDCs can do well without the traditional ties to a neighborhood or community and can focus their energies on purely mission-related issues, rather than financial survival issues. But MetaFund's success also depends upon working with organizations that have those ties to neighborhood and community. At another place on the spectrum is El Centro in Kansas City, a CDC that provides a host of services in a targeted area. Then there is Habitat for Humanity, an organization that uses little or, in the case of some affiliates, no government funding and focuses its energies on the relatively simple goal of building houses.

These three models suggest there is room for many players in the CDC world of tomorrow. If there is, we will likely see more partnerships and networks of CDCs such as the Community Development Association of Greater Kansas City and similar collaborations.

"Thirty years from now, we'll be having the same conversations … It's like education – if the private sector could do it better, it would have taken over years ago."

"We need CDCs, but they must have scale for financial stability."

Other factors will also shape future CDCs. We will probably see more mergers, planned and unplanned, and some CDCs will likely cease to exist with the greater emphasis on performance and results coupled with intensified competition for funding. And sometimes, CDCs will go out of existence because their work is done. A neighborhood has been improved, capacity within a community has grown, and there is no need for continued work by a CDC.

Economies of scale will be a factor, particularly when it comes to covering overhead and administrative expenses. As Michael Jones of the Oklahoma Association of Community Action Agencies said, "Getting operating funds for nonprofits is becoming increasingly difficult. Some nonprofits will merge because they won't be big enough to survive." Tom Loy said, "We need CDCs, but they must have scale for financial stability."

But the forces of efficiency and effectiveness will likely be challenged by our increasing recognition that the problems of neighborhoods and of poverty are problems requiring more comprehensive and holistic solutions. We've learned housing alone doesn't solve the problem. Even homeownership accompanied by homebuyer education doesn't solve the problem, as we are now seeing through increasing concerns over predatory lending. Then there are the related issues of transportation, jobs, workforce development, childcare, and health care. The list is long and getting longer.

Should funding sources, whether from the Department of Housing and Urban Development to foundations, try to tackle these complex problems through their programs? Or should these issues come together to be addressed at the community level? Perhaps the question of bringing these issues together is not so much a question of whether it should happen, but where. If it's at a community level, CDCs are clearly in line for the job. Many of the people we talked with asked, "Who else is there?"

ResoUrceS

Below are sources for more information on CDCs and/or some of the topics discussed in this issue.

"The $100 Million Failure: Stalled Urban Revival" by Carol D. Leonnig, Marcia Slacum Greene, and Yolanda Woodlee. A two-part series of articles based on a six-month investigation of CDCs in Washington, DC. *The Washington Post*, February 2002. www.washingtonpost.com

"Building Communities . . . Making a Difference" by Kristin Kanders and Cathy E. Minehan of the Federal Reserve Bank of Boston. An essay on the role played by CDCs in addressing housing, credit, and social services needs, and the challenges remaining in the inner city and in rural development. AR 2001 – *Federal Reserve Bank of Boston.* www.bos.frb.org/genpubs/ar/ar2001

"A Close-up Look at Microenterprise Programs in CDC Networks" by Cristina E. Himes. The second article in a three-part series offering an in-depth look at the advantages and disadvantages associated with operating microenterprise programs in various institutional settings. *FIELD Forum*, Issue 9, September 2001.

"Death of a CDC" by Paul Cuadros. An article on the factors that resulted in the demise of an affordable housing CDC in Chicago, IL. *The Neighborhood Works Journal*, September/October 1996.

"Rebuilding Communities: A National Study of Urban Community Development Corporations" by Avis C. Vidal. A research study exploring the potential of community-based development as a national strategy for improving the circumstances and opportunities of the residents of poor neighborhoods. Community Development Research Center, Graduate School of Management and Urban Policy, New School for Social Research, 1992.

"Where is the Urge to Merge?" by Daniel Hoffman. An article on the successful merger of two housing and community development organizations in Scranton, PA. *The Neighborhood Works Journal*, Summer/Fall 2000.

Central Oklahoma Habitat for Humanity. 1025 N. Broadway, Oklahoma City, OK 73102. (405) 232-4828. www.cohfh.org

Community Development Support Collaborative. 1825 K Street NW, Suite 1100, Washington, DC 20006. (202) 296-4582. www.cdsc.org

El Centro, Inc. 650 Minnesota Avenue, Kansas City, KS 66101. (913) 677-0100. www.elcentroinc.org

The Ewing Marion Kauffman Foundation. 4801 Rockhill Road, Kansas City, MO 64110-2046. (816) 932-1000. www.emkf.org

Greater Kansas City Local Initiatives Support Corporation. One West Armour Boulevard, Suite 10, Kansas City, MO 64111. (816) 753-0055. www.liscnet.org/kansascity

Habitat for Humanity of Metro Denver. 1500 West 12th Avenue, Denver, CO 80204-3410. (303) 534-2929. www.habitatmetrodenver.org

Kansas City Community Development Initiative. See www.liscnet.org/kansascity/whatwedo or contact Jim White, Senior Program Director, at GKCLISC. (816) 753-0055 or jwhite@liscnet.org

MetaFund. 2225 North May Avenue, Oklahoma City, OK 73107-3139. (405) 949-0001. www.metafund.org

Neighborhood Reinvestment Corporation. 1325 G Street NW, Suite 800, Washington, DC 20005-3100. (202) 220-2300. www.nw.org

Community Affairs Resources

The Community Affairs program at the Federal Reserve Bank of Kansas City provides information and educational resources to encourage community economic development and promote broad-based participation in capital markets. Our areas of expertise include:

• Community economic development, including urban, rural, and Indian country development;
• Financial resources that support development of affordable housing and small businesses;
• Access to credit.

We offer workshops on community economic development, project finance, access to capital, and doing business across cultural boundaries, presentations tailored to specific topics and audiences, an annual conference co-sponsored with the Center for the Study of Rural America, and other conferences focused on topical issues. We also provide technical assistance in building partnerships and identifying and leveraging resources.

In addition to the semiannual publication of Community Reinvestment, we offer the following resources:

---- *1stSource,* an Internet guide (www.1stsource.kc.frb.org) to public programs that support affordable housing, business and community development, and community infrastructure projects;
---- *Doing the Undoable Deals,* a flowchart that outlines the roles of public and private sector resources and partners in community economic development projects;
---- *Materials and Resources* from the 11 other Federal Reserve Banks, the Board of Governors of the Federal Reserve System, and other agencies and organizations.

All of our products and services are available at no charge. Brochures with more information about workshops and tools and resources are available. To learn more, see our web site at http://www.kc.frb.org/home/subcommunity.cfm or contact us at the addresses listed on the inside front cover.

Someone Said . . .

"It is not the strongest of the species that survives, nor the most intelligent, but rather the one that is most adaptable to change."

-- Charles Darwin

The Federal Reserve System presents a
Sovereign Lending Conference

Banking Opportunities in Indian Country

Save the Dates!

November 18-20, 2002

Doubletree Paradise Valley Resort
Scottsdale, Arizona

A national conference to encourage initiatives and partnerships that increase access to credit and capital and strengthen local economies.

For more information, contact us at:
866-226-7167 (toll free)
or check our Web site at

http://pubdev.frb.gov/communityaffairs/national/