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Nonprofit Housing Development: Status, Trends, and Prospects

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Abstract

This article relies on a national survey of community-based housing development organizations to profile production levels, spatial coverage, funding sources, and nondevelopmental roles of the nonprofit housing development sector. It also uses Urban Institute case study results and secondary data sources to examine continuing barriers to increased production in the sector and the evolution of institutional responses to those barriers.

Nationwide, about 13 percent of all recent federally supported housing units (excluding public housing) have been sponsored by nonprofit developers. This production is distributed very unevenly; relatively few developers produce the bulk of units, and regional disparities are marked. Long-standing barriers to efficient production at higher volumes continue: Undercapitalization, high-risk developments, patchwork systems of finance, and the difficulty of demonstrating the social payoff of community development investments constrain even the most sophisticated portions of the sector. However, the creation of national intermediary institutions over the past decade and the proliferation of similar organizations locally have established the preconditions for sector expansion. And in view of recent local initiatives in participatory, comprehensive neighborhood revitalization, and hints of federal support for like efforts, increased capacity in the sector has taken on new national importance.

Introduction

From the earliest days of the War on Poverty to the Clinton administration's call for renewed attention to distressed urban neighborhoods, public policy makers have debated the role of community-based developers in revitalization efforts. At one extreme, nonprofit community development organizations have been viewed with suspicion, derided as inefficient and incompetent as developers but deft as manipulators of the political process. At the other extreme, they have been lauded as the only institutions capable of devising and implementing comprehensive community renewal strategies. In some cities, in some neighborhoods, and at various times, community-based developers *have* displayed limited technical capacity, chronic shortfalls of cash, and an inability to convincingly articulate goals for community renewal. Their counterparts in other cities,

neighborhoods, and times have successfully promoted revitalization in the face of tremendous odds. No general discussion of the role of nonprofit developers can ignore the incredible diversity within the sector.

Neither can a review of the status and prospects of the nonprofit sector ignore the extreme conditions under which many organizations operate. Unlike for-profit development organizations, community-based developers cannot respond freely to markets. Bound by a commitment to specific neighborhoods, nonprofit housing developers must respond to a limited set of development opportunities in typically resource-poor environments. At the same time, the needs to which community organizations are obliged to respond have multiplied: Housing has become less affordable, social distress has worsened, business access to credit has narrowed. Under these circumstances, nonprofit developers historically have faced, and continue to face, clear constraints on their ability to manage risk, mobilize capital, sustain technical capacity, and demonstrate that public investments to develop communities can yield acceptable social returns.

Nevertheless, the 1980s witnessed a profound institutional evolution of the nonprofit community development sector. Nationally, the rise of intermediary organizations able to channel capital and technical expertise to local nonprofit developers is the single most important development of the decade. In part stimulated by the arrival of national intermediaries that backstop nonprofit developers where they are already strong and confer new credibility to the sector where it is weak, local intermediary institutions have also emerged to mobilize credit and provide technical assistance.

Bolstered by new institutional supports, portions of the nonprofit community development sector have begun to take on expanded roles in promoting neighborhood revitalization. In most cities, community-based organizations are the only actors that define themselves in terms of neighborhood, not function. In other words, they define problems and seek solutions that cross-cut the technical specialties of physical development and human service agencies. As a result, nearly every new local initiative to plan and implement comprehensive renewal efforts—including those in Atlanta, Baltimore, New York, Cleveland, and other cities—has accorded linchpin status to nonprofit development organizations. Federal policy development inspired by the ideal of "comprehensiveness" (empowerment zones, for example) doubtless will confer special status to community-based strategies. The capacity of the nonprofit development sector to expand its

role in response will determine whether these efforts succeed or fail.

This article aims to inform thinking about these issues. The first section relies on data provided by the National Congress for Community Economic Development (NCCED) to describe the considerable diversity of the nonprofit housing sector in terms of program and organizational characteristics, regional coverage, units produced, and levels of funding support. The second section discusses some of the chronic difficulties that nonprofit housing producers face: high risk, patchwork finance, undercapitalization, limited technical capacity, and the uncertain impacts of their efforts. The third section traces the evolution of the sector over the past decade, with particular attention to the role of national and local intermediaries. It draws on secondary sources and case studies prepared by the Urban Institute in five cities and one rural area. The final section draws implications for future development of the sector and suggests avenues for future policy development.

Characteristics of nonprofit housing development organizations

The nonprofit housing sector displays a remarkable diversity of organizational forms, attested to by the variety of names attached to nonprofit housing development agencies: community development corporations, nonprofit development organizations, community housing development organizations, and so on. The majority of nonprofit organizations consist of community development corporations (CDCs), defined as nonprofit, community-based housing sponsors or developers. These organizations self-identify with particular neighborhoods or groups of neighborhoods, restrict development activity to those neighborhoods, and otherwise undertake community-building activities that typically serve only residents of those neighborhoods. Compared with other types of nonprofit agencies, CDCs more often take on nondevelopment roles, including community organizing, social service provision, advocacy of neighborhood strategic interests, and so on. Most of the tables and discussion in this section refer only to these development entities and only to those organizations that perform *housing* development activities. Those that only conduct economic development are excluded.

The tables also exclude other types of organizations that are prominently represented in the sector. Citywide, metropolitan,

and regional nonprofit developers are among the largest producers of affordable housing in the nonprofit sector and include such nationally recognized entities as BRIDGE Housing Corporation in the San Francisco Bay area; Community Builders, serving Massachusetts and other New England states; and others. Other nonprofit developers include those created by city agencies and staffed with city employees (apparently most frequently found in the South), developer-created nonprofit subsidiaries, and nonprofit organizations created to construct single development projects (a pattern typical of Section 202 elderly projects).

This section discusses the current characteristics of the nonprofit housing development sector's grassroots tier, individual CDCs. It discusses sectorwide issues, including productive and geographic scope, and reviews features of CDC programs, organizations, and funding. The section draws primarily on data generated from NCCED's 1991 survey.[1]

Housing unit production

The basic performance test of the nonprofit development sector, for both CDCs and other types of development entities, is the number of units it produces. The term "production," as used in the following discussion, is necessarily ambiguous. Production can include various legal and financial arrangements, levels of development, and institutional relationships with local public sector and private financial institutions. Participation by CDCs in development projects can include their serving as owner-builders, general partners, limited partners, and so on. Level of development can include the creation of new units, substantial rehabilitation of units no longer in stock, moderate rehabilitation to preserve existing units, and emergency repair and other light rehabilitation. Moreover, unit types can consist of homeowner units, single family (one- to four-unit) rental properties, and medium- and large-scale rental buildings and cooperatives. Finally, nonprofit involvement (sponsorship, development, and so on) can be done on a project-by-project basis or can involve participation in ongoing program management, most typically as a subgrantee of city agencies. This article does not distinguish among these varieties of development participation.

[1] Tabulations in this section use a subset of community-based development organizations identified in NCCED's 1991 survey. (See appendix for descriptions of the NCCED survey, other data sources, and the subset of organizations examined in this study.)

There are no historical data on total units produced by the nonprofit sector, nor are there long-term trend data on the share these units represent of total affordable, or subsidized, housing production. It is possible, however, to estimate the amounts of *federally supported* subsidized housing production and preservation channeled through the nonprofit sector.[2] (These estimates must be cobbled together from a myriad of sources. See table 1 notes and appendix.)

Total cumulative nonprofit housing production between 1960 and 1990 under federal production and preservation programs is an estimated 14 percent of all subsidized unit obligations (excluding public housing), amounting to approximately 736,000 units (see table 1). These estimates necessarily are rough, given the uneven quality of data on nonprofit project sponsorship across federal programs, but they do suggest an order of magnitude. Most were assisted under federal production programs (those supporting new construction or substantial rehabilitation), most notably the Section 202 program. Production under Section 202 continues, but much of the remainder of unit production occurred under programs that have been discontinued or dramatically scaled back. Nonprofit sponsorship of "preservation program" units—programs largely devoted to light to substantial rehabilitation of structures—largely has been supported under the Community Development Block Grant (CDBG) program. Despite considerable variation in estimated nonprofit participation within program categories, nonprofit shares for both production and preservation programs overall are roughly equivalent.

Figures for 1990 (the last year for which rough estimates can be calculated) indicate a total federally supported, nonprofit sponsorship of approximately 23,000 units (see table 2). This estimate is of the same order of magnitude as those made by Goetz (1992) for cities over 100,000 and NCCED (1991) for all active CDCs. The Section 202 program (7,300 units) and the CDBG program (11,000 units) accounted for the bulk of this total.

No estimate of trends in federally supported unit production or preservation over time can be made with confidence. An approximate percentage of total production under *federal* programs in the most recent year is about the same as the nonprofit historic share; 13 percent and 14 percent, respectively. The best estimate of recent total production compared with the height of federally subsidized unit production in the late 1970s points to

[2] No data are available on the amounts of state and local housing subsidies nationwide, including the nonprofit share of that production.

Table 1. **Total Cumulative Federally Assisted Housing Units and Total CDC Units, 1960–1990**
(in thousands of units obligated)

Program Types	Total Units	CDC Units	Percent of Total
Production programs			
Section 202	236.8[a]	236.8	100.0[b]
Section 236 rental	448.4[c]	97.4	21.7[d]
Section 221 (d)(3) below market interest rate (BMIR)	177.1[c]	23.0	13.0[d]
Section 221 (d)(3) market rate (MR)	168.6[c]	51.0	30.2[d]
Section 8 New Construction and Substantial Rehabilitation	827.8[e]	74.5	9.0[f]
Housing Development Action Grants (HODAG)	25.7[g]	2.3	9.0[h]
Nehemiah	2.8[i]	2.8	100.0[j]
Section 515 Farmers Home Administration (FmHA)	450.0[k]	22.5	5.0[l]
Section 502 FmHA	1,188.0[m]	35.6	3.0[n]
Subtotal	3,525.2	545.9	15.5
Preservation programs			
CDBG	1,303.0[o]	169.4	13.0[p]
Rental Rehab	151.4[q]	5.5	3.6[r]
Section 312 Rehab	142.9[s]	2.9	2.0[t]
Urban Homestead	15.0[u]	0.8	5.5[v]
Section 8 Moderate Rehab	135.3[w]	12.2	9.0[x]
Subtotal	1,747.6	190.7	10.9
Total federal programs[y]	5,272.8	736.6	14.0

Source: Compiled by the Urban Institute from various sources.
[a] U.S. Department of Housing and Urban Development (HUD) Budget Summaries FY 1961–1990.
[b] Only nonprofits eligible.
[c] HUD Office of Information Policies and Systems database.
[d] National Corporation for Housing Partnerships (1989).
[e] HUD Budget Summaries FY 1975–1982.
[f] General Accounting Office (GAO) 1981, p.9. Share estimated for Federal Home Administration-insured projects and others involving state tax-exempt bonds.
[g] HUD Budget Summaries FY 1985–1989.
[h] Estimated by HUD Office of Housing staff.
[i] HUD memorandum, 1992.
[j] Only nonprofits eligible.
[k] Listokin (1990).
[l] Section 515 nonprofit organization (NPO) set-aside 7 percent but NPOs producing around 5 percent stock each year.
[m] Units from 1975–1991 from FmHA. Units from 1970–1974 from Listokin (1990).
[n] Housing Assistance Council estimate.
[o] HUD Office of Community Planning and Development (CPD) reports (various years), number of units only reported for FY 1975–1977 in sixth Annual CDBG report; in other years, units estimated by assuming per unit cost is $9,686. Per unit cost based on FY 1987 housing costs as reported by HUD.
[p] Urban Institute based on CPD Performance Evaluation Database.
[q] CPD annual reports (various years).
[r] CPD annual reports (various years).
[s] CPD annual reports (various years) and HUD Statistical Yearbook (various years).
[t] CPD reports (various years).
[u] CPD reports (various years).
[v] Half of FY 1990 rehab was Sect. 312, 35 percent CDBG. Assume NPO share is weight avg. of 312 and CDBG for all years.
[w] HUD Budget Summaries FY 1970–1990.
[x] Assume GAO 1991 estimate for Sect. 8 new construction applies to Sect. 8 mod. rehab.
[y] Components may not add up to total because of rounding.

Table 2. **Total Federally Assisted Housing Units and Total CDC Units—1990**
(in thousands of units obligated)

Program Types	Total Units	CDC Units	Percent of Total
Production programs			
Section 202	7.3	7.3	100.0
Section 221 (d)(3) MR	0.3	0.1	29.7
Nehemiah	1.4	1.4	100.0
Section 515 FmHA	21.9	1.1	5.0
Section 502 FmHA	25.0	0.8	3.0
Subtotal	55.9	10.7	19.0
Preservation programs			
CDBG	85.0	11.0	13.0
Rental Rehab	30.6	1.1	3.6
Section 312 Rehab	2.2	0.0	2.0
Urban Homestead	0.7	0.0	5.5
Section 8 Moderate Rehab	1.2	0.1	9.0
Subtotal	119.7	12.3	10.3
Total federal programs*	175.7	22.9	13.1

Source: Compiled by the Urban Institute from various sources. See appendix.
* Components may not add up to total because of rounding.

a significant decline in total numbers of federally supported units sponsored by nonprofit sector developers.

Finally, how is capacity (as indicated by recent output) distributed among CDCs? National estimates belie extraordinary diversity within the sector, which has major implications for its current, and likely future, strengths and weaknesses.

A great bulk of the sector's production is sponsored by a small minority of CDCs: Those CDCs producing over 200 units per annum—under 2 percent of all organizations—accounted for more than one-quarter of all unit production between 1988 and 1990 (see table 3).[3] Ten percent of CDCs (those producing more than 50 units a year) sponsored approximately one-half of all units over the same period. At the other extreme, one-half of all CDCs (those producing fewer than 10 units) accounted for only 8 percent of sector output. It is worth remembering throughout the discussion in subsequent sections that the sector as a whole is marked by this extreme concentration of capacity.

[3] Annual unit production is an average annual production figure derived from total 1988–1990 production.

Table 3. **Percent of CDCs and 1988–1990 Units by Annual Production**

Average Annual Production 1988–1990	Percent CDCs	Percent Units
> 200 units	1.7	25.3
101–200 units	2.7	14.6
51–100 units	5.7	15.7
26–50 units	14.5	19.9
11–25 units	26.7	16.7
1–10 units	48.7	7.9
All*	100.0	100.0

n = 744
Source: Compiled by the Urban Institute based on data obtained from NCCED.
* Components may not add up to total because of rounding.

Though relatively few organizations account for a high proportion of units delivered, they are not older organizations, on average. Youthful CDCs appear able to develop large-scale production capacity quickly, and older organizations do not, on average, produce more units than any but their youngest counterparts. Although CDCs five years old or younger produced only 9 percent of 1988–1990 units but accounted for over 16 percent of CDCs (see table 4), CDCs in each of the older age groups produced at levels consistent with their share of total organizations.[4] These data cannot be reliably analyzed at finer levels of detail (to explore large city–small city differences, for example), but absence of a strong age-production relationship implies that under the right conditions, CDCs can develop capacity fairly rapidly.

Table 4. **Percent of CDCs and 1988–1990 Units by Organizational Age**

Average Annual Production 1988–1990	Percent CDCs	Percent Units
> 20 years	20.7	25.8
11–20 years	38.9	38.8
6–10 years	24.0	26.6
1–5 years	16.4	8.9
All*	100.0	100.0

n = 744
Source: Compiled by the Urban Institute based on data obtained from NCCED.
* Components may not add up to total because of rounding.

Spatial coverage

Disparities in current CDC spatial coverage have important implications for the future capacity of nonprofit housing

[4] Pairwise comparison of means tests shows a significant difference (at a 0.05 level) in the mean for the youngest CDCs compared with older organizations.

developers. For example, better-represented regions or cities may be better positioned to access special program preferences for CDCs. Conventional wisdom holds that the vast majority of CDC activity is concentrated in the Northeast, California, and a select number of midwestern cities. In fact, do particular regions or types of communities account for disproportionate shares of sector production?

Nonprofit organizations are active in all nine regions of the country, but a large share of national production takes place in five—all but one east of the Mississippi.[5] Together, the Middle Atlantic and Pacific regions contribute almost half of the estimated annual total sector production, and the East North Central, South Atlantic, and New England regions another third (see table 5). By comparison, the East South Central, West South Central, and Mountain regions each contribute less than 3 percent. By and large, this pattern also holds if shares of sector production are compared with shares of total population. Organizations in the Middle Atlantic, Pacific, and New England regions contribute a greater share of national production than their respective regional shares of total U.S. population. Conversely, each of the East South Central, West South Central, and Mountain regions' share of production is less than half of their share of total population. (However, concentration of capacity—the regional share attributable to high-volume producers—is roughly equivalent across regions.)

Table 5. **Percent of CDCs, 1988–1990 Units and Total Population by Region**

	1988–1990 Units[a]		Population[b]
Region	Percent CDCs	Percent Units	Percent Total
Middle Atlantic	24.9	26.9	15.2
Pacific	14.5	21.5	15.4
East North Central	18.5	14.1	17.0
South Atlantic	12.3	12.7	17.6
New England	12.1	10.0	5.3
West North Central	6.7	6.7	7.1
West South Central	3.7	2.8	10.8
East South Central	3.7	2.7	6.1
Mountain	3.5	2.7	5.5
All[c]	100.0	100.0	100.0

n = 744
[a] *Source:* Compiled by the Urban Institute based on data obtained from NCCED.
[b] *Source:* Census of Population and Housing, 1990: Summary Tape File 3.
[c] Components may not add up to total because of rounding.

[5] Here, "region" corresponds to census divisions.

National unit production by nonprofits also takes place disproportionately in larger cities. Almost 60 percent of units are sponsored by CDCs active in cities with more than 500,000 population: 39 percent in cities with greater than 900,000 population, and another 20 percent in cities between 500,000 and 900,000.[6] (See table 6. Note that cities with under 25,000 population are excluded from the population distribution in the third column.) This distribution confirms widespread impressions. But although we customarily associate nonprofit housing production with larger urban areas, smaller communities contribute significant shares nationwide. Over 20 percent of production occurs in communities with fewer than 200,000 residents.

Table 6. **Percent of CDCs, 1988–1990 Units and Total Population by City Size**

	1988–1990 Units[a]		Population[b]
City Size	Percent CDCs	Percent Units	Percent Total
< 200,000	37.8	21.7	54.9
200,000–499,999	22.9	19.5	12.7
500,000–899,999	15.8	20.1	9.8
900,000	23.5	38.7	22.5
All[c]	100.0	100.0	100.0

n = 476
[a] *Source:* Compiled by the Urban Institute based on data obtained from NCCED.
[b] *Source:* City-County Data Book (1988) – CD-ROM-Incorporated – places with ≥ 25,000 population.
[c] Components may not add up to total because of rounding.

Nevertheless, smaller cities' production is significantly less than predicted based on their share of national population alone: Cities with under 200,000 population account for over half of the U.S. population, but their production share amounts to only one-fifth. Organizations in every other city-size category contributed production shares greater than their national population proportion.

Further, production per organization is higher among CDCs in larger cities. In all but the smallest city-size category (under 200,000), city shares of annual production are greater than the share of CDCs they represent nationwide. In the smallest communities, CDCs, on average, produce fewer units than their large-city counterparts.

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[6] CDCs with countywide, multicounty, statewide, and other service areas are excluded from this analysis.

The preceding comparison of production by city size includes only CDCs that define service areas coterminous with, or smaller than, the cities within which they operate. If all organizations are included—neighborhood, city, multicounty, and statewide CDCs—differences among CDC average production levels evaporate. Two-thirds of CDCs serve primarily urban areas, a share not much different from the share these areas represent of total population. Moreover, average production levels are roughly equivalent across CDCs that serve urban, mixed urban, and rural areas (see table 7). That is, CDCs that serve urban areas exclusively produce no more units, on average, than those that serve only rural areas. Finally, rural CDCs are a sizable and often overlooked portion of the sector, accounting for 16 percent of all CDCs and 14 percent of unit production between 1988 and 1990.

Table 7. **Percent of CDCs and 1988–1990 Units by Urban/Rural Status**

	1988–1990 Units	
Urban/Rural Category	Percent CDCs	Percent Units
Urban	68.6	67.2
Rural	16.1	13.9
Mixed urban-rural	15.3	18.9
All	100.0	100.0

n = 770
Source: Compiled by the Urban Institute based on data obtained from NCCED.

Comparison of rural production levels and rural population across regions shows significant mismatches in four regions. In the East South Central and Mountain regions, rural CDCs produce a higher share of units than their population size would dictate even if no mixed urban-rural production were allocated to rural areas (see table 8). In the East North Central and West North Central regions, the rural share of CDC production is less than the regional share of rural population.[7]

Population size alone is an insufficient basis for estimating disproportions in regional CDC coverage. Poverty, housing affordability, and concentrations of poverty are factors that prompt creation of organizations able to respond to need. Even though less than 3 percent of total 1988–1990 production

[7] In the Pacific region, urban CDCs produced less than 50 percent of all 1988–1990 units, but over 90 percent of the population is urban. One explanation for this disparity may be the strength of rural California's nonprofit development sector. The current study found that rural Californian nonprofits produce an estimated 1,200 units per year.

Table 8. **Percent of CDCs and 1988–1990 Units by Urban/Rural Status and Region**

		Mixed		
	Urban	Urban-Rural 1988–1990 Units[a]	Rural	Rural Population 1990[b]
Region	Percent Units	Percent Units	Percent Units	Percent Population
New England	59.4	26.5	14.2	25.6
Middle Atlantic	77.4	7.9	14.7	19.5
East North Central	86.1	5.5	8.4	26.0
West North Central	86.7	13.2	0.1	33.8
South Atlantic	69.8	19.9	10.3	30.6
East South Central	40.4	7.6	52.0	43.8
West South Central	48.4	36.2	15.4	25.5
Mountain	29.2	35.3	35.6	20.3
Pacific	48.8	35.9	15.3	9.1

n = 770
[a] *Source:* Compiled by the Urban Institute based on data obtained from NCCED.
[b] *Source:* 1990 Census of Population and Housing.

occurred in the Mountain region, less than its share of U.S. population, is CDC activity thereby less than what would be expected relative to regional need?

See table 9 for a comparison of national shares of nonprofit production, by region, with corresponding shares of total poverty population and poverty families. Though only a crude indicator of "need," share of poverty households confirms regional disparities based on population: three regions—New England, Middle Atlantic, and Pacific—contribute a greater share of CDC activity than poverty population; five produce shares equivalent to their national poverty percentages; and two—West South Central and East South Central—"underproduce" relative to poverty shares. The latter finding confirms general impressions among practitioners that states along the lower Mississippi are particularly difficult terrain for nonprofit housing producers.

Program characteristics

Nonprofit organizations do not restrict themselves to housing production alone; few CDC directors would describe themselves primarily as housing developers. Rather, most would argue that community revitalization is their principal goal, met by physical revitalization of the housing stock and creation of affordable housing in the areas they serve. Indeed, many CDCs emerged

Table 9. **Percent of CDCs, 1988–1990 Units and Total Population by Region**

Region	1989–1990 Units[a] Percent Total	Population[b] Percent Total	Poverty Population[b] Percent Total	Poverty Families[b] Percent Total
New England	10.0	5.3	3.4	3.3
Middle Atlantic	26.9	15.2	13.0	12.8
East North Central	14.1	17.0	15.5	15.7
West North Central	6.7	7.1	6.4	6.4
South Atlantic	12.7	17.6	16.9	17.2
East South Central	2.7	6.1	8.8	9.7
West South Central	2.8	10.8	15.5	16.0
Mountain	2.7	5.5	5.9	5.7
Pacific	21.5	15.4	14.6	13.3
All[c]	100.0	100.0	100.0	100.0

n = 774
[a] *Source:* Compiled by the Urban Institute based on data obtained from NCCED.
[b] *Source:* 1990 Census of Population and Housing.
[c] Components may not add up to total because of rounding.

initially as issue-oriented, community-based groups (Vidal 1992) established to challenge local financial institutions to live up to community reinvestment responsibilities, demand improved city services, oppose gentrification, or promote other community development objectives.

Because they often take on a variety of advocacy and human service tasks, CDCs defy easy characterization. Indeed, CDCs nationwide take on a wide variety of nondevelopment activities. Almost two-thirds conduct community organizing activities. One-quarter or more counsel homeowners or tenants, advocate community reinvestment, provide homeless housing or emergency food assistance, or train residents for employment (see table 10). Furthermore, a substantial proportion of CDCs take on multiple community development tasks; 40 percent organize community residents, perform at least one nondevelopment housing activity, *and* provide one or more of a number of social services (see table 11). *Only 9 percent perform no nondevelopment activity whatsoever.*

CDC development activities

Pursuit of "hard" development projects distinguishes housing CDCs from other nonprofit human service organizations. However, housing CDCs are by no means monolithic in the type of

Table 10. **Percent of CDCs Involved with Nondevelopment Activities**

Activity	Percent CDCs
Community organizing	66.3
Housing-related	
Homeowners' counseling	51.7
Tenant counseling	45.4
CRA advocacy	32.1
Housing for homeless	29.3
Social services	
Job training placement	28.8
Emergency food assistance	23.2
Senior citizens	19.6
Other youth programs	17.8
Child care	17.5
Antidrugs program	16.4
Anticrime	13.8
Arts/culture	10.8
Health care	9.6
Teen pregnancy	7.8

n = 1,057
Source: Compiled by the Urban Institute based on data obtained from NCCED.

Table 11. **Percent of CDCs Involved in Clusters of Nondevelopment Activities**

Community Organization	At Least One Housing Activity	At Least One Social Service	Percent CDCs
X	X	X	40.5
X	X	-	18.5
X	-	X	6.0
-	X	X	7.4
X	-	-	3.3
-	X	-	12.7
-	-	X	3.7
-	-	-	9.4
			100.0*

Source: Compiled by the Urban Institute based on data obtained from NCCED.
* Components may not add up to total because of rounding.

development they pursue (see table 12).[8] But as expected, rehabilitation of the existing housing stock typifies CDC development; over three-quarters of organizations do this. Fifty-nine

[8] A number of CDCs have also taken on other "hard" development activities. According to NCCED survey data, approximately 19 percent of CDCs also do business enterprise development, and 25 percent perform commercial industrial real estate development.

Table 12. **Percent of CDCs Involved with Different Housing Development Activities**

Activity	Percent CDCs
Development types	
Rehabilitation	76.6
Acquisition	65.3
New construction	56.3
Weatherization	42.4
Development functions	
Property management	53.5
Construction management	36.7
Loan packaging	27.8
Administer revolving loan fund	27.0

Source: Compiled by the Urban Institute based on data obtained from NCCED.

percent of CDC cumulative production has involved rehabilitation (more than $10,000 per unit) and 41 percent new construction (unpublished figures). Two-thirds of CDCs acquire property as part of their development program; just over half manage properties, most commonly those they have purchased themselves.

Organizational characteristics

The vast majority of CDC housing producers are relatively small organizations in terms of staff size and budget, although some can be considered large-scale development entities. CDCs nationwide employ a median staff of seven. Vidal (1992) found within her sample of CDCs, which tend to be larger on average than those typical nationwide, a median budget of $700,000.

Not surprisingly, as staff size increases so does unit production. Mean 1988–1990 unit production is over 100 for CDCs with more than six full-time staff, but under 50 for organizations with five full-time staff or fewer (see table 13). Fifty percent of 1988–1990 unit production was performed by CDCs with 10 or more staff.

Organizational characteristics are important determinants of capacity in the nonprofit development sector. Have CDCs generally grown over recent years? What is the current trend in CDC organizational growth? These are difficult questions to answer in the absence of longitudinal data for a sample of CDCs. However, available evidence suggests that CDCs recently have displayed considerable ability to increase organizational capacity. Almost three-quarters of Vidal's sample reported an increase in

Table 13. **Percent of CDCs and Percent and Mean 1988–1990 Units by Staff Category**

Full-Time Staff	Percent CDCs	Percent Units	Mean Units
> 10 staff	39.0	52.6	107.9
6–10 staff	17.3	23.4	108.2
1–5 staff	43.7	23.9	43.8
All*	100.0	100.0	100.0

Source: Compiled by the Urban Institute based on data obtained from NCCED.
* Components may not add up to total because of rounding.

staff size and budget over the previous five years, with over 50 percent reporting "substantial" qualitative growth in organizational strength over the same period (Vidal 1992).

Funding characteristics

Withdrawal of federal resources over the past 12 years has precipitated the development of many alternative financial sources for CDC activity. As a result, CDCs usually must patch together a number of financial resources to undertake any development deal. Nationwide, CDCs reported receiving more than $50,000 from a median of three sources over the 1988–1990 period. (Only sources providing more than $50,000 were reported.) This figure probably underestimates the actual number of funders. Some of the sources indicated by CDC respondents—local governments, for example—probably acted as pass-throughs of funds from state or federal sources.

The proportion of all CDCs that received more than $50,000 in funding from different sources over the 1988–1990 period is shown in table 14. Although these data do not show which funding sources are most important to CDCs, they do suggest patterns of reliance. Despite significant losses of federal funds since 1981, they still represent the most common source of development finance. Over half of the organizations reported receiving over $50,000 in CDBG funds. Reflecting states' emergence as major partners in affordable housing development, CDCs were almost equally likely to receive funds from state sources. One-third reported support from local governments (possibly including federal-source funds). About 41 percent reported assistance from foundation sources.

At the other end of the spectrum, direct federal assistance programs are among the least common sources of CDC funding. For example, less than 10 percent of all CDCs received $50,000 or

Table 14. **Sources of CDC Funding, 1988–1990**

Source	Percent CDCs
Federal	
LIHTC	94.3
CDBG	55.3
Rental rehab	15.1
Other federal	15.0
McKinney Act	14.1
Section 202	9.5
FmHA Section 515	8.4
OCS*/Discretionary	7.2
State and local	
State	54.9
Local	36.0
Private sector	
Foundations	40.8
Banks	37.6
Local and national intermediary	22.5
Corporations	20.8
Religious	15.4
Other	12.0
All	100.0

n = 1,057
Source: Compiled by the Urban Institute based on data obtained from NCCED.
Note: Percentages are the share of CDCs that received more than $50,000 from the listed source between 1988 and 1990.
*OCS is Department of Health and Human Services Office of Community Services.

more in funding under the Section 202 program, despite that program's large estimated contribution to overall production levels in the sector.

To some degree, diversity of financing sources is one indicator of (and some would argue, prerequisite for) organizational success, as the number of sources typically used to support a CDC increases with annual production levels. CDCs producing over 200 units per annum have the highest mean number of funding sources; CDCs producing 1 to 10 units have the lowest (see table 15). Further, the *type* of funding varies by production level. Larger producers are more likely to be funded by state governments and local and national intermediaries (see table 16). Over 75 percent of CDCs producing more than 200 units a year received $50,000 or more from states; less than half of CDCs producing 1 to 10 units per year did so.

Barriers to nonprofit housing production

As discussed above, the nonprofit development sector is marked by extreme variation in the concentration of production capacity.

Table 15. **Mean Number of Funding Sources by Annual Production**

Average Annual Production 1988–1990	Mean Number of Sources
> 200 units	6.0
101–200 units	5.3
51–100 units	5.9
26–50 units	5.0
11–25 units	4.3
1–10 units	3.3
All	4.1

n = 774
Source: Compiled by the Urban Institute based on data obtained from NCCED.

Among CDCs (and *excluding* citywide and regional developers), about half of all organizations produce fewer than 10 units per year, accounting for an estimated 15 percent of all units produced by CDCs over the past three years. Further, spatial coverage is highly uneven; production is concentrated in the Middle Atlantic and Pacific regions but generally is an east-of-the-Mississippi phenomenon. Moreover, production tends to be concentrated among CDCs operating in larger cities.

Despite unevenness in production levels across organizations, regions, and types of cities, nonprofit developers face a common set of barriers to expanded production and a common set of factors that inhibit efficient production. However, one may speculate that smaller organizations (most of the sector) and perhaps those operating in regions or cities that harbor relatively few nonprofit developers face these constraints most frequently. Institutional development in the nonprofit sector as a whole, to be discussed in the next section, has been driven by the need to respond to these problems.

The discussion to follow is informed by case studies prepared by the Urban Institute for six communities. (See appendix for a discussion of this research.) In addition, this research has benefited from several previous evaluation efforts, in particular those conducted by Mayer and Blake (1984), Clay (1990), and Vidal (1992). All of these studies illustrate the difficulties of characterizing the performance of the nonprofit sector as a whole. First, to the extent that nonprofit housing developers pursue broad community development activities, including community organizing and social services provision, there is no single evaluative standard that can be used to gauge the effectiveness of single organizations, and by aggregation the sector as a whole. Application of multiple standards enormously complicates data collection and analysis. Second, few valid standards of

Table 16. **Sources of CDC Funding by Annual Production Level, 1988–1990**

Source	> 200 Units n = 13 Percent CDCs	101–200 Units n = 21 Percent CDCs	51–100 Units n = 44 Percent CDCs	26–50 Units n = 112 Percent CDCs	11–25 Units n = 207 Percent CDCs	1–10 Units n = 377 Percent CDCs
Federal						
LIHTC	30.8	38.1	59.1	42.9	22.7	9.3
CDBG	69.2	71.4	54.5	64.3	60.9	56.5
Other federal	30.8	28.6	25.0	15.2	14.0	10.6
Section 202	23.1	19.0	25.0	24.1	11.6	3.2
Rental rehab	23.1	33.3	20.5	17.9	24.6	14.6
McKinney Act	15.4	19.0	20.5	17.0	14.5	11.1
FmHA Section 515	7.7	14.3	25.0	13.4	13.0	4.5
OCS/Discretionary		14.3	15.9	12.5	8.2	3.2
State and local						
State	76.9	71.4	75.0	65.2	57.5	49.3
Local	46.2	47.6	52.3	46.4	38.2	31.3
Private sector						
Foundations	69.2	38.1	54.5	47.3	46.4	41.1
Banks	61.5	47.6	72.7	50.9	44.0	36.6
Local and national intermediary	61.5	38.1	36.4	35.7	29.0	18.8
Corporations	38.5	14.3	34.1	25.0	28.5	18.6
Religious	15.4	19.0	15.9	18.8	14.5	18.3
Other	30.8	19.0	9.1	9.8	7.7	13.8

Source: Compiled by the Urban Institute based on data obtained from NCCED.
Note: Percentages are the share of CDCs that received more than $50,000 from the listed source between 1988 and 1990.

comparison exist; for example, the for-profit housing development sector tends to work in very different market and community environments. Finally, there is no known universe of nonprofit organizations from which samples can be taken reliably. Numbers, activities, and even physical locations of CDCs at the lower end of the capacity distribution are subject to considerable churn. Vidal's study—the best attempt to systematically collect quantitative data on CDC characteristics and performance—deliberately concentrated only on those organizations at the "leading edge" of the sector. In view of these difficulties, among others, no research to date (including this author's) can reach summary conclusions about the "performance" of the sector with any degree of confidence. What remains to analysts are qualitative judgments about the sector—the barriers it faces and the policy responses it has devised—informed by case study research.

Multiple sources of finance

Plain vanilla, deep-subsidy production programs of the 1970s are gone (and with them, much of the for-profit affordable housing development industry). In their place are a myriad of funding streams—federal, state, and local, in addition to private market-rate sources—few of which can be used singly to finance affordable housing development. Typical nonprofit development deals demand expensive efforts to blend multiple financing sources—so-called "patchwork" finance. Mayer and Blake (1984) found six funding sources per project; Abt Associates (1992) found that 7.8 sources were necessary.[9]

Patchwork finance conveys mixed blessings. On the one hand, it conveys a competitive advantage versus for-profit developers to the degree that philanthropic and other components of the "patchwork" are available only to nonprofit project sponsors. Moreover, few for-profit developers display much appetite for uncompensated expenditures of time and effort to assemble such packages. Finally, layered subsidies—equity, debt, grants, tax concessions, and so forth—can imply deep subsidies, allowing building rents to be affordable to very low income households.

On the other hand, financial packaging can confuse even experienced development staff, consume time, drive up costs, and

[9] The recently completed Church Square development project in Cleveland may not be atypical. In all, 13 separate funding sources were used to bring the project to fruition.

distort choices of project size, design, and use. Complexity induces a bias toward both larger projects and larger project sponsors. Transaction costs imposed by complex financing are hidden, by and large, but the cost of arranging Low-Income Housing Tax Credit (LIHTC) financing is instructive, ranging from 20 to 30 percent of proceeds, on average.[10] To reduce the effect of total project transaction costs on per-unit costs (and thus on unit rents), development decisions appear biased toward larger housing projects. Again, inferential evidence supporting such a bias can be found in projects funded by the LIHTC program. During the first two years of the program, the average number of units per subsidized project was 146 (ICF, Inc. 1991, 2.2). This figure is substantially higher than available estimates for nonprofit projects in the Urban Institute case study sites—for example, an average of 8 units per project in Minneapolis and 89 units per project in Los Angeles.

Just as the need to employ (or develop) deal-making expertise favors larger development projects over smaller ones, so, too, are multiple projects favored. Once the needed deal-making expertise has been acquired (e.g., by a member of the CDC's staff to complete one project), the cost incurred for successive projects is likely to be less. Economy-of-scale effects work to the advantage of larger CDCs capable of undertaking more large projects.

Undercapitalization

In part because single-source financing is rare and extraordinary efforts are often needed to assemble multiple funding sources, development deals tend to be thinly capitalized. Anecdotal evidence supports a conclusion that debt coverage and operating cost ratios on nonprofit-sponsored projects tend to be rather low, a product of scarce capital and a desire to maximize unit availability to very low income tenants. Moreover, nonprofit sponsors often appear to waive development fees to make deals work, even where local funders allow such fees to be charged. (There appears to be a consistent tendency among funders of nonprofit developments not to allow such fees, or "profits.")

As a result, CDCs suffer chronic shortfalls of operating revenues needed to finance ongoing operating and predevelopment costs. Nearly all previous research on the sector, including the Urban Institute's case studies, support this conclusion (see, among

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[10] The most frequently given estimate of the cost of putting together an LIHTC financing deal was 20 percent of gross equity, although some estimates are as high as 30 percent. See Clay (1990).

others, Clay 1990; Cohen, Neff, and Barad 1988; Common Space 1988; Mayer and Blake 1984; New Ventures 1989; Vidal 1992). Even larger CDCs with good track records often face inordinate difficulty in covering administrative costs and must devote large amounts of time to fund raising.

The need for predevelopment funding is at least as great as the need for project funding. Predevelopment funding covers the engineering, architecture, site control, and feasibility analysis costs necessary to prepare projects. Moreover, low-income housing developers confront marketability, feasibility, and financing problems that deter profit-motivated developers. Considerable predevelopment funding is essential to work through these problems, and its lack contributes both to weak project proposals and failure to seize unique opportunities as property becomes available for development. One observer interviewed for the Urban Institute's case studies noted that in the 1970s, CDCs had considerable funding but lacked the sophistication to use it effectively. Now, they have capacity but lack money. Most of CDCs' other problems arise at least partly from this one.

Limited technical capacity

Shortfalls in operating and predevelopment revenue have clear consequences for CDCs' capacity to perform the core functions of housing development and ancillary community development activities. Thin operating margins produce pressures to spread staff responsibility broadly, forgo training opportunities, defer purchases of equipment, and refrain from the purchase of outside expertise. Moreover, benefits and salaries tend to be depressed relative to for-profit or public sector scales, complicating staff recruitment and retention.

Staff size does not equate to organizational capacity, although in view of the non-housing-production functions taken on by CDCs, small staffs of many CDCs pose problems not unlike those afflicting other small organizations in the public and private sectors alike. The NCCED (1988 and 1991) indicates that CDCs average six staff per organization, with two to three professionals. So few staff makes specialization and division of labor difficult. Small organizations typically have all the functions of large organizations—personnel management, production, marketing, financing, and so forth. But whereas the scale of operations undertaken by larger organizations is sufficient to support staffs large enough for specialization to occur among (and even within) those functions, smaller organizations must settle for less staff

specialization, making do with whatever staff expertise is available or purchasing expertise on an as-needed basis. Use of both alternatives is evident among the smaller CDCs in the Urban Institute's case studies.

Perceived high risk

Complex financial packaging, undercapitalization, and limits on technical capacity all translate into higher risk. Moreover, community revitalization goals prompt CDCs to undertake projects with particularly high costs and high risk. Frequently acting as "developers of last resort," CDCs often undertake projects where the "economics is difficult." One CDC director interviewed for the Urban Institute's case studies described his prototypical project as (1) a historic building having great developmental value to the community; (2) requiring high rehabilitation costs, particularly to preserve the structure's basic integrity; (3) located in a low-income neighborhood with a declining housing market; and (4) able to command scant resources to undertake rehabilitation.

All things being equal, more complex projects, low-income projects, projects in low-income neighborhoods, and projects sponsored by smaller and presumably financially vulnerable entities convey higher risk than others. Such risk engenders reluctance to participate in nonprofit development projects on the part of both public and private sector lenders and potential for-profit development partners. Weaknesses in the commercial banking system have contributed to risk aversion on the part of private sector financiers, in particular.

Risk minimization is difficult for nonprofit developers. Diversification, the most common form of "risk spreading," tends not to be an option for CDCs. First, most CDCs are small, undertaking few projects at once; cost overruns on one project cannot be offset by lower-than-projected costs on others. Second, CDCs tend to specialize geographically, concentrating their development efforts within one or two specific neighborhoods; therefore, adverse market trends in one part of the city cannot be offset by improved conditions elsewhere.[11] Third, some funders express concern that *over*-diversification by CDCs can spread meager

[11] A recent study of how economic conditions affect community development corporations in Chicago found that economic trends had "markedly different" effects on individual neighborhoods, for example, in rates of loss of housing units and manufacturing jobs (Giloth et al. 1992). The research of Galster and Mincy (this volume) shows that metropolitan economic changes have different effects on neighborhood poverty growth rates depending on neighborhood and resident characteristics.

resources too thinly (see Giloth et al. 1992). Last, CDC dependence on the beneficence of government agencies, foundations, corporations, and individuals places them at considerable risk of diminished financial support.

Finally, CDC property ownership poses huge risks of financial difficulty, particularly in view of the thin operating ratios on CDC-developed property. Many CDCs have built considerable capacity to undertake development but may have yet to develop a similar capacity to manage property. Management of assisted housing is a highly specialized and notoriously low-return activity. As the portfolio of CDC-owned housing increases, property management poses an ever-greater risk of financial loss.

Difficulty of measuring "neighborhood impacts"

The basic strength of nonprofit developers lies in their commitment to community development. Few nonprofit executives would describe their housing activities only in terms of unit production. Rather, site selection, development programs, tenant mix, and other features of development ideally support overall neighborhood stabilization or renewal. This claim to produce development spillovers is central to arguments that CDCs merit special attention in the delivery of housing programs. Moreover, attention to community development needs should imply a knowledge of neighborhood submarkets vital to the development of viable real estate projects.

Development effects, however, are extremely difficult to measure. Nearly all costs of housing produced by CDCs are explicit and immediate; many of the benefits are implicit, deferred, and widely dispersed. These presumed benefits justify public support for nonprofit housing development to the extent that these entities sponsor projects that produce broader community development effects.

Because these claims rest on uncertain evidence, there is a tendency on the part of nonprofit housing developers to legitimize their work based on an ambiguous claim of neighborhood "representativeness" as a proxy for presumed community development benefits. That is, self-identification with neighborhood, with or without participatory mechanisms to involve community residents in CDC decisions, becomes equated with special insight into neighborhood needs, to which projects sponsored by these agencies are presumed responsive. A demand on public sector resources based on this claim is, by and large, a demand made on essentially political grounds.

Public sector funders, including community development agencies, urban redevelopment authorities, housing departments, and so on, historically have displayed suspicion of nonprofit developers who claim access to funds based on political competence. While by no means universally true, agency staff tend to respond to funding requests based on demonstrated technical competence—the ability to develop projects efficiently and effectively. While political and technical competence need not conflict, examples abound of resource distribution based only on the former. This situation explains a large part of the considerable tension between nonprofit developers, who argue that city administrations display insensitivity to neighborhood interests, and city administrators, who argue that questionable claims to represent neighborhoods are not backed up by technical expertise.

Policy responses to nonprofit barriers

By the end of the 1980s, a rudimentary national nonprofit housing development sector had emerged. At the national level, the rise of intermediaries to mobilize capital, provide technical assistance, and help create local nonprofit housing production systems dramatically improved the capacity of the nonprofit sector to undertake housing and community development projects. Locally, a number of metropolitan areas, central cities, and even rural areas created intermediary institutions that in many ways replicated locally the functions performed by their national counterparts. Partly as a result of these activities, but also in response to declines in federal aid for housing production, state and local governments have infused new resources into the sector.

These developments all have offset to a degree the critical problems faced by the sector: financial complexity, undercapitalization, limits to technical capacity, high risk, and tensions between political and technical claims on public sector resources. This section details these changes, beginning with national intermediaries and foundations, local intermediaries, and other support institutions, then continuing with state and local government developments.

Intermediation

The rise of national, state, and local intermediaries is the single most important story of the nonprofit development sector in the 1980s. Arguably, without this source of support for grassroots

development activity, state and local governments would have displayed far less responsiveness to nonprofit developer needs over the decade. Intermediaries as a group have performed three vital functions in the sector: (1) mobilization of capital, including project and operating support and predevelopment finance; (2) provision of technical assistance in financial packaging, project development, and local institution-building; and (3) as a result of the preceding two functions, legitimation of CDCs, enhancing perceived technical competence and reducing risk to both public and private sector funders.

National intermediaries. National intermediaries, including the Local Initiatives Support Corporation (LISC), the Enterprise Foundation, the Neighborhood Reinvestment Corporation (NRC), and the Housing Assistance Council (HAC), raise funds for and provide technical assistance to nonprofit developers. National intermediaries possess enormous economy-of-scale advantages, affording individual CDCs and projects access to tax credits and corporate equity investments, secondary mortgage markets, and lender commitments. National intermediaries have been the single most important stimulus to the creation of local housing partnerships and other local intermediaries.

Since the early 1980s, the Enterprise Foundation, LISC, and NRC have offered CDCs an estimated $125.6 million in grants, including some $27.5 million in 1991. LISC, Enterprise, and HAC have offered about $70 million in loans during the past two decades, including $10.9 million in 1991. The 1991 loan and grant total of $38.4 million compares with estimated CDBG assistance of about $107 million.

Both LISC and NRC have established subsidiaries that have sold over $176 million of single- and multifamily mortgages on the secondary market. Together, Enterprise, LISC, and HAC have raised about $740 million in tax credit equity since establishment of the tax credit in 1986. In 1991 alone, they secured equity investments of $215 million. As a result of intermediary efforts, nonprofit shares of total LIHTC equity investments in low-income housing appear to have increased dramatically. In the late 1980s, nonprofits' share of total LIHTC equity amounted to about 10 percent. A survey conducted by the Urban Institute found that by the early 1990s, nonprofits' share of LIHTC equity in the 11 largest states representing the majority of the total LIHTC investments was about 25 percent.

Enterprise, LISC, NRC, and HAC also offer technical assistance and training seminars on real estate finance and development,

commercial development, community organizing, and social service provision. More important, LISC and Enterprise, in particular, concentrate on metropolitan and local institution-building. Both LISC and Enterprise encourage local actors to form housing partnerships or other local intermediaries that comprise the core of local nonprofit housing production systems.

Each intermediary specializes in assisting different types of CDCs. LISC targets CDCs committed to comprehensive residential and commercial development. Enterprise assists CDCs that specialize in low- and very low income housing, with a recent emphasis on social services linkages. HAC also assists CDCs serving very poor households, but concentrates its assistance in rural areas. NRC supports neighborhood-based CDCs with board structures that institutionalize partnerships among residents, public officials, and private sector lenders and companies.

These different emphases influence organizational choice of localities. LISC has concentrated its efforts in 30 locations across the country, mostly in Northeast, Midwest, and Pacific cities with well-established CDC sectors. Enterprise, as well, has a strong presence in these regions. While LISC does assist southern cities (for example, Little Rock, Miami, and Richmond), its southern presence is not pronounced. Enterprise, in contrast, has a concentration of activity along the South Atlantic coast. NRC's 184 CDCs tend to be found in small cities in all regions of the country; the organization specializes in small cities (between 100,000 and 200,000 population) with little previous CDC housing activity. Finally, HAC funds and offers technical assistance to rural CDCs, mostly in the Southwest and along both coasts.

Changes in foundation policy have supported expansion of intermediary activities, both by increases in foundation support for housing and community development generally and by redirection of program-related investments through intermediaries. In addition, collaboration among foundations promises to bolster continuing efforts to establish a genuinely national nonprofit development support system.

In the early 1970s, the Ford Foundation was one of the few foundation funders of nonprofit development organizations. Today, foundation support for nonprofit organizations has become a major element of philanthropic funding. In 1989, more than 165 independent foundations, including 55 of the 100 largest, granted $65 million to support community-based development (Council for Community-Based Development 1991). Consistent with trends among other funders (discussed below),

direct support for CDCs tends to be concentrated in operating support. Three-quarters of the grants have provided general support for operations, one-quarter for project support.

Increasingly, foundations have become more reliant on intermediaries to channel assistance. Most foundation grants (64 percent) funded intermediaries, rather than community-based organizations directly (36 percent). For example, the MacArthur Foundation continues to offer core operating grants directly to CDCs, but in 1991 committed 70 percent of its $5.8 million in grants and loans to intermediaries. This reorientation is consistent with a general trend among funders to support sector-building efforts generally, but it also reflects a desire on the part of funders to rely more heavily on intermediary assessment of, and, ultimately, implicit guarantee of, individual CDC performance.

Collaboration among foundations through the National Community Development Initiative (NCDI) promises to further encourage movement toward a national support system for nonprofit development activity. Administered by LISC and Enterprise, NCDI pools $62.5 million from seven foundations and one corporation to support sectoral capacity-building and production efforts in 20 cities. The largest contributors are the Prudential Insurance Company ($15 million loan), the Rockefeller Foundation ($12.5 million loan and $2.5 million grant), and the Lilly Endowment ($2.5 million loan and $12.5 million grant).

Regional and local intermediaries. Metropolitan and city institution-building mirrors national trends. Local foundations have encouraged creation of local intermediaries for the same reasons that national foundations increasingly prefer to work through national intermediaries. In addition, the efforts of LISC and Enterprise to create local institutions for nonprofit sector development have borne fruit. These regional intermediaries structure interactions among regional actors and between regional actors and their national supporters. In so doing, these intermediaries have become uniquely positioned to provide services to the sector.

Like their national counterparts, regional intermediaries mobilize funds, provide technical assistance, and offer implicit guarantees of CDC performance. Regional intermediaries can offer CDCs a sustained, predictable flow of financial resources, generating both increased financial support and streamlined financial services. Local funders, including foundations, public sector agencies, and private financial institutions, can both reduce risk

and share it; the former through intermediary technical support and quality control over individual development deals, the latter by pooling risk among funders.

As is true for organizations throughout the nonprofit development sector, regional intermediaries are by no means monolithic. The following discussion focuses on four separate (but not mutually exclusive) types of regional intermediaries—housing partnerships, community development loan funds, nonprofit coalitions, and developer partnerships.[12]

Housing partnerships bring together public, private, and nonprofit parties to develop or foster development of affordable low-income housing. The groups classified here as partnerships offer housing developers *both* technical and capital support on an ongoing basis. There are currently at least 37 such groups nationwide,[13] of which most (57 percent) have been formed since 1984.

Partnership financial assistance compensates for inadequate capitalization of CDCs through support for operating and predevelopment expenses. Fourteen partnerships (38 percent) offer operating support, 23 (62 percent) funded predevelopment costs, and 20 (54 percent) funded other interim project costs. Partnerships also offer permanent financing in the form of LIHTC equity investments by 16 groups (43 percent), conventional debt financing by 12 groups (32 percent), and gap financing by 5 groups (14 percent).

Like nonprofit producers, housing partnerships are generally concentrated in the Northeast and Midwest. Over 70 percent of housing partnerships are found in the New England, Middle Atlantic, and East North Central regions. None are found in the East South Central, West South Central, and Mountain regions. Of 36 housing partnerships, 3 are statewide (Connecticut, Massachusetts, and Wisconsin). The remaining three partnerships operate locally, although their service areas vary; one is citywide, one is countywide, and the other encompasses a metropolitan-wide area.

[12] Many regional intermediaries would put themselves in more than one of these groups. For example, San Francisco's Low Income Housing Fund is a member of both the National Association of Community Development Loan Funds and the National Association of Housing Partnerships.

[13] This estimate was derived from project descriptions in National Association of Housing Partnerships (1992).

Community development loan funds channel funds from local public and private sources into a range of development activities, but with a bias toward housing development and nonprofit sponsorship. Of $70 million in loans made between 1986 and 1990, 80 percent went to housing (National Association of Community Development Loan Funds 1991). During the same period, 69 percent of the housing funds went to nonprofits, in the form of predevelopment loans (13 percent), construction loans (56 percent), and permanent financing (31 percent).

There are at least 39 community development loan funds nationwide. Of these, 34 have subnational (city, metropolitan area, state, or multistate) service areas and 5 claim national coverage. Groups are found in every region, but again, they are concentrated on the East Coast and, to a lesser extent, in the Midwest.

Nonprofit coalitions do not finance CDC projects. Rather, most are established solely to represent or advocate the interests of participant CDCs, often as the result of a particular incident such as the withdrawal of government assistance from the sector (Goetz 1992). The number of such coalitions is unknown, but they are known to include 17 statewide associations that are members of a loose-knit network sponsored by NCCED.

Some coalitions take on additional functions as they develop. For example, the Ohio CDC Association claims about 80 CDC members and between 50 and 60 associate members, including representatives from national intermediaries (LISC and Enterprise), major regional actors (banks), and local nonprofits that are not community based. Initially an advocacy organization, it now provides training for inexperienced CDC staff and for new staff at experienced CDCs.

In time, nonprofit coalitions may evolve systematic relationships with regional (or national) development funders and thereby take on more of the character of housing partnerships. For example, the Cleveland Housing Network, a housing partnership, initially was a nonprofit coalition.

Developer partnerships play a dual role as both intermediary and nonprofit developer. This duality distinguishes them from the three other types of regional intermediaries described (as well as differentiating them from CDCs). As developers, they serve citywide or metropolitan, instead of neighborhood, service areas. They focus almost solely on housing development and management to the exclusion of community organizing and other

community development activities. Developer partnerships also tend to display greater organizational and productive capacity.

As intermediaries, developer partnerships facilitate two-tiered relationships (Suchman 1990). At one level, they mobilize local financial resources to support partnerships as well as independent development projects. In doing so, they may involve business, government, and other regional actors as board members in their corporate decision-making process. Developer partnerships then enter into joint venture partnership agreements with other nonprofit developers, serving as intermediaries by bringing financial resources and technical skills and assistance to these joint venture agreements. Typically, in developer partnerships a well-established nonprofit developer mentors a junior partner. It is difficult to assess the full scope of developer partnership activity, but such partnerships are known to number at least 13 nationwide.

State and local government activism

The period since 1980 has seen a general increase in state and local government activity in housing, largely in response to the withdrawal of the major federal production subsidies. This increase has been characterized by a growing acceptance of a legitimate and ongoing role for state and local governments in the provision of housing (Stegman and Holden 1987). In addition to direct financial support for nonprofit development projects, localities and states have taken steps to help nonprofit organizations overcome the constraints noted in the preceding section by providing support for operating and predevelopment costs and for the creation of intermediaries that help assemble financing packages, offset risk, and upgrade technical capacity in the sector.

Local governments as nonprofit partners

The most important way local governments support nonprofit development is through their programming of federal funds. The dependence of the nonprofit sector on CDBG funds for project finance has been noted in the preceding section.[14] Observers of the sector agree that CDBG funds constitute *the* essential component of CDC project financing, and CDBG recently has been

[14] State governments are also involved with programming federal funds. For example, with the exception of New York and Hawaii, each state administers a Small Cities Community Development Block Grant program.

supplemented by the federal HOME program. Moreover, local governments increasingly fund housing programs from local funds. Berenyi (1989) found that 25 of the 51 most populous cities used local resources to fund housing activities, including proceeds from operating revenues and special taxes and general obligation, tax increment, or some other kind of bond revenue. As an example, at least 29 cities and counties have established housing trust funds supported by dedicated revenues. Although the resources available to these trust funds vary widely according to locality (from $82,000 to $20 million a year) and changes in local fiscal health, they represent a long-term, ongoing local government commitment to affordable housing provision (Nenno 1991).

Important as local government sources of project finance are, local governments increasingly devote both own-source and federal-origin revenues to providing operating support and predevelopment finance. Of 126 cities with over 100,000 population that report active CDC developers, 59 percent provide operating support and 52 percent provide predevelopment financing (Goetz 1992). In addition, 56 percent report providing technical assistance to CDCs.

State governments as nonprofit partners

Emerging state roles mirror those adopted by localities. States have augmented traditional housing finance agency support for affordable housing development with housing trust fund and tax credit programs. States have also created predevelopment lending programs and grant programs to provide nonprofit operating support.

State housing trust funds—permanent endowments to finance housing and community development activity—have become increasingly important sources of nonprofit support, including support for capacity-building (Nenno 1991). As of July 1992, there were at least 25 state housing trust funds, *all* of which had been established since 1985.[15] State tax credit programs also have been a source of state funding for CDC activities. In California and Connecticut, at least, state tax credits piggyback onto the federal tax credit (Suchman 1990). California's tax credit favors nonprofit over for-profit developers; approximately 45 percent of California's tax credits go to nonprofits.

[15] *News from the Housing Trust Fund Project*, November 1991 and July 1992.

Some states—most notably New York and Massachusetts—have long provided explicit support for statewide nonprofit production systems through predevelopment and operating support. Most states that give priority to nonprofit housing development fund operating support programs. As an example of the effectiveness of these methods for building sectoral capacity, from a handful of rural nonprofits in 1980, New York now has 100 to 110 rural nonprofit developers, almost all of which are supported by state operating grants.

However, most state operating support programs are modest, of recent vintage, and of uncertain future. Most have been implemented only within the past three years. Only eight states—Connecticut, Florida, Massachusetts, New Jersey, New York, Vermont, Wisconsin, and, in the past, California—appear to provide more than $500,000 per year in operating support to CDCs. Fiscal crises have already eroded support for such programs, include those operated by California, Massachusetts, and Michigan. Other states are likely to have similarly reduced funding levels as a result of tight finances in 1992 and 1993.

States that give high priority to CDCs tend to establish programs to provide CDCs with predevelopment funds. In contrast to grant-funded operating support, predevelopment funding is usually extended as loans, often forgiven if project development fails to proceed. Again, state support typically is modest. Twenty-three states out of the 37 sampled by Bishop (1991) offered predevelopment loans to CDCs, but only California, Massachusetts, New York, and Washington loan more than $1 million per year, on average.

Emergence of the nonprofit development sector

Together, national and local intermediaries and state and local agencies have struggled to create at least rudimentary local nonprofit housing development sectors. National intermediaries have stimulated an increased flow of funds and technical assistance to local CDCs through direct loans and grants, access to tax credits, and creation of secondary markets. These activities have been supported by increased foundation support for CDC community development activities and increased channeling of funds through intermediaries. Through increases in project funding and support for predevelopment and operating requirements, national actors have begun to offset problems of

undercapitalization. Financial packaging services have helped overcome problems of patchwork finance. Operating support combined with other forms of technical assistance has stimulated the growth of technical capacity in the sector.

National intermediary and foundation efforts to promote creation of local nonprofit housing production networks have accelerated a local trend toward creation of local intermediaries. This trend has prompted both the increased flow of funds, including operating and predevelopment support, and the reduction of perceived risk of nonprofit housing developments among public and private funders. National and local intermediaries introduce a certain reliability into local funding streams, alleviating to some extent the high degree of uncertainty that attends year-to-year funding for both project and operating expenses. Intermediaries also offer implicit guarantees of CDC performance to private sector financial institutions and public sector housing and community development agencies. Through organizational needs assessments, monitoring of CDC project performance, tying operating support to performance, and other mechanisms, intermediaries help legitimize CDC project efforts.

These implied guarantees very likely have prompted increased funding from both public and private sectors. First, to the degree that national and local intermediaries adopt technical criteria for assistance to individual CDCs, they help meet public agency staff demands that housing subsidies be allocated on grounds of technical competence alone. Second, intermediary mobilization of nonpublic sector funds for housing development enhances the financial payoff of public sector investments; that is, they offer leverage. Third, funding support and performance guarantees provide an important boost to CDC and public agency efforts to promote participation by private sector financial institutions in community development lending. Nonprofit developers can apply Community Reinvestment Act (CRA) leverage more easily if they can both propose credible investment projects and programs and demonstrate that a competent delivery system is in place.

Continuing issues and future policy directions

Despite formidable barriers to development and the loss of major sources of finance over the past decade, nonprofit organizations nationwide continue to play a significant role in the production and preservation of affordable housing. The sector benefits from substantial reservoirs of support, some continuing or newly established, others remaining to be tapped. The CDBG program

and the HOME program will continue, very likely at sustained, or even modestly increased, funding levels. From anecdotal evidence, recent changes in CRA disclosure requirements appear to have produced an increased willingness on the part of commercial banks to lend for community development projects. Although the record to date of CDC acquisition of Resolution Trust Corporation (RTC) properties is not encouraging, RTC properties are increasingly being made available in areas where CDCs are strong, such as New England. The spread of housing partnerships and expansion of national intermediaries to new communities may galvanize support for developing CDC networks in areas currently unserved and further expand the capacity of already vibrant local sectors.

Nevertheless, expansion or even sustained performance of the CDC sector is by no means certain. Most important, its funding base remains fragile. Episodic and short-term renewals of the LIHTC destabilize a major production subsidy. Moreover, the flow of local resources to CDCs depends in part on the fiscal health of state and local governments. The robust budgetary environment of the 1980s appears to have given way to fiscal austerity (Dearborn et al. 1992). Many state governments have restricted, and some have eliminated, sources of CDC support vital to the sector, particularly operating support and predevelopment finance, for which few alternative sources are available. California and Massachusetts—two of the most liberal supporters in the past—have greatly reduced the support that helped these states develop two of the most sophisticated CDC networks in the nation. Finally, foundation and corporate philanthropic support is notoriously fickle. Examples are legion of causes that attract attention from funders willing to support “demonstration” programs but unwilling to sustain financial support over the long term.

These developments may portend a substantial loss of institutional infrastructure in the sector. Nationwide, a cadre of experienced community housing developers has been created, supported by a web of relationships among public agencies, private funders, corporate givers, and local executive and legislative bodies. With stagnation in the sector the relationships may begin to unravel. Clearly, some in the nonprofit development community are worried. A 1991 study of the long-term prospects for financial support of CDCs in Chicago—one of the cities with the largest and most productive CDC sectors—paints a gloomy picture (Voorhees 1992):

> The prospects for continued government funding of community development organizations looks bleak if cuts in entitlement and funding restrictions follow the trends of the last six years.... A review of trends...points to an even harsher revenue environment in the future. A funding crisis may be just around the corner for community development organizations.

The pipeline of current projects is likely to protect well-developed CDC networks from cutbacks for the next two to three years. After that, the future of CDCs in areas that have experienced sharp cutbacks is uncertain. If further local and state funding fails to materialize, one likely outcome is a slow dismantling of these networks as key organizations wither from lack of support.

This outcome would probably end the bid of the CDC sector to become a major player in affordable housing and the revitalization of America's urban areas. Stagnation or even slight increases in production over the next decade would cut the momentum built in the 1980s toward the creation of a new national delivery system for affordable housing based on CDCs. A decline in the CDC sector's dynamism may also signal the end of a promising mechanism to rebuild poor urban neighborhoods and may exacerbate the decline of some.

Even absent appreciable *declines* in national support, there are opportunity costs of failure to increase the flow of funds to the sector or to act in other ways to bolster its capacity. Creation of local delivery systems in the past decade has established a basis for diffusing capacity within the sector more broadly. Local networks that forge connections between leading-edge organizations and those with fewer resources afford an opportunity to transfer expertise to those who need it most.

However, the nonprofit role in housing production alone would not justify the attention this sector should receive in terms of federal policy. Many in the policy community agree that national housing policy should move further in the direction of income supplements—housing vouchers—as the most efficient way to make housing affordable to low-income households. Moreover, housing vouchers offer spatial mobility opportunities not otherwise afforded to prospective residents of subsidized housing projects in low-income communities. The nonprofit advantage lies in linking housing production and preservation to community development. At their best, nonprofit organizations undertake housing development pursuant to this more general goal.

Indeed, new policy developments at the national and local levels presuppose that current strengths of the community-based development sector will be sustained and contemplate expanded roles for these organizations in urban revitalization efforts. Locally, a number of recent neighborhood renewal initiatives have garnered national attention for their attempts to forge genuinely comprehensive policy and program solutions. The Enterprise Foundation's Community Building in Partnership effort in Baltimore, Cleveland's Community Building Initiative, New York's South Bronx Comprehensive Revitalization Project, and Jimmy Carter's Atlanta Project all exemplify this new approach. Two features, in particular, distinguish these initiatives from past efforts: (1) they purport to shape community strategies that cross-cut human service, health, economic development, housing, and community-building policy domains, and (2) they strongly emphasize community participation in policy formulation and program implementation. As a result, each of these efforts has accorded special status to community-based organizations, both as organizers of public participation and as policy and program integration devices.

These local efforts to craft participatory and comprehensive renewal efforts have prompted new federal attention to the role of national programs in neighborhood revitalization efforts. The Clinton administration's Empowerment Zone proposal is one example. This proposal calls for new flexibility in federal intergovernmental aid programs, more thorough local strategy development, community participation in policy formulation, and involvement of community-based organizations in program implementation.

How well prepared are nonprofit community development organizations to take on these assigned roles and others implied by them? Analysis in this article suggests the following:

- If the historical average production of more than 50 units is indicative of capacity to quickly take on new or expanded development tasks, then about 10 percent of the nation's CDCs can immediately respond to the development tasks implied by new programs.

- Not all areas are equally poised to take advantage of new or revamped programs. CDCs in large cities produce at higher average volumes than those in smaller cities, and production is disproportionately concentrated in the Northeast, Middle Atlantic, and Pacific regions.

- A substantial share of CDCs nationwide perform each of the constituent roles implied by comprehensive development approaches; 41 percent of all CDCs perform community organizing, bricks-and-mortar development, *and* social service functions.

- However, even the best performers in the sector face continuing obstacles to more efficient production at higher volumes, including chronic undercapitalization, consequent gaps in technical capacity, and oft-shortened time horizons forced by the need to concentrate on unduly complex financial packaging tasks.

- Nevertheless, the development of a national support system for CDCs, undergirded by emerging local intermediary institutions, has created conditions under which national initiatives that accord explicit roles to nonprofit community developers promise success more certainly than was true of similar past efforts.

The uneven production capacity and spatial coverage within the sector, the continuing difficulties faced by nonprofit developers, and the lessons from the past decade of evolution in the sector suggest standards to which new national (and local) program development should adhere if CDCs are to be accorded explicit roles in policy formulation and program implementation.

Using new investments to leverage institutional change

The most significant development in the nonprofit housing sector over the past decade has been the creation of national and regional intermediaries to mobilize funds from nonfederal sources. One appropriate goal for new directions in federal housing and community development policies as they affect nonprofit capacity should be the creation of continuing local capacity to leverage nonfederal funds. Several current capital and technical assistance programs embrace this goal. The HOME program's matching requirements should stimulate, in areas where such partnerships are not strong, programmatic relationships with other, nonfederal funding sources, including state, local, and private funders. Consistent with this philosophy, federal rules might be changed to permit the use of CDBG funds as matching funds for housing investments made by nonprofit developers that qualify for special attention under the program. Similarly, current directions in technical assistance provision should be encouraged insofar as they support creation of local partnerships.

In this way, federal support builds on current efforts by national intermediaries, such as NCDI, to promote the creation of local housing delivery systems.

Establishing modest targets for sector expansion

An important concern is sector expansion in areas that are currently underserved—medium-sized cities and the East South Central, West South Central, and Mountain regions. Allocation of resources should recognize that areas without sophisticated support networks must develop institutional capacity to tap existing, but unmined, concentrations of capital support. For example, communities without prior experience in the use of federal CDBG, state mortgage revenue bonds, and local sources of support can benefit most from basic capacity-building assistance. Technical assistance in the form of partnership development, planning grants, and other soft forms of aid should be targeted to areas that can demonstrate only limited success in nonprofit provision of housing and community development services.

Intervening strategically in high-payoff funding areas

Capital subsidies to support low-income housing development are available from a variety of sources. The experience of the 1970s and 1980s has demonstrated both the principal constraints to expansion of the CDC sector and the means of loosening these constraints with modest amounts of support. The foremost constraint is the severe lack of two types of finance: core operating support and predevelopment funding. Local CDBG rules and eligible activities under the HOME program appropriately allow the use of funds for these activities. New investments, such as those contemplated under the creation of Community Development Banks nationwide, should allow a portion of funds to be used for predevelopment loans, repayable from permanent financing offered by these same institutions.

Treading warily in the use of nonprofit program preferences

The use of set-asides in housing programs is double-edged. On the one hand, set-asides for nonprofit housing developers, such as those established under HOME, ensure a minimum allocation to the sector. On the other hand, these set-asides may act as upper bounds, not minima, in areas where housing producers are

strong. At the very least, such set-asides are irrelevant in those same areas. In localities where nonprofits are weak (including areas where local government policy has discouraged the use of program dollars for nonprofit housing production), set-asides may do little to leverage continuing relationships with historically unsympathetic local governments. Worse, such preferences may support organizations that do not have the capacity to perform, thereby reinforcing local prejudices. The HOME program appropriately allows local governments to use a portion of their grant for capacity-building measures, and the Department of Housing and Urban Development has established complementary technical assistance programs to support nonprofit acquisition of needed technical assistance skills. In any event, further establishment of preferences in other existing, or newly created, programs should await findings from a recently initiated evaluation of the HOME program experience in this regard.

Adopting intergovernmental assistance strategies

Most significant federal support for nonprofit housing development (with the exception of the Section 202 program) relies on other levels of government to program funds to eligible projects. Both CDBG and HOME funds are allocated at local government discretion within broad federal guidelines. LIHTCs are allocated by states. State housing finance agencies also allocate use of mortgage revenue bonds, an important source of debt financing for subsidized multifamily housing projects. In part because of the increased role of state governments in subsidized housing over the past decade, state governments have created support programs to encourage nonprofit organizations to sponsor housing projects. In light of this state capacity, at least among states where nonprofits are most active, potential federal programs that support soft development activities, including operating and predevelopment finance, should channel funds, with appropriate controls, through state, and even local, government agencies.

Appendix
Description of Data Sources

The National Congress for Community Economic Development Survey. Much of the discussion in the first section of this article relies on data tabulations from a data set purchased from NCCED. In 1991, NCCED surveyed by mail all *known* community-based development organizations based on lists compiled from multiple sources, including those maintained by

national membership organizations, technical assistance providers, national intermediaries, and other sources. From an estimated universe of about 2,000 organizations, NCCED received more or less complete responses from 1,160 organizations. Data gathered from follow-up calls to nonrespondents indicated that characteristics of the respondent subset corresponded closely to the estimated distribution of the universe of nonprofit development organizations.

The resulting data set includes only respondents identified as community-based development organizations (CDCs in the text). These are private, nonprofit community- or constituency-based groups engaged in housing, commercial, industrial facility, or business enterprise development. Groups that conduct only technical assistance, advocacy, or planning activities, or act as conduits for funds to community-based organizations, are excluded.

The discussion in this article pertains only to organizations that develop housing. A total of 1,057 survey respondents fit this category. Excluded are respondents *solely* involved in commercial/industrial real estate development and/or business enterprise development, and respondents not involved in any kind of development. A total of 103 respondents were excluded on this basis.

There is considerable overlap between these categories. Of 1,057 respondents performing housing development, 263 also perform commercial or industrial real estate development; 205 also perform business enterprise development.

Urban Institute case studies. Much of the discussion in the second section of this article is drawn from case studies prepared by the Urban Institute and its consultant, Joe Howell Associates. A portion of the discussion on intermediaries also is drawn from this research. In September and October 1992, the research team conducted field research in six communities to examine relationships among community-based nonprofit organizations, city governments, local intermediaries, and, where present, national intermediary institutions. These sites were selected to cover a limited range of community types and include communities that by reputation had already established, or were actively moving toward, relatively sophisticated nonprofit housing delivery systems. A deliberate attempt was made to avoid sites that already had received extensive treatment in other research (Boston, New York, Chicago, and several others). The six sites included Pittsburgh, PA; Cleveland, OH; Minneapolis, MN;

Washington, DC; Los Angeles, CA; and rural northern California.

Other data sources. The discussion of intermediaries is primarily based on secondary sources, including organization annual reports, membership compendia, and other descriptive information published by the organizations referenced. Occasional reference is made to a study conducted by the Community Development Research Center of the New School for Social Research. Led by Dr. Avis Vidal, the New School study team and consultants conducted field research in a 29-city sample. The sample was stratified to ensure representation by city size and census region. Within cities, researchers selected a purposive sample of organizations involved in community economic development, with the proviso that they be community based and have completed at least one development project. To the extent possible, researchers selected CDCs that engaged in commercial real estate or business development, as opposed to housing only. Because the New School study's purpose was to assess the potential for the sector, the sample of CDCs was biased toward larger, more diversified organizations than appear typical from the NCCED data.

Support material for production tables. Table A.1 contains rough estimates of federally assisted housing production and nonprofit share of that production. Sources for these data are complete for some years, estimates for others; in some cases, only partial information is available. The footnotes indicate sources of these estimates. More complete reference information can be found in the references.

Table A.1. **Nonprofit Share of Total Assisted Housing Inventory**

Program Types	Total Units (in thousands)	Nonprofit (in thousands)	Percent of Total
Production programs			
Sect 202	236.8[a]	236.8	100.0[b]
Sect 236 rental	448.4[c]	97.4	21.7[d]
Sect 221 (d)(3) BMIR	177.1[c]	23.0	13.0[d]
Sect 221 (d)(3) MR	168.6[c]	51.0	30.2[d]
Sect 8 New Const	827.8[e]	74.5	9.0[f]
HODAG	25.7[g]	2.3	9.0[h]
Nehemiah	2.8[i]	2.8	100.0[j]
Sect 515 FmHA	450.0[k]	22.5	5.0[l]
Sect 502 FmHA	1,188.0[m]	35.6	3.0[n]
Subtotal	3,525.2	545.9	15.5
Preservation programs			
CDBG	1,303.0[o]	169.4	13.0[p]
Rental Rehab	151.4[q]	5.5	3.6[r]
Sect 312 Rehab	142.9[s]	2.9	2.0[t]
Urban Homestead	15.0[u]	0.8	5.5[v]
Sect 8 Mod Rehab	135.3[w]	12.2	9.0[x]
Subtotal	1,747.6	190.7	10.9
Total federal programs[y]	5,272.8	736.6	14.0

Source: Compiled by the Urban Institute from various sources.
[a] U.S. Department of Housing and Urban Development (HUD) Budget Summaries FY 1961–1990.
[b] Only nonprofits eligible.
[c] HUD Office of Information Policies and Systems database.
[d] National Corporation for Housing Partnerships (1989).
[e] HUD Budget Summaries FY 1975–1982.
[f] General Accounting Office (GAO) 1981, p.9. Share estimated for Federal Home Administration-insured projects and others involving state tax-exempt bonds.
[g] HUD Budget Summaries FY 1985–1989.
[h] Estimated by HUD Office of Housing staff.
[i] HUD memorandum, 1992.
[j] Only nonprofits eligible.
[k] Listokin (1990).
[l] Section 515 nonprofit organization (NPO) set-aside 7 percent but NPOs producing around 5 percent stock each year.
[m] Units from 1975–1991 from FmHA. Units from 1970–1974 from Listokin (1990).
[n] Housing Assistance Council estimate.
[o] HUD Office of Community Planning and Development (CPD) reports (various years), number of units only reported for FY 1975–1977 in sixth Annual CDBG report; in other years, units estimated by assuming per unit cost is $9,686. Per unit cost based on FY 1987 housing costs as reported by HUD.
[p] Urban Institute based on CPD Performance Evaluation Database.
[q] CPD annual reports (various years).
[r] CPD annual reports (various years).
[s] CPD annual reports (various years) and HUD Statistical Yearbook (various years).
[t] CPD reports (various years).
[u] CPD reports (various years).
[v] Half of FY 1990 rehab was Sect. 312, 35 percent CDBG. Assume NPO share is weight avg. of 312 and CDBG for all years.
[w] HUD Budget Summaries FY 1970–1990.
[x] Assume GAO 1991 estimate for Sect. 8 new construction applies to Sect. 8 mod. rehab.
[y] Components may not add up to total because of rounding.

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