Let's Stimulate 'Demand-Driven' Community Development

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A lot of great themes resonated from the discussions at the Institute's inaugural meeting on April 20 – the need to break down silos; the need to leverage market forces; the importance of linking neighborhood-level efforts to metropolitan-level systems; and the need to foster change from the bottom up, not the top down.

It was particularly exciting that these ideas came not just from community development advocates but high-level officials from the Obama Administration who talked about their own new programs including Sustainable Communities, Promise Neighborhoods and Choice Neighborhoods. This federal leadership is long overdue, but it comes with the risk that we focus so much on what these new initiatives can *supply* to neighborhoods that we will neglect the equally important work of building local capacity to exert *demand* on the larger private and public systems.

The capacity to exert demand is key to achieving lasting and transformative change.

Too often, policy makers focus on what we can supply to low-income people: housing, jobs, services. Even with the new focus by the Obama Administration on integrated and comprehensive initiatives, the overwhelming majority of federal funds still flow through highly categorical programs. In this context, nonprofits become the "delivery system" for supplying the things that governments and foundations have decided are needed in local communities.

Busting the silos

It will be hard to achieve comprehensive change with just a delivery system and supply-side model, because such a model inevitably pushes non-profits to specialize in specific areas while perpetuating silos within government agencies and foundations. The model is also inherently top-down because the key decisions are made by the suppliers, not the consumers, and the nonprofit agencies are seen largely as conduits through which resources pass, rather than vehicles through which local residents come together to solve problems. In a supply model, local neighborhoods are left to wait and hope that the delivery system will deliver something to them.

If we want to implement integrated programs at the local level – when the larger system is structured in silos that deliver specific services and programs – we'll have to strengthen the demand side of the equation. In a demand-driven system, neighborhoods identify their needs and then exert demand on larger systems to bring in the needed resources. In this model, neighborhoods act like regular consumers in the marketplace, obtaining the services and programs they need to create the type of neighborhood they want. This allows for genuinely comprehensive and integrated work because at the neighborhood level the scale and complexity is manageable

in a way that it is not on a statewide or national level. It also ensures a bottom-up approach since the local actors are determining what is needed and obtaining it.

Demand capacity is not a new idea. David Erickson of the Federal Reserve Bank of San Francisco talks about it in his new book, *The Housing Policy Revolution: Networks and Neighborhoods*. Bill Traynor, the executive director of Lawrence Community Works and a leading thinker in our field, has promoted this model for years. Traynor calls for "a much higher level of neighbor to neighbor engagement and of service to a larger good at the **local** level. The essence of these initiatives should be to re-awaken, re-activate and re-engage the American People in shaping their own quality of life and to that end, the mission of place-making."

So what does local "demand capacity" look like? I see three key elements.

- Neighborhood residents need one or more organizations through which they can work together to improve their community. These organizations must be truly rooted in their community, accountable to and led by residents. Individuals working alone or in ad hoc groups will not be able to build the power they need to spark change, nor have the wherewithal to steward new community assets over the long term.

- These local organizations must have diverse networks and relationships both within and outside the neighborhood: with other actors at the city, regional, state and federal level, and extending into the private, governmental, philanthropic and non-profit sectors.

- Local organizations must have the financial capacity to initiate their own ideas and sustain them over time without being completely dependent on outside sources of funding.

Supportive policies

Building demand capacity has policy implications. First, our desire for scale and efficiency should not result in a purely supply-side delivery system – public and private funders need to direct their resources to community-based organizations as well, because they can operate high-quality programs in the context of comprehensive neighborhood strategies. Second, funders and policy makers need to allow community-based organizations to earn sufficient profits from their activities that they can build financial capacity over time. Third, local organizations need to develop business models that allow them to work comprehensively. And finally, funding streams are needed to directly support community-based organizations in their role of linking and integrating different programs and services at the neighborhood level.

We need to build demand capacity across the country – not just in a few sites lucky enough to receive substantial foundation support for a few years, but in thousands of places. This will require embedding capacity-building into everything we are doing and developing sustainable business models for community-based groups.

If we do this right, then 10 or 20 years from now, neighborhood residents will not have to wait and hope that someone delivers change to them. They will have the power to demand change and make it happen.

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