

# Neighborhood planning for community development and renewal

## Introduction

Interest in participatory approaches to neighborhood planning has skyrocketed among city residents, professional planners, elected officials, and scholars during the past two decades. This renewed interest in resident-led planning is the result of a number of powerful economic, social, and political trends affecting our nation's major metropolitan regions. The increasingly uneven pattern of development characterizing many of our metropolitan areas has led to a disturbing expansion in the number of economically distressed neighborhoods where the quality of life is often shockingly low. The failure of Urban Renewal, and other centrally conceived revitalization strategies to address the critical social problems confronting these neighborhoods, has undermined confidence in and support for top-down urban regeneration efforts. Without the concurrent movement of funds to support these efforts, the responsibility for basic municipal services has shifted from federal and state government to local communities. This has forced many villages, towns, and cities to transfer responsibility for these programs to local nonprofit agencies and community-based organizations. The total quality management movement, which stresses the importance of continued improvements

to help an increasingly diverse citizenry, has encouraged municipal planning directors and city managers to emphasize more participatory approaches to governance. Community development and planning professionals have also been forced to adopt more collaborative forms of practice due to pressure from cultural identity groups, including African-Americans and Latinos, for a greater voice in public policy decisions affecting their communities. Finally, since funders of urban revitalization projects more frequently mandate the active participation of local stakeholder groups at every stage of the planning, design, and development process, the movement toward participatory neighborhood planning is further reinforced.

### **The rising tide**

Evidence of the growing popularity of participatory neighborhood planning is widespread. There has been an explosion in the number of community-based organizations, particularly community development corporations (CDCs), that are involved in resident-led planning, design, and development. The number and variety of municipal government planning departments that have established active neighborhood planning units is also impressive.

## Neighborhood planning strategies

They are based upon the environmental, economic, and social conditions confronting communities. They are:

- *Growth management strategies* – These plans are developed by neighborhoods seeking to encourage growth while protecting long-term residents, businesses, and institutions from displacement.
- *Preservation strategies* – These plans are developed by local residents eager to protect historically, culturally, and aesthetically significant places and structures. These sites are central to the community's identity from but threatened by loss through neglect, insensitive reuse, or demolition.
- *Stabilization strategies* – These plans are formulated by those committed to reducing and/or eliminating the out-migration of people, businesses, institutions, and capital from a community, which, if unabated, may undermine its long-term viability.
- *Revitalization strategies* – Through a comprehensive revitalization program featuring investments aimed at improving the community's physical fabric and rebuilding its social capital base, these plans are designed by residents seeking to restore the former vitality of an area in severe decline from long-term disinvestment.
- *Post-disaster recovery strategies* – These plans are pursued by local leaders eager

to rebuild neighborhoods following devastation from a significant natural disaster such as an earthquake, tornado, hurricane, flood, or fire.

- *Master plan strategies* – These plans relate to the design and construction of new, often mixed-use communities at former urban “brownfield” sites or ex-urban “greenfield” locations. In a dynamic, rapidly changing region, residents of a given neighborhood may undertake several of the above-mentioned types of neighborhood planning as environmental, demographic, economic, and social conditions affecting their communities, cities, and regions change.

### **The global movement toward participatory neighborhood planning**

The historic argument is that broad-based participation can only be achieved by incurring significant delays and additional costs during the implementation phase of a project. However, this is contradicted by the growing list of very successful economic and community development projects that have been carried out using highly participatory planning methods. Increasing numbers of planners and designers, along with the elected officials with whom they work, have come to appreciate the important contribution that active participation by residents, business owners, and institutional leaders can make. At each step of the planning and design process, these collaborations both improve the quality of specific development proposals and broaden their political base of support. Due to the

growing body of participatory neighborhood planning projects being undertaken by community development corporations; municipal, county, and regional planning agencies; and private planning and design firms, planners and designers in other parts of the world have been inspired to undertake similar efforts. Such work is being strongly encouraged by the European Union and the United Nations Research Institute for Social Development. Planners and planning scholars have an important new venue in which to share their participatory planning and design ideas, methods, and practices. For instance, those who belong to one of the seven disciplinary associations organized on a regional basis throughout the world by the Global Planning Educators Interest Group now have regular meetings and publish comparative research in planning.

### **Conclusion: challenges on the horizon**

Looking toward the future, there are numerous challenges confronting those committed to various forms of participatory neighborhood planning. First, we need to further refine the core curriculum in professional planning programs by providing students with a stronger grounding in urban ethnography, participatory action research methods, and community organizing theory and methods. Second, we must expand opportunities for neighborhood activists, institutional leaders, practicing planners, and elected officials to acquire basic training in the theory, methods, and practice of participatory neighborhood

planning. Third, to explore various policy initiatives that could accelerate the implementation of important local initiatives, we should assist those who become involved in participatory neighborhood planning efforts to come together on city-wide, regional, state, and national levels. Finally, we need to encourage planning scholars to undertake more systematic evaluations of various participatory neighborhood planning models to provide a more robust empirical basis upon which to pursue the practice.

## Measuring progress

Measurement and evaluation of community development progress is not only challenging, it is vital. Communities must be able to demonstrate the value and outcomes of their activities in order to be accountable to citizens, to secure funding, and to assess the efficacy of their programs. Community indicators may be used to evaluate the progress of communities and community development organizations. Communities face many needs and opportunities, and must allocate limited funds and human resources as efficiently as possible to successfully achieve their goals across these areas. Best practices and benchmarking are valuable tools in community decisions on development program structure, operations, and follow-up modifications.

## **Introduction**

What is evaluation? Simply put, it is a way to figure out the importance, value, or impact of something. There are numerous ways to “figure it out” and numerous “things” that may need to be evaluated. So that it is clear what is being evaluated and which approaches will be utilized, evaluation is typically conducted in a methodical manner with a defined process or approach. Thus, evaluation may be defined as a systematic determination of the value or quality of a process, program, policy, strategy, system, and/or product or service including a focus on personnel. Getting what a community wants in the future requires evaluation. Past performances can be reviewed to estimate future outcomes but, more importantly, evaluation should be included in the continuous cycle of program and policy development and implementation. Evaluation is not a one-time effort; it should be ongoing and periodic. Evaluation helps communities to develop, evolve, and improve in a constantly changing environment. Every time something new is tried – be it a policy, strategy, program, process, or system – its value must be considered. In community development, evaluation is particularly critical because citizens’ quality of life is affected by such policies, programs, strategies, and so on. If the impact and outcomes have not been soundly evaluated, may it be said that one approach is better than another or has a more positive influence? While all communities are unique, many share common problems and issues. These may be

addressed by previously developed strategies and solutions. To avoid wasting resources and “reinventing the wheel” when confronting an issue, a community should first conduct research into such proven best practice solutions.

Benchmarking, or measuring one or more aspects of a community or program against its counterparts, is also a useful way to measure progress and provides additional perspectives on community indicators. This lecture discusses how indicators, best practices, and benchmarking can be used to assess community development progress.

### **Community indicators**

Given the importance of evaluation, contrasted with the complexity and barriers to conducting it, what should a community or community development organization do? Among evaluation techniques in the field of community/ economic development planning, the use of community indicators is reemerging.

When used as a *system*, indicators hold much promise as an evaluation tool. What makes community indicators any different from other measures of community development such as job growth or changes in per capita income? The key is developing an integrative approach, to consider the impacts of development not only in terms of *economic* but its *social* and *environmental* dimensions. A community indicators system reflects collective values, providing a more powerful evaluative tool than simply considering the economics of change and growth.

When properly integrated into the early stages of comprehensive community or regional planning, community indicators hold the potential to go beyond mere activity reports because they can be used systematically, making it easier to gauge impacts and evaluate successes. Furthermore, these indicators incorporate frameworks of performance and a full spectrum of process outcomes, both of which facilitate evaluation and decision making. Just what are community indicators? Essentially, they are pieces of information that combine to provide a picture of what is happening in a local system. They provide insight into the direction a community is taking; whether it's improving or declining, moving forward or backwards, increasing or decreasing. Combining indicators creates a measuring system to provide clear and accurate information about past trends, current realities, and future direction in order to aid decision making. Community indicators may also be thought of as a report card of community well-being. It is important to note that these systems generate much data. It is the analysis of these data that may be used in the decision making and policy/program improvement processes. There are four common frameworks used for developing and implementing community indicators systems.

(1) quality of life;

(2) performance evaluation;

(3) healthy communities; and

(4) sustainability.

A summary of each type is presented below, and a case study is provided to illustrate the usefulness of community indicators.

### **Quality of life**

Quality of life is reflective of the values that exist in a community. Indicators may be used to promote a particular set of values by making clear that residents' quality of life is of vital importance. If agreement can be reached, the advantage of this type of system is its strong potential to stimulate all types of community outcomes, not the least of which is evaluating progress toward common goals. The disadvantage is that measuring quality of life is a political process. What defines "the good life" differs among individuals, groups, and institutions.

### **Performance evaluation**

This type of indicator is mostly managed by state or local governments as a way to gauge the outcomes achieved by their activities. It is very beneficial as an evaluative technique because it provides reports on progress and outcomes, usually annually or semi-annually. It is typically part of the annual budgeting process so that adjustments can be made for priority areas.

## **Healthy communities**

This approach is gaining popularity as it attempts to cultivate a sense of shared responsibility for community health and well-being. It focuses on indicators that reflect health care in the phases of life that often do not show on typical economic indicators concerned with working adults: prenatal, early childhood, and youth.

Healthy communities also prioritize education and other human development facets including social concerns.

## **Sustainability**

Community indicator systems can provide the mechanism for monitoring progress toward balanced or sustainable development because they provide information for considering the impacts of development, not only in economic terms but in social and environmental dimensions. The concept of sustainable development includes such characteristics as broad citizen participation, ongoing assessment, and a guiding vision. Indicators are consistent with these principles. The difficulty with this approach is to fully integrate the use of indicators into overall community planning so that sustainability can be a reality instead of rhetoric.

## **Best practices and benchmarking**

“Best practices” and “benchmarking” are terms commonly used in business and industry. They came into vogue in the 1980s when a host of books on business competitiveness were published. Since that time, these terms have been widely

applied to many disciplines including community and economic development.

How are best practices and benchmarking defined? Consider these definitions from various sources.

### **Best practices**

The processes, practices and systems identified in public and private organizations that performed exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. The term best practice generally refers to the best possible way of doing something; it is commonly used in the fields of business management, software engineering, medicine and increasingly, in government. (Wikipedia: The Free Encyclopedia)

### **Benchmarking**

The process of identifying, learning and adapting outstanding practices and processes from any organization, anywhere in the world, to help an organization improve its performance. (International Network for Small and Medium (Business) Enterprises) Measuring how well one country, business, industry, etc. is performing compared to other countries, businesses, industries and so on. The benchmark is the standard by which performance will be judged. (European Union) As seen in these definitions, best practices and benchmarking are concepts with broad applicability in a number of disciplines. Community and economic development organizations at all levels have adapted these tools to gauge success

and track progress toward their goals.

### **Applications in community development**

As discussed throughout this unit, community development is a broad discipline.

Economic development is a part of community development and there is a broad literature on best practices and benchmarking in economic development. However, community development also entails leadership, infrastructure development, effective local government, health care, workforce development, and so on.

Therefore, when applying best practices and benchmarking to community development, one must specify a particular aspect of the field. If the focus is on strategic planning and visioning as applied to both public and private sectors, there is a wide body of best practices and benchmarking literature. Likewise, if the focus is on local transportation, there is a corresponding body of literature. An Internet search for “community development” and “best practices” yields over 200,000 websites reflecting the eclectic nature of the discipline. Some of the topics include:

- leadership development;
- venture capital;
- mapping relationships between individuals and groups in the community;
- public health;
- homelessness;
- substance abuse;

- managing real estate;
- project financing;
- housing;
- grant development.

### **Why are best practices and benchmarking important?**

As noted above, while every community is unique, they all face many of the same issues. How can more industries be recruited? How can transportation options for low-income workers be improved? How can a strategic plan be developed when community factions oppose each other? These are just some examples of the plethora of issues that communities may face. Rather than try to address these issues in a vacuum, doesn't it make sense to learn from the ways that other communities have addressed them? So much can be learned from examining the innovative solutions that other communities have developed to address similar issues or problems. Another reason why best practices and benchmarking are important in community development is that they serve as evaluation tools for programs and policies. Take economic development as an example. Many communities set economic development goals such as "Create 100 net new jobs each year for the next five years by recruiting new companies." This is an admirable goal but, given the history of the community and resources devoted to

economic development, is it realistic? What if the community doesn't meet the goal? Should it dismiss the economic development staff or lower its sights?

Before taking any action, the first question that should be asked is "Why didn't we meet the goal?" The answer could be that the economy has taken a downturn during the year and the number of new company locations and expansions is much lower as a result. When economic development goals are not met, it is usually for reasons outside of the community's control. By the same token, when a goal is not met in a particular year, the mistake is often to "throw the baby out with the bathwater" by totally changing an economic development program. Because there are reasons for not meeting community goals, whether in economic development or other areas outside of its control, program evaluation should consist of looking at the "outputs" of the program (i.e., did we meet our goals) and the "inputs" (i.e., resources, staff, structure, productivity). One way to measure inputs such as program resources inputs is to see if all the action steps and items agreed upon were executed in accordance with the strategic plan. Another way is to compare a community's programs to those of similar communities that have proved successful. Does a community allocate a comparable amount of budget and staff time to a particular program? Are the program elements similar to those of other successful communities? This exercise, according to the definitions above, is what best practices and benchmarking analysis is all about.

### **Finding existing best practices/ benchmarking research**

As discussed above, in applying best practices and benchmarking to community development, the first step is to define the specific field of interest. As an example of best practices and benchmarking, let us consider the field of economic development. Numerous and varied organizations have done considerable research into best practices in several areas of economic development including organizational structure, marketing, business retention and expansion, and business start-up.

### **Conducting a best practices/benchmarking study**

It can sometimes be difficult to find best practices and benchmarking studies, or information dealing with a community's specific topic of interest, that are based on communities of similar size and circumstances. For example, a community might want to know how regional economic development marketing programs have been set up in other areas of similar population. What kind of budget and staff requirements have been involved? How has the regional marketing entity been organized? The community might also want to benchmark themselves against closely comparable areas in terms of employment and industry base. Fortunately, it is not very difficult to develop a survey form and solicit other communities or regions to participate in a best practices/ benchmarking study. Communities are usually happy to participate in such studies, especially if they receive the results

in order to benefit from the time and effort they invested. Best practices/benchmarking studies can be anonymous or not. The decision would be influenced by the questions in the survey and the preferences of the participating community. In the case of economic development information, much of that is usually public (e.g., marketing budget, staff size) because public monies are often involved. Here are the steps in conducting a best practices/benchmarking study for a community:

- Identify the topic. The more specific and definable the better.
- Identify the communities or areas with which you want to be compared. Usually four to six communities are sufficient for a best practices' comparison. As mentioned above, often the comparison communities are of similar size and situation. However, some prefer to benchmark themselves against exemplary communities they hope to emulate.
- Call the appropriate representative(s) from the comparison communities and explain the process. Determine whether the participants prefer to remain anonymous or not. Decide whether you will share the results with the participants in return for their cooperation.
- Develop the survey form. Decide whether the survey is going to be administered in written form – either hard copy or Internet – by telephone, or in person. If possible, travel to the comparison communities to administer the survey in person

in order to get the best results. Among these are the many opportunities for elaboration and “off-the-record” conversations.

- Administer the best practices/ benchmarking survey and collate the results.

Compare your community against the others on all questions and analyze how yours is different or alike. Based on the survey results, develop program recommendations for the future.

### **Conclusion**

Evaluation is critical, as communities and community development organizations cannot rely solely on intrinsic perceptions of success. Evaluations must be integrated into the continuous cycle of organizational management and operations. There are numerous approaches to evaluation. One of these, community indicator systems, holds much promise as a means to integrate ongoing evaluation into overall development efforts. Best practices and benchmarking are useful tools to address common issues and problems and benefit from collective wisdom and experience. These tools may also be used to evaluate the structure and effectiveness of ongoing programs. Community development is an extremely broad field so, in order to be manageable and meaningful, a best practice topic must be as narrowly defined as possible. Best practices/ benchmarking studies and data may be obtained from Internet searches which yield relevant organizations, associations, and literature. Probably the best way to obtain specific, applicable

best practices results is to conduct a study, picking participant communities that provide “apples to apples” comparisons. Best practices/ benchmarking studies can be a relatively low-cost way to ensure that a community’s programs are on track to produce the desired results

## Issues impacting community development

### **Community development finance**

Success in community and economic development projects often hinges on financing. Since many projects may not qualify for conventional financing, it is important to be aware of the private or even government sources of capital for community and economic development. This part of the lecture provides an overview and brief explanation of different types of community and economic development financing. It also discusses how to put a financing deal together.

### **Introduction**

Economic development is a comprehensive strategy that integrates a wide array of activities that help sustain and grow a local economy, and it is a critical component of community development programs at the neighborhood, city, and state level. Creative financing tools are usually required to accomplish economic development objectives. Most community and economic development finance programs are

public–private partnerships designed to fill the funding gaps not covered by the private market alone. Programs are available to help finance economic development activities such as business recruitment and retention, job creation, small business assistance, and real estate development. The purpose of this subtopic (issue impacting community development) is to examine the broad community development finance industry focusing primarily on the tools that are provided through this industry for economic development project financing.

### **Overview of basic community development finance vocabulary**

The first step toward understanding community development finance is to become familiar with some basic terms.

*Community development finance:* A lending process designed to stimulate community and/or economic development.

*Subsidy:* Any financial assistance granted to an individual or organization.

*Debt:* Any money, goods or services owed to someone else. Debt may take the form of mortgages, other kinds of loans, notes, or bonds.

*Equity:* The ownership interest in a project after debt and other liabilities are deducted.

*Grants:* A gift usually given by a foundation, a government agency or the philanthropic community that may take the form of money, land, or in-kind

services. Grants may provide equity to a project and can reduce the amount of debt required.

*Credit enhancements:* Special arrangements and programs that mitigate the credit risk associated with the borrower or the project, thereby affecting the evaluation of a potential borrower's creditworthiness. The enhancements may include mortgage insurance, tax credits, rent supplements, interest rate subsidies, loan guarantees, favorable structure, terms, conditions and pricing of credit products, underwriting flexibility, loan to value ratios and tax abatements.

*Interest subsidy:* A grant to reduce the interest a borrower is required to pay on a loan. Subsidies may take the form of a direct cash grant to a lending institution to lower (or buy down) the bank's interest rate; a government sponsored, low-interest loan subordinated to a participating lender; or a lower than market rate loan to a qualified borrower as the result of an advance from a public entity.

*Loan guarantee:* Repayment of loans may be guaranteed through private or public sector sources. Loan guarantees are used to reduce risk of loss to a lender and are usually considered a secondary source of repayment for a portion of the debt in the event of default. A loan guarantee can also improve a project's ability to secure private financing, or qualify loans for sale on the secondary market.

**Doing a deal: who are the players in community development finance?**

Public–private partnerships play a key role in the success of most economic development projects. Frequently there are multiple partners involved in a project so it is very important that their roles be defined early in the planning process. Another key step is identifying the “visionary leader” for the project, who is often the person or organization that develops the first concept of the project and acts as motivator and spokesperson. This section looks at the various players most often involved in economic development projects.

*Government:* Local, state, and federal governments will typically be involved in an economic development project in three ways:

- (1) providing funding,
- (2) approving permits, and
- (3) acting as landowner or developer. Local government, in particular, is always a critical player and needs to be brought into the planning process as early as possible.

*Financial institutions:* The Community Reinvestment Act (CRA) specifically encourages banks to help meet the credit needs of the communities in which they operate including low- and moderate-income neighborhoods. The CRA creates an incentive for banks to participate in the financing of community and economic development activities. Financial institutions generally provide the

market rate financing on projects, invest in loan funds, and purchase tax credits.

Larger banks may involve their bank-owned community development corporation.

This type of corporation, either for-profit or nonprofit, is capitalized by one or more banks for the purpose of making debt and/or equity investments in projects that promote community and economic development.

*Community Development Financial Institution (CDFI)*: CDFIs are private sector, financial intermediaries with community development as their primary mission.

Some are chartered as banks or credit unions and others are nonregulated nonprofit institutions that gather private capital from a range of investors for community development lending and investing. CDFIs provide lending and equity financing for projects that typically could not be financed solely by a conventional financial institution.

*Community Development Corporations (CDCs)*: CDCs are community-based organizations owned and controlled by community residents engaged in community and economic development activities, the majority of which are nonprofit 501(c)(3) organizations. The role of nonprofit CDCs is critical to the success of many economic development projects. CDCs have access to funding sources not available to the private sector or government partners, and they can also serve as the critical link with the surrounding neighborhood and community leaders. CDCs may take many forms including faith-based

organizations. They also differ greatly in capacity and areas of focus. For instance, larger CDCs may have the capacity and experience to act as the developer and builder of a project, but many are required to outsource these activities to a third party.

*National intermediary:* National intermediaries are organizations that mediate between community based organizations and large-scale sources of capital.

These intermediaries function at the national level aggregating capital from sources such as foundations, corporations, and the government and disbursing it to local organizations for capital projects, operating support, and predevelopment financing along with technical assistance and capacity building. Local Initiative Support Corporation (LISC), Neighborhood Reinvestment Corporation (NRC), and Enterprise are the three largest national community development intermediaries.

National intermediaries may serve limited geographic areas.

*Economic Development Commissions/Chambers of Commerce:* These entities are an important link with the business community and potential investors and developers of the economic development project. They may be structured as member-supported private organizations, government-supported entities, or divisions of local government. These organizations are essential players in the recruitment of new businesses to the project and can also mobilize support for the project with local government officials and potential private investors.

*Investor:* An investor is any organization, corporation, individual, or other entity that acquires an ownership position in a project, thus assuming some risk of loss in exchange for anticipated returns. In the case of economic development projects, the investor may be any combination of entrepreneur, small business owner, developer, purchaser of tax credits, or other large corporation.

### **Doing a deal: finding sources of money**

Putting together the financing for an economic development project requires convening the relevant players and identifying the resources they have available. Government has always played a significant role in economic development financing, but funding from some traditional federal government programs has been declining, making state and local government funding increasingly more important. There is a growing emphasis on public–private partnerships that bring multiple players together and use limited public resources to leverage private sector investment. Financing for economic development activities is divided into several broad categories including low cost loans and loan guarantees, subsidies or grants, and tax credits or abatements. This section reviews the financial resources offered by all levels of government and other players in the community development finance industry.

### **Securing grants for community development projects**

There are numerous public and private sources of grant funding to assist with community development, from building infrastructure to workforce development to health care. Many communities approach grant seeking in a haphazard manner, without doing their homework first or taking the time and resources to develop a good proposal. Even if a community is most deserving of a grant, if its grant package is not up to standard, it will most likely be rejected. This lecture provides an overview of how to research, write, and win grant proposals

### **Introduction**

Finding grant funding opportunities for community development projects is easy if Internet and other investigative skills are honed. To get started, become familiar with some of the websites that track funding for community development projects.

### **Tracking foundation and corporate funding**

Don't make the mistake of eliminating private sector funding for a community development project. Foundations and corporations are not interested in building bridges, paving roads, or erecting buildings. However, many such institutions are interested in funding smaller scale community development projects.

### **Hitting the target**

Before starting the time-consuming process of writing a grant application or proposal, particular sources must be determined as fitting or not to a project's

funding needs. Go through the checklist in Table 21.1 for every funding opportunity to decide whether it is worth pursuing. If the answer is “no” to any of the questions in Table 21.1, do not proceed from the preplanning stage to grant writing. Use this checklist regularly to gauge if the money matches the project, because grant awards are only given for “perfect fits.”

**Table 21.1** Grant pre-screening checklist

<i>Guiding questions</i>	<i>Yes</i>	<i>No</i>
Is my organization eligible to apply?		
Can we meet the grant application deadline?		
Does the grant meet the funding priorities that we established in our planning process?		
Is this a service or activity my agency is equipped to implement?		
Will there be more than 10 grant awards?		
Is the maximum grant award enough to fund at least 50% or more of the project budget?		
Is there a geographic restriction?		
Does our idea for a grant request match the funder's guidelines and interests?		

### **Preparing grant proposals**

A solid proposal package contains eight basic components:

- (1) the proposal summary;
- (2) an introduction to the organization;
- (3) the problem statement or needs assessment;

- (4) the project objectives;
- (5) the project methods or design;
- (6) a project evaluation;
- (7) ideas for future program funding; and
- (8) the project budgets. The following sections summarize the content of the components.

**The proposal summary: outline of project goals**

The proposal summary outlines the proposed project and precedes the proposal. It may be in the form of a cover letter or a separate page but, whichever form it takes, it should definitely be brief – no longer than two or three paragraphs. It is best to prepare the summary after the proposal has been fully developed; that way, it will encompass all the key points necessary to communicate the objectives of the project. This document becomes the cornerstone of the proposal, and the initial impression it gives will be critical to the success of a venture. In many cases, the summary will be the first part of the proposal package seen by funding agency officials and, very possibly, could be the only part of the package that is carefully reviewed before it is considered any further. Within the summary, describe a fundable project which can be supported in view of its local need. In the absence of receiving a grant award, alternatives should be pointed out. The influence of the

project both during and after its implementation should be explained. The consequences of funding to the project should be highlighted.

### **Introduction: presenting a credible applicant organization**

Most proposals require that the applicant organization describe its past and present operations. For this section, data on an organization should be gathered from all available sources. Some details to include could be:

- Brief biographies of board and key staff members.
- The organization's goals, philosophy, track record with other grantors, and any success stories.
- Data relevant to the goals of the funding initiative and the establishment of the applicant organization's credibility.

### **The statement: stating the purpose at hand**

A key element of any proposal, the problem statement or needs assessment, is a clear, concise, and well-supported statement of the problem to be addressed. The best way to collect information about the problem is to conduct and document both formal and informal needs assessments for a program in the target or service area. The information provided by the assessments should be both factual and directly related to the problem in question. Areas to document are:

- The purpose for developing the proposal.
- The beneficiaries – who they are and how will they benefit.

- The social and economic costs to be affected.
- The nature of the problem including as much hard evidence as possible.
- How the applicant organization came to realize that the problem exists.
- What is currently being done about the problem.
- The alternatives available when funding has been exhausted; what will happen to the project and the implications.
- Most importantly, the specific manner through which problems might be solved including a review of the resources needed, how they will be used, and to what end. There is a considerable body of literature that may be consulted on the exact assessment techniques to be used.

### **Project objectives: goals and desired outcome**

Program objectives refer to specific activities in the proposal. It is necessary to identify all objectives related to the goals and methods to be employed to achieve the project's stated objectives. A well-stated objective contains measurable quantities, and refers to a problem statement and the outcome of proposed activities. The figures used should be verifiable. Remember: if the proposal is funded, the stated objectives will probably be used to evaluate program progress, so be realistic.

### **Evaluation: product and process analysis**

The evaluation component is two-fold:

(1) product evaluation, and

(2) process evaluation.

Product evaluation addresses results that may be attributed to the project, as well as the extent to which the project has satisfied the desired objectives. Process evaluation addresses how the project was conducted, in terms of consistency with the stated plan of action. It is practical to submit an evaluation design that starts at the beginning of a project for two reasons:

1 Convincing evaluations require the collection of appropriate data before and during program operations.

2 If the evaluation plan cannot be prepared at the outset, then a critical review of the program design may be advisable.

Even if the evaluation plan must be revised as the project progresses, it is much easier and cheaper to modify a solid data-collection methodology than to flounder with a weak evaluation approach. The intended evaluation outcomes may be difficult to achieve if the problem is not well defined in the need or problem statement or carefully analyzed for cause and effect relationships. Sometimes a pilot study is needed to begin the identification of facts and relationships. Often a thorough literature search may be sufficient to rectify design problems. Evaluation requires both coordination and agreement among program decision makers (if known). Above all, the funder's requirements should be highlighted in the

evaluation design.

### **Future funding: long-term project planning**

In this section, describe a plan for project continuation beyond the grant period and/or the availability of other resources necessary to implement the grant. If the program is for construction activity, discuss maintenance and future program funding. If the program includes the purchase of equipment, account for those expenditures.

### **Nonprofits, accountability, and sustainability**

When nonprofits request grant funding via the grant proposal or application, they put in writing their promise to carry out the proposed goals and objectives. Today, all types of funders from both private and public sectors require a statement on sustainability in the funding request. They need to know how the program/project will continue when the grant funding period is over. Because most nonprofit organizations that survive on grant monies promise to be accountable for both monies and actions to the grantor, this presents a very difficult situation.

### **How are nonprofits held accountable as they strive to maintain sustainability?**

Nonprofits are held accountable by the grantors. Grantors audit fiscal expenditures and program outputs and outcomes. More and more these days, nonprofit organizations are being asked to show that the work they do “makes a difference” and that they are achieving the mission for which they were created. When they do

this, they are recognized as accountable. The accountability information is generated during the evaluation process. All funders require that the evaluation plan or process is incorporated into the language of the proposal. This monitoring and/or measuring process may be used to evaluate individuals, programs, organizations, or entire communities. Evaluation is a formal attempt to get a picture of “how an organization is doing.” It turns out that many nonprofit CEOs want more and better evaluation processes. However, few feel they have the time, money, or expertise to invest in developing really useful ones so an organization or community should emphasize the importance of the evaluation process in its accountability to the grantors

### **Conclusion**

Sometimes the simplest things make the difference between a proposal’s being read and approved or tossed in the trash can.

### **The global economy and community development**

The term “global economy” has become a common, almost trite term in the lexicon of modern business and economics. Over the past few decades, improvements in transportation and telecommunications have made it possible to conduct business

on a truly global scale. Indeed, for thousands of companies, a global presence is a competitive imperative. It is apparent that the global economy has affected larger cities around the world through trade and growing expatriate populations. All too often, when industries important to local economies downsize, close or move offshore, smaller communities are impacted as well. Today, communities large and small must be knowledgeable about global economic trends in order to formulate effective community and economic development strategies. The section begins with an overview of the increasing interconnectedness of the world economy, touching on the theory of international trade and discussing trends in foreign direct investment. The section concludes with a discussion of the impact of globalization on community and economic development. New “second-wave” and “third-wave” strategies that states and communities are using to cope with and adapt to the global economy are discussed as well.

### **Introduction**

It would be difficult to find a community just about anywhere in the world that isn't significantly affected by international activity today. Often, the larger urban centers get much of the attention with respect to international issues. However, rural communities can no longer afford to ignore “globalization” as they plan for and work toward their economic futures. The products which rural customers buy are increasingly made in other countries; the reservation or technology centers

they contact are often in India or the Philippines; the markets for products manufactured in their communities may be sold overseas; and their new manufacturing jobs may be coming from foreign firms locating in their community. The world's communities are now in a global marketplace where, in both manufacturing and services, competitive companies now have to play if they hope to sustain profitability. On the one hand, this competition reduces the ability to raise prices but, on the other, it can stimulate innovation and higher productivity.

### **Why should people care about globalization?**

Globalization has triggered a lot of discussion over the past few years. Some of this discussion is about how domestic industry suffers as other countries dramatically expand their exporting and open up their economies to investment. The criticism is that inequalities in the current global trading system benefit certain developing countries at the expense of the more developed ones. On the other side of the coin, countries such as China and India that have opened up to the world economy have experienced high levels of growth in gross domestic product (GDP).

According to the International Monetary Fund (IMF), this is significantly reducing their levels of poverty and is creating new and growing markets for goods and services. Unfortunately, a number of developing countries have not benefited from the gains of globalization, particularly in Africa. Exports from this continent

continue to focus on a narrow range of primary commodities that experience considerable fluctuation in price and demand. Most of the African nations have seen relatively little value-added manufacturing or processing of their raw material commodities. Generally, however, both developing and developed national economies are becoming steadily more interdependent as the international flows of trade, investment, and financial capital increase. The reduction of important obstacles to globalization, such as the high costs of tariffs and the complexity of trade regulations from country to country, is opening up new opportunities internationally. Around the world, people are buying more imported goods; a growing number of firms now operate as multinational companies; and companies and investors are continuing to grow their investments in the developing nations to take advantage of lower operating costs and rapidly expanding markets.

### **International trade**

Why is it important that trade flows relatively freely across the world? Companies trade because doing so allows them to concentrate on what they do most competitively, which generally results in increased productivity and sales revenues. This trade allows people to enjoy a higher standard of living because imports have a lower price tag. It also allows a country to exchange what it produces with what others produce, which provides a mutual benefit and leads to more efficient

national economies. Free trade fosters this balancing of economies, although it might be said that completely free trade does not fully exist.

### **The great global job shift and outsourcing**

*Business Week* (2003, USA.) highlighted the impact of global outsourcing over the past several decades on the quality and quantity of jobs in both developed and developing countries. The first wave of global outsourcing began in the 1960s and 1970s with the exodus of production jobs in shoes, clothing, cheap consumer electronics, and toys. Subsequently, routine service work, such as credit card receipt processing, airline reservations, and the writing of basic software codes began to move offshore. Today, computerization of work processes and the expanded use of the Internet and high-speed private data networks have enabled a wide range of knowledge work to become more “footloose” in its location. The global outsourcing process combines two quite different activities: outsourcing and offshoring. Outsourcing is something which most businesses do, as they frequently need to make the decision to “make” or to “buy” specific inputs and services. While companies regularly decide whether they wish to produce goods and services in-house or buy them from outside vendors, the trend in recent years has shifted in the direction of buying them. Many have outsourced a wide range of services, such as accounts receivable, insurance, and logistics, to specialized firms. Offshoring refers to the decision to move the supplying of goods and

services from domestic to overseas locations. These activities may be carried out in facilities owned as a whole or in part by the parent firm or by overseas suppliers. The geographic shift of industries is certainly not a new phenomenon. In the early twentieth century in the United States, many industries that were established in New England, such as textile, apparel, footwear, and furniture, began to move to the South in search of available natural resources and cheaper labor. They frequently located in right-to-work states that made it difficult to establish labor unions. The same forces behind the impetus to shift production to low-cost regions within the United States eventually led U.S. manufacturers to cross national borders to places such as Mexico, Japan, and Singapore, and eventually to most of East Asia. Jobs move to where costs are lower and new markets can be accessed. Countries like India, China, the Philippines, Mexico, Russia, South Africa, and parts of Eastern Europe, are loaded with college graduates who speak Western languages and who can handle outsourced information technology work. India is particularly well positioned in this regard. In advanced economies such as that of the U.S., the rise of global outsourcing has triggered a lot of debate about job and production capacity loss that undermines national economies. On the other hand, many have dismissed these concerns. They argue instead that global outsourcing should be embraced as a means for more mature economies to shift out of low-value activities and traditional industries. This could free up capital and human

resources for higher value activities and the development of newer industries and cutting-edge products. Clearly, such assurances are of little comfort to workers in the more developed countries who have been displaced from their jobs due to direct competition with firms and workers with low wages and increasingly high skills.

### **Community and economic development strategies in the global economy**

With footloose firms seeking the best locations all over the world in the global economy, the competition to attract them has greatly intensified. Furthermore, many communities in the developed world that lose their traditional low-skilled industries to less developed countries may not be suitable locations for newer knowledge-based manufacturing and service industries. They may lack a skilled labor force, modern infrastructure, and other location factors important to new industries.

### **Second- and third-wave strategies**

Global competition has encouraged many countries and communities to move their economic development strategies away from an emphasis on recruiting traditional manufacturing industries toward a more strategic approach focused on community development – making the community a more competitive location for new high-growth industries. Third-wave economic development strategies include:

- *Community development.* Comprehensive efforts – including improving local education, workforce development, infrastructure modernization, and other actions – to make a community attractive to technology companies and knowledge workers. Third-wave strategies recognize the link between community and economic development.
- *Regionalism.* Often communities in a region compete against each other for the same new companies. In this game, elected officials and citizens often believe that the community that gets the project “wins” and all other communities around them “lose.” In reality, when a company moves into a community, surrounding communities, counties, and sometimes even states benefit. Workers typically commute from miles away, providing residents of different jurisdictions with new employment opportunities and increasing incomes and tax revenues where these workers live. In addition, companies that buy and sell goods or services to the new firm may locate in an adjacent community, again benefiting the region as a whole. Working together regionally, local governments can develop infrastructure and industrial sites, improve business retention and expansion and new business start-up programs, and enjoy larger regional marketing budgets.
- *Public–private partnerships.* New jobs and higher incomes from economic development benefit many private sector businesses in a community and region. Local banks, professional service firms (e.g., legal, accounting), retail shops, local

restaurants, and manufacturing firms supplying other local firms with intermediate products all benefit as the demand for their products and services increases. In many communities, states, and regions, private sector businesses have begun to team with local governments and to support their economic development efforts. Often private sector representatives will serve on economic development committees and boards of directors. Ongoing private sector representation can help provide continuity to offset the needless changes in economic development policy often triggered by the changing of public administrations. Furthermore, it is common for private sector partners to help fund the economic development effort.

- *Industry clusters.* Certain kinds of businesses can benefit from close geographical proximity, creating a competitive advantage. Businesses within the same industry that export their products or services to other regions may benefit from a shared labor pool; an increased number of executives with industry experience in the area; and the sharing of new technology and business techniques through the local “grapevine”. Businesses can also benefit when firms that supply them with intermediate products or services locate in the area. This can save transportation costs and create a more efficient supply chain. By identifying, researching, and facilitating industry clusters appropriate to their area, states and localities can develop a significant comparative advantage in attracting businesses that are part of the clusters. One of the best examples of industry clusters is Silicon Valley in

California. Because of all the advantages listed above and more, computer and related industries have come to dominate the area. Austin, Texas, and Boston, Massachusetts are similar examples of technology industry clusters. Third-wave strategies can complement first- and second-wave approaches. All of the third-wave strategies listed above can help improve the “traditional” economic development activities of recruiting new businesses, retaining and expanding existing businesses, and facilitating new business start-ups. Third-wave strategies can also make communities more competitive in recruiting foreign firms. As noted above, foreign direct investment among developed countries is quite high, affording many opportunities for communities and states to recruit foreign firms. In the U.S., one does not have to look far to see automobile assembly plants for Toyota and Daimler Benz or production facilities for electronics companies such as Philips and Sony.

### **Advanced manufacturing**

While total employment in manufacturing in the U.S. is declining as noted above, certain industries are adding high-skill manufacturing jobs requiring well trained productive workers. Because of their superior education systems, infrastructure, research facilities, and so on, developed countries commonly have an advantage over less developed countries in many high skill jobs. Third-wave strategies can be particularly effective in preserving and creating high-skill manufacturing jobs.

## **Domestic outsourcing**

When companies decide to outsource parts of their operations, it does not necessarily have to be to another country. The process of sending work from high-cost to low-cost areas within a country is often referred to as “farm-shoring” or “nearshoring.” Communities and regions within a country can compete for these domestically outsourced operations.

## **Conclusion**

It is virtually impossible to ignore the reality of the global economy and its impact on a particular community, no matter where it is located. With respect to responding appropriately to globalization, the decisions made are not easy ones, because the issues are so complex and much disagreement exists on what is happening and why. The challenge is to research these issues carefully and think about their implications for the local economy. Recognizing that full understanding is unlikely, the greater the level of understanding, the better the policy decisions and action agendas will be formulated. This part of the section is only a stepping-stone into the arena of the international economy.

## **Sustainability in community development**

The aim of this lecture is to provide some basic background on the concept of sustainability and how it may apply to both the practice and content of community development. It starts with a brief overview of the history and theory of this term,

then examines its implications for a number of areas within the context of community development. There is substantial agreement in the international literature on many of these implications; however, there is no single ideal of “the sustainable community,” nor any examples of such places. Rather, there are many strategies that can potentially improve the long-term health and welfare of communities by working with local history, culture, economy, and ecology. Every existing community has some features that others can learn from as well as many challenges to be addressed. For any given place, the task for professionals is to develop creative strategies and processes that will work within the local context and with its constituencies to improve long-term human and ecological welfare.

### **History of the sustainability concept**

The reasons why sustainability has become a leading theme worldwide are well known. Concerns such as climate change, resource depletion, pollution, loss of species and ecosystems, poverty, inequality, traffic congestion, inadequate housing, and loss of community and social capital are ubiquitous. These problems are interrelated; for example, global warming emissions are caused in part by inefficient transportation systems and land-use patterns, poorly designed and energy-intensive housing, and economic systems that do not internalize the costs of resource depletion and pollution. The Meadows report in particular was significant in that it used newly available computer

technology to develop a “systems dynamics” model predicting future levels of global resources, consumption, pollution, and population. Every scenario that the team fed into the model showed the global human system crashing mid-way through the twenty-first century, and so the researchers concluded that human civilization was approaching the limits to growth on a small planet. This prediction was highly controversial. But revisiting the model in 2002, with three additional decades of actual data, the team concluded that its initial projections had been relatively accurate and that humanity has entered into a period of “overshoot” in which it is well beyond the planet’s ability to sustain human society. Other events in the 1970s also helped catalyze concern about the sustainability of human development patterns. The first United Nations Conference on Environment and Development, held in Stockholm in September, 1972, brought together researchers and policy makers from around the world to explore humanity’s future on the planet. The energy crises of 1973 and 1979 raised global concerns about resource depletion and brought these concerns home to millions of Americans at the gas pump. Public attention to the need for sustainable development received further boosts in the early 1990s as a result of United Nations conferences, such as the “Earth Summit” held in Rio de Janeiro in 1992, and in the early 2000s as knowledge spread about the threat of global warming. Although for many years “sustainability” was dismissed as a faddish or overly idealistic term, by the early

twenty-first century it had become well established as a priority in many communities worldwide.

### **Perspectives**

Several perspectives on sustainable development emerged early on that have characterized debates ever since. One of these viewpoints is that of global environmentalism, which has focused on resource depletion, pollution, and species and habitat loss. Some, such as the so-called “deep ecologists,” have even argued that other species should be given the same rights as humans and that human population overall is too large and should be substantially reduced, presumably through wise family planning in the long run. Counter to these environmental perspectives – in fact directly opposing the limits-to-growth viewpoint – has been the approach known as technological optimism which holds that human ingenuity and technology will be able to conquer environmental problems. Although clearly this does happen sometimes, technology has not yet addressed many of the concerns described above. A somewhat different set of perspectives, also originating in the 1970s, focus on the role of economics in addressing environmental and social problems. Economists within the newly emerging disciplines of environmental economics and ecological economics set to work to better incorporate environmental factors into economic models; Some began to question on a much more fundamental level the desirability of endless economic

growth on a planet with finite resources.

### **Sustainability definitions and themes**

Despite the extraordinary influence of the sustainable development concept, no perfect definition of the term has emerged. The most widely used formulation is that issued by the United Nations Commission on Environment and Development (the “Brundtland Commission”) in 1987, which defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission 1987).

However, this definition is problematic, since it raises the difficult-to-define concept of “needs” and is anthropocentric, discussing the needs of humans rather than those of ecosystems or the planet as a whole. Other definitions have similar problems. For example, relying on the notion of the “carrying capacity” (the inherent ability of a community or region to support human life and maintain environmental well-being) is difficult, since this is hard to determine for human communities. Relying on concepts such as maintaining natural and social capital is problematic, since these entities are difficult to measure and would require a complex economic calculus. One preference is simply to define sustainable development as development that improves the long-term welfare of human and ecological communities and then move on to a more specific discussion of particular strategies.

## **Approaches**

Sustainable development tends to require certain approaches on the part of community development leaders and professionals. One obvious starting point is to emphasize the long-term future. Rather than thinking about the next economic quarter, the next election cycle, or even the next 10 or 20 years (as is common in local planning documents), it becomes important to think what current development trends mean if continued for 50, 100, or 200 years. Often short-term trends that seem acceptable become disastrous when viewed in the longer term. One essential starting place is getting the public and decision makers to understand the long-term implications of current trends in addition to their near-term impacts. Another main approach within sustainability planning is to emphasize interconnections between community development issues. Land use, transportation, housing, economic development, environmental protection, and social equity are all related. Historically, one main problem in planning has been that these issues have been treated in isolation; for example, highways have been planned without considering the sprawling land-use patterns that they will stimulate, and suburban malls and big box stores have been encouraged without realizing that they may lead to disinvestment and poverty in traditional downtowns.

## **Action areas: Environment**

Sustainability is often thought of as primarily an environmental concern, and certainly environmental initiatives are important within any sustainable community development agenda. These can be of many sorts, but one of the most timely and challenging types of initiatives aims to reduce greenhouse gas emissions. Global warming initiatives at the local level are increasingly common, thanks in part to the Cities for Climate Protection campaign coordinated by the International Council for Local Environmental Initiatives (ICLEI), and require a very broad and interdisciplinary rethinking of many local government policies

### **Conclusion**

Sustainable community development is clearly a major challenge in the early stages of a process that will take hundreds of years in order to figure out how to live indefinitely into the future on a small planet, in reasonable harmony with both natural ecosystems and each other. Although sustainable community development may at times seem like an overwhelming task, it is also one that can make the job of planners and community development professionals potentially very rewarding and meaningful.