

# BUILDING COMMUNITIES FROM THE INSIDE OUT



A PATH TOWARD FINDING AND  
MOBILIZING A COMMUNITY'S ASSETS

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Obviously, the real authors of this guide are the hundreds of creative and committed neighborhood leaders in Chicago and across the country who have graciously consented to be our teachers. To them and to their rich visions of community goes the credit for anything valuable this guide might contribute.

—John Kretzmann, John McKnight  
November 1993

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*PROVIDING SUPPORT FOR ASSET-BASED  
DEVELOPMENT: POLICIES AND GUIDELINES*



## INTRODUCTION

Most of the material in this guide is designed to help local community leaders locate, assess and mobilize all of the assets in their neighborhood. Clearly, however, the development approaches outlined here deserve help and support from interested individuals and organizations outside the community. This final section offers some initial advice to a variety of potential helpers, including funders and government agencies.

### ***Support From Funders***

Most funders of community activity have traditionally asked that proposals begin with a "needs" or "problem" statement, often reinforced with a "needs survey." But providing support for asset-based development calls for a different strategy. Funders will want, first of all, to send a clear message to the community—one that encourages local residents to maximize the use of their own skills and resources to solve problems. Therefore, this section includes five guides to establishing a capacity-oriented approach to philanthropy.

First is a sample set of guidelines that can be adopted and developed by philanthropic groups such as foundations, United Ways and church groups. It is the Guide to Capacity Oriented Funding on the next page.

Following this Guide are copies of the capacity-oriented guidelines of three foundations—The Tucson Community Foundation, the Community Foundation of Greater Memphis, and the Community Foundation for Southwest Washington.

This section concludes with a description of a new form of philanthropy—a neighborhood-based asset development foundation called The Neighborhood Development Trust. This kind of foundation could be sponsored, supported or funded by a philanthropic group that does not want to use intermediaries. It is a way to provide funds to trigger local groups to create, support and develop their own asset development fund.

### ***A Guide to Capacity-Oriented Funding***

We support proposals from community-based groups that:

**Clearly identify the skills, abilities, capacities and assets which local residents will contribute to the proposal. How will local residents' capacities be used to address the issues identified? Have you developed an inventory of the capacities and skills of local residents to help guide this process?** We are particularly interested in how you will discover and use the gifts and abilities of the "strangers" in your community—those people who have been marginalized and overlooked because of labels such as disadvantaged, underclass, elderly, developmentally disabled, ex-offender, physically disabled, mentally disabled, mentally ill, etc.



**Clearly identify the capacities of your community's citizens associations, and indicate how they will be involved in both governance and problem-solving in your proposal.** We are interested in the involvement of groups such as arts organizations, business associations, church groups, organizations of the elderly, organizations of men or women, ethnic associations, health groups, self-help groups, outdoor organizations, block clubs, school groups, political organizations, unions, service clubs, youth groups, veteran's organizations, etc.



**Indicate how this proposal will mobilize, utilize, enhance and expand these local capacities.** How will local citizens and groups be stronger at the end of this proposal? How will they be better able to develop local assets?



**Contribute to building the local economy by, for example, employing community residents, enhancing local purchasing, capturing public budgets for local use, etc.**



**Show evidence of significant investments of resources and time by local residents and organizations before our funding is initiated.** We are particularly interested in projects which local residents design, carry out and control themselves.

### ***Tucson Community Foundation: Investing in the Strengths of People and Communities—Request for Proposals***

The Tucson Community Foundation believes communities are strengthened when people begin to see themselves as resources, and find successful ways of marshalling their talents, and the talents of local people and organizations to solve problems. TCF, therefore, has placed a high priority on investing in projects that 1) involve people expected to benefit from the projects in the development of those projects, 2) recognize and build on the existing capabilities of the people and communities served by those projects, and 3) build on the strengths of people who are often excluded—in other words, people traditionally labeled "disadvantaged" and "underserved."

Your application should include the following:

- ☛ A proposal cover sheet that includes the following in this order:
  - contact name
  - contact phone number
  - organization name and address
  - amount requested
  - purpose of your organization (50 words or less)
  - concise description of your project (50 words or less)
- ☛ One copy of your proposal, no more than three typewritten pages in length. Please address the following questions in that space:
  - Describe the project you would like funded. What are your goals? How will you implement the project? What results do you wish to achieve? How will you measure your progress and success?
  - How will you involve the people expected to benefit from your project in the development of the project?
  - How will those people's skills be utilized in the implementation of the project?
  - How will those people's skills be enhanced through their involvement in this project?
  - Who are the stakeholders (groups and people) and how are they collaborating with you on this project?
- ☛ Your organization's operating budget (statement of revenues and expenses) for the last completed and current fiscal year. Also include a budget for the project you wish to have funded. Indicate other sources of revenue, i.e. government, foundations, corporate, and individuals.



- ☛ If your organization is tax exempt, please include your IRS ruling letter. If not, please include a description of how your group is structured. We will consider funding grassroots groups that have come together for a charitable purpose if they consist of five or more people and have some type of governing body.
- ☛ A list of the board of directors or those responsible for your organization.
- ☛ A letter from the board chairman or volunteer leader of your group that approves your application for funding.
- ☛ Letters from groups that are working together with you on this project, specifically outlining how you will work together.

***Community Foundation of Greater Memphis: The Greater Memphis Fund (Excerpts)***

***Mission***

The Greater Memphis Fund was established by the Community Foundation of Greater Memphis as a way for the Community Foundation to enter into partnerships with nonprofit organizations that are committed to and actively involved in building their community. Grant-making through the Greater Memphis Fund is based on the belief that all communities have strengths as well as weaknesses, and that positive, long-term change occurs when a community's strengths serve as the basis for action. The Greater Memphis Fund will support organizations that help people rebuild their communities from the inside out by focussing on assets and mobilizing relationships between local institutions, businesses and residents.

***Criteria***

Applications for The Greater Memphis Fund will be reviewed according to the following criteria:

- ☞ Applicants must be nonprofit, tax-exempt organizations that are involved in enhancing the quality of life for citizens in metropolitan Memphis, west Tennessee and northern Mississippi. Organizations that have not been recognized as tax-exempt by the IRS may apply if they have a fiscal agent relationship with a 501(c)(3) nonprofit organization.
- ☞ Applicant organizations should be able to describe their "local community" and have a vision that will shape their future relationship with that community.
- ☞ Applicant organizations should demonstrate a commitment to incorporating widespread participation by local residents, organizations and institutions in their on-going programs. Furthermore, they should actively seek to involve local residents in the governance and decisionmaking aspects of their organization.
- ☞ Applications should identify the strengths and capacities which local residents, organizations and institutions will contribute to the proposal, and should indicate how the proposed project will mobilize, utilize, enhance and expand these local capacities.

- ☞ Applications should show evidence of significant investments of resources and time by local residents and organizations.
- ☞ Applications should indicate how the proposed project will contribute to building their local economy by, for example, employing community residents or enhancing local purchasing.

***Community Foundation for Southwest Washington:  
Building Better Communities (Excerpts)***

The Community Foundation believes in supporting community-based efforts to address local issues. This grant application and the questions asked reflect our interest in understanding how your proposal builds on the community's strengths, and on the potential of its citizens.

To clarify our "asset-oriented" focus, the following guidelines may be helpful.

- ☞ What are the skills, capacities, assets of the local residents you propose to involve in this proposal?
- ☞ Having identified the capacities and assets of the local residents, how does your proposal enhance, mobilize, expand these capacities? (We are especially interested in how your organization would incorporate the skills of people who are traditionally overlooked in community-building efforts.)
- ☞ Will this proposal contribute directly to the power and economic base of the local community? Do local people hold a majority of positions on the governing board of your organization, will local businesses and enterprises be the providers of services or goods funded? (This question attempts to see how the grant funding will be used to strengthen local governance, associations, businesses, and enterprises.)
- ☞ How will local associations be involved in this proposal? (We believe a critical asset of every community is its associations of citizens. These would include arts organizations, organizations for men or women, political organizations, unions, service clubs, youth groups, etc.)



### ***The Neighborhood Development Trust***

The primary resource for revitalization of older urban neighborhoods is neighborhood people and their associations and enterprises. However, most policies and programs focused upon the residents of these neighborhoods identify the primary resource as professional and technical expertise drawn from outside the neighborhood.

This proposal outlines a method to mobilize resources inside the neighborhood to enhance local development and enterprise. It assumes that, in the long run, the primary neighborhood development resource must be the investment of time, money and problem-solving capacity by the people in the neighborhood. Therefore, the proposal creates a local structure called the Neighborhood Development Trust that will stimulate and multiply these investments over the long term.

#### ***Why a Neighborhood Trust?***

Often, the most significant seeds for revitalizing new neighborhoods involve nearly invisible small scale entrepreneurial or developmental efforts. Therefore, only a *local* structure can find and enhance these projects, and connect them with larger development strategies. Large foundations are generally not designed to make these micro-investments. The Neighborhood Trust is a local structure specifically designed to identify, support and invest in small local community enterprises.

#### ***The Goals of the Trust***

In order to develop older neighborhoods, there must be a local emphasis upon:

- ☛ community
- ☛ constituencies
- ☛ capital
- ☛ continuity

*Community* commitment is the first essential. In places of high mobility and individual isolation the call to the common good of a place and its people has often been unheard. This call needs to be greatly amplified. The Neighborhood Development Trust is a powerful amplifier.

Many local *constituencies* must be reached to mobilize effective community investment. Instead of programs and policies that are primarily focused upon helping one needy person, the Trust will focus on mobilizing local groups with broad membership representing people of diverse backgrounds.

The *capital* of local residents must be invested in local enterprise. This capital is held by local individuals, associations, enterprises and public bodies. It is commonly expended or invested outside the neighborhood or spent locally with institutions and enterprises that invest the capital elsewhere. The Trust is a community magnet to draw the local investment potential into the neighborhood economy.

Older, inner city neighborhoods are usually described as "changing neighborhoods." This idea about the neighborhood creates a sense of uncertainty, impermanence and decline that leads many residents to feel that the risk of investment is too great. The Neighborhood Development Trust is a local investor with a long term commitment that provides the *continuity* that is essential to the development process.

In sum, the Trust is a vehicle that will establish a local institution that convenes many community interests to enhance long-term investment in the neighborhood's future.

### ***The Structure of the Trust***

The Trust would be initiated by creating a local neighborhood endowment. The endowment would be a grant designated for purposes of development in the local neighborhood. The grant would have four special features:

- ☛ To stimulate continuity and community commitment, only the proceeds of the endowment could be used annually. The corpus would remain intact although it could be prudently invested in local enterprises.
- ☛ To stimulate community capital investment, the grant would provide for dollar matching each year for several years up to a maximum amount. For example, the grant would match every community dollar invested in the Trust up to \$50,000 a year for 5 years. The investors could be individuals, churches, businesses or local associations. The Trust could receive and encourage gifts and bequests. Property of residents who die without a will could be assigned to the Trust. Tax delinquent properties or government-owned properties could be given to the Trust. These bequests or proceeds of properties would become a part of the corpus.
- ☛ To insure broad constituencies for the Trust, in both securing contributions and making effective investments, the directors of the Trust would be neighborhood people with diverse constituencies.

- ☛ To provide for effective initial management of the Trust, the grant could provide funding for a manager for several years at a descending rate of support to provide an incentive for local self-sufficiency. The manager would be selected by the local directors and be accountable to them.

Thus, the Trust would be initiated by a grant that would be 1) sufficient to provide an initial endowment, 2) provide matching funds of a limited amount for a specified number of years and 3) provide initial funding of a manager whose salary would be supported in descending amounts for a specified number of years.

In practice, the grant could be for any amount. One example might be:

Endowment	\$500,000
Matching endowment (\$50,000/year for 5 years)	\$250,000
Manager support (\$40,000 first year decreasing \$5,000/year over 8 years)	\$180,000
	_____
Total	\$930,000

A neighborhood endowment of \$930,000 might be compared with the amount of public welfare money spent for support of low-income people in Cook County in 1984—\$4,851,000,000. The cost of such a neighborhood endowment for all 75 Chicago neighborhoods would be \$70 million or 1.5% of the annual investment in poverty.

If a Trust were established in each of Chicago's poorest 25 neighborhoods at the above rate, the grant cost would be \$23 million dollars. If each neighborhood match of \$250,000 was met, the Trust would leverage \$6,250,000 in local capital.

If a plan to create Funds in the poorest 25 neighborhoods was implemented in 1/5 of the neighborhoods over each of 5 years, the annual grant would be \$4,650,000.

### ***Directors of the Fund***

Those appointed to be Directors of the fund would be individuals, most of whom own, lead or represent local enterprises or institutions with investment potential. There are many variations that are possible. These include but are not limited to a Board of Directors composed of:

- ☛ Any neighborhood person contributing \$1,000 or more to the Fund as an individual or in behalf of a local enterprise or association.



- ☛ All neighborhood churches that make a significant contribution to the Fund with a minimum contribution scaled to the size of the congregation. This could stimulate church-based community development corporations in these neighborhoods and provide models for similar corporations in other neighborhoods.
- ☛ All local businesses that contribute \$1,000 to the Fund. This could stimulate coalitions of local businesses focused on community enterprise development—a function not usually performed by local Chambers of Commerce.
- ☛ The leaders of all local associations, clubs and organizations that contribute \$500 to the Fund. This could create a Congress of Community Organizations focused on community enterprise development.

The possibilities for governance are limitless. A mix of any of the foregoing interests is possible. The point is that the Trust is a magnet to:

- ☛ convene groups and interests around development issues;
- ☛ stimulate investment in small local community enterprise;
- ☛ create a focus for a long-term vision for the neighborhood.

### ***Uses of the Fund***

The primary purpose of the Trust would be to develop the local economy and stimulate local citizen problem-solving. The Trust would utilize both grants and Program Related Investments in its development strategy.

The economic purposes would be achieved by investing in existing or new enterprises, job creation activities and methods to capture for local purposes the spending and savings of local residents. Special emphasis would be placed upon micro-enterprises and local development initiatives that are uneconomic for larger philanthropies or investors to find and capitalize.

Examples of local initiatives that could be supported by a Neighborhood Development Trust include:

- ☞ Micro enterprises for which small loans or grants of \$200 to \$2,000 are crucial. For example, materials costs for a group of Guatemalan immigrant families seeking to initiate a business selling their own traditional hand crafts; an equipment loan for a home beauty parlor business; a start-up grant for a small family run restaurant, etc.
- ☞ A grant or loan to launch a neighborhood newspaper and/or radio station designed to provide inexpensive advertising for local enterprises and report on successful community and personal initiatives—proclaiming the *good* local news.
- ☞ Funding to initiate a local facility or market for artisans, craftspeople and entrepreneurs without resources to reach the public with their wares.
- ☞ Financing local research on consumer spending patterns and market potential, studies to guide entrepreneurs and enterprise development strategies.
- ☞ Incentive grants for local businesses to create intern and apprentice-like opportunities for local high school students.
- ☞ Matching funds for local residents to travel to other cities or neighborhoods to observe creative new enterprises that could be initiated in the local neighborhood.
- ☞ Grants or matching gifts for local high school students to visit selected colleges and junior colleges. This experience (already proven in one city) often greatly expands the aspirations of local youth and provides a long range investment in local people who can return as managers, entrepreneurs and investors.
- ☞ Grants to support local experiments in energy conservation to increase local purchasing power.
- ☞ Loans to provide start-up for local waste recycling enterprises.
- ☞ Grants to initiate conversion of vacant land to gardens or parks.
- ☞ Loans to redesign local vacant facilities for new productive uses.

- ☛ Small grants or awards to local block clubs that create new initiatives for child care, gardening, energy conservation, youth employment, etc.

Finally, the citizen problem-solving purposes of the Fund can be achieved by limited investments in local planning processes that convene a broad range of community investors to create a vision for the neighborhood's future and plans for mobilizing a wide range of constituencies in implementation. The economic investment elements of such a plan would be eligible for Neighborhood Development Trust funding.



### SUPPORT FROM GOVERNMENTS

Governments at all levels aspire to assist in the community development process. They are clearly the trustees of many resources that can be vital to neighborhoods involved in regenerating themselves from the inside out. However, these resources are often provided in ways that dominate, stifle and often misdirect local efforts to revive community life. This is because governments (and other funders) often see themselves as the central actor in the process of local community building.

Effective support of asset-based development requires governments to shift their role from defining problems and creating solutions to following community definitions and investing in community solutions. This shift will result in government leaders fulfilling their legitimate roles as public *servants*. And as the effective role of a public servant is discovered, we will be reinventing government.

#### ***Local Government Invests in the Community***

Local governments can helpfully invest their resources in three important neighborhood assets and processes: citizen problem-solving, community plans and local economies.

##### ***Local Government and Citizen Problem-solving***

As this guide has reported, across America successful problem-solving involving the identification and mobilization of the skills and capacities of local citizens has led to the beginning of processes which reinvigorate the economic and physical assets that surround them. A first step in investing in this process is to reinvent government programs and personnel so that they are able to support local people in identifying and mobilizing their local assets. This means that rather than asking local citizens for "needs surveys" and "problem inventories," local government can identify local problem solvers and the types of local assets described in this guide. Then, the appropriate development question can be asked: how can these problem solvers be supported and the assets strengthened and connected? Cited throughout this guide are many examples where local governments have been useful supporters of local citizen problem-solving.

The essential focus of this support has been representatives of local government who have asked **how they can assist local citizens** in their development efforts rather than how local citizens can participate in the government's efforts. When local civil servants are supporting citizen efforts, they will then be able to interpret to their supervisors and elected officials how resources can serve rather than stifle.

A useful first step in reinventing local government involves frontline personnel in creating an asset map of a local neighborhood. Shared with local associational leaders, this map can be the beginning of a local discussion about the appropriate supportive role of government resources.

In one city, Savannah, Georgia, local officials created an especially innovative method of identifying local assets and problem-solving leaders. They established a fund and announced throughout the neighborhoods that any block organization or local association with a community building idea for their area could apply for a grant of up to \$500. The grant program stimulated many local groups to consider what more they could do with their members to develop their area. The city had high leverage with limited dollars and a map of local assets and problem-solving leaders emerged from the applications.

### ***Local Government and Community Planning***

Increasingly, neighborhood leaders are forming local coalitions and collective associations to multiply their capacity to regenerate their communities from the inside out. The focus of these groups varies. Some are general neighborhood advocacy organizations. Others focus on development activities related to housing, education, health, economic development, etc. Some have created broad based community development groups that attempt to mobilize the assets of the entire community, as described in the previous chapter.

These new forms of neighborhood capacity building establish "tables" where people representing local assets sit, create a local vision, and work out the interrelationships necessary to implement their plans.

Local governments need to identify these tables and seek permission to sit as a participant. In this way, the concept of citizen participation in government can be transformed to *government participation* in citizen initiatives.

Once seated at these tables, public servants will understand how government resources can invest in the asset development strategies of local communities. This investing generally takes four forms: money, information, technical assistance, and public authority.

While local governments are accustomed to understanding funding, information and technical assistance as resources directed toward local use, public authority is usually understood as the exclusive domain of government. However, as neighborhoods create new structures for rebuilding community, they are now finding that they need to command some of the powers and authority held by municipal governments.

Two examples of shared government authority that have been critical in rebuilding local neighborhoods involve Chicago and Boston. In Chicago, the Board of Education, as a result of state legislation, transferred much of its power to the local schools. Each local school now has a legally constituted school board elected by local residents. This board has significant power over the local budget, curriculum and selection of administration. As a result, community residents have control over and responsibility for the preparation of their young people for adult life.

In Boston, a coalition of associations of local residents developed a new vision for their neighborhood. Because such a large portion of all the local land was vacant or abandoned, their plan to develop their primary asset called for increased authority. Therefore, the Dudley Street Neighborhood Initiative persuaded the city government to transfer its power of eminent domain, thus allowing the neighborhood to gain control over all property necessary to implement its community plan.

In both the Chicago and Boston cases, the power to develop local capacities and assets depended on the investment of government authority in local groups. Often, it is the authority being localized that allows government money, information and technical assistance to be most effectively utilized.

### ***Local Government Building Local Economies***

It is very clear that investments by government are an important part of many local economies. These investments take many forms. They may be federal defense contractors hiring local people, state highway programs which hire local contractors or city schools contracting for food services from local caterers hiring neighborhood residents. Wherever government spends the taxpayer's money, it is investing in an economy. The critical question for local neighborhoods is whether the government is investing in its local economy.

Unfortunately, in lower income communities, what often appears to be substantial local government expenditures are actually not investments in the local economy. This is because the expenditures largely go to individuals or businesses that are not from the neighborhood. This is especially true of the expenditures for health and human services. The government expenditures for medical services are received by professionals who usually reside outside the neighborhood, and companies servicing the medical personnel that are also non-local. The same is generally true of other educational and social services. The service providers and the companies that support them are usually outside the neighborhood. This is the reason the local government ledgers that appear to show considerable investment in lower income neighborhoods are misleading. The government is investing in services **for** the neighborhood but not **in** the neighborhood economy.

Therefore, the reorientation necessary by local governments requires a new ledger. This ledger is a balance sheet that shows *who received the local public expenditures* as well as who received the services. It will show what percentage of local government dollars spent in behalf of neighborhoods resulted in the employment of local residents, purchases from local enterprises and contracts with local businesses.

When the balance sheet shows that most public expenditures are invested in the local economy, the need for social welfare expenditures will decrease as the economic well-being of local residents increases.

The earlier chapter on Rebuilding the Local Economy provides a specific guide for local governments seeking to convert their expenditures into local investments in support of rebuilding local economies.

### ***State and Federal Government Investments in the Local Community***

It is much more difficult for State and Federal governments to become supportive investors in local neighborhood asset building activities. Both the distance and the large size of these governments make it less likely that they can join at the community table. Nonetheless, these governments can support asset-based local development by adopting three important policies:

***Gathering Data on Local Assets.*** State and federal governments usually require localities to count up their deficiencies, problems and needs in order to access public investments. As a result, the investments usually go to needs-meeting providers who expend most of their money on personnel and companies outside the neighborhoods. An alternative policy would seek data regarding local assets and their development with indications of how government money would support the local initiative. The guidelines for funders outlined earlier in this chapter—A Guide for Capacity Oriented Funders—can be used as a model for asset-based funding by government as well as philanthropies.

***Investing in the Local Economy.*** In lower income neighborhoods, two-thirds of all government expenditures generally go to health and human service providers and businesses providing commodities and housing. (See the study, "Government Spending for the Poor in Cook County, Illinois: Can We Do Better," by Diane Kallenback and Arthur

Lyons, Center for Urban Affairs and Policy Research, Northwestern University, Evanston, Illinois 60208, \$7.) Because the economic beneficiaries of these expenditures are not usually local residents or their enterprises and businesses, an asset-based investment strategy would shift policies toward insuring that a substantial percentage of government expenditures provide direct economic benefit in the form of local jobs, contracts and purchases. The earlier chapter on Rebuilding the Local Economy provides specific guidelines for implementing these policies.

***Removing Barriers to Local Innovation.*** State and federal governments are comprised of hundred of departments, divisions and bureaus. Each administers distinctive programs. At the neighborhood level, groups seeking to develop a comprehensive and integrated asset development strategy are faced with hundreds of categories of outside public resources, each wrapped in red tape of its own. As a result, government programs demand that these local coordinating groups develop *categorical, divided, specialized, limited, technical, deficiency-focused* proposals.

Practically speaking, it is impossible for local associations and coalitions to expend their time, money and energy to weave back together the hundreds of separate strands the larger governments have dangled before them.

The alternative policy is for these governments to create mechanisms that set aside the categories and red tape when local asset development groups seek support for a holistic local initiative. The name for such a set-aside at the Federal level is a waiver. A programmatic method for creating uncategorical and de-red-taped grants is to establish an inter-agency waiver council. Such a body, under the direct auspices of the elected executive, would have the responsibility to convene the multiple agencies for joint review of comprehensive local proposals. The agencies would also provide waived grants within a specific brief time period, or provide an explanation to the executive as to why the waiver is not recommended.

A waiver council of this nature operated successful for several years in the Domestic Affairs Office of the Reagan White House.

### ***Precautions for all Governments***

Because governments are usually large, complex and formal, it is often difficult for them to deal effectively with small, simple and informal local asset development groups. Often government efforts to support are dominating, distorting or demeaning. There are a few principles that can help government officials avoid this overbearing propensity.

- ☞ "Public servant" is the best definition of a government worker or program. A servant supports and does not control. A servant never suggests that the employer could "participate" in the servant's work. The servant "supports" the employer's work.
- ☞ Be clear about the limits of government. If government replaces the work of citizens and their associations, it will not have created a good society. Instead, the evidence is clear that it will have created a dependent society. And because it will not be able to fulfill all its claims, local problems will grow worse. There can never be enough schools to create effective young people. There can never be enough clinics to create health. Secure, wise, just and healthy communities are created by citizens and associations and their enterprises, **supported** by governments making useful investments in local assets.
- ☞ Leave the credit to local citizens and their associations and enterprises. Too often, governments that have been a part of a local development effort take most of the public credit for the activity, overshadowing the efforts of local citizens and their community. The Mayor cuts the ribbon. The Governor announces the grant. Those who do the work go unrecognized.
- ☞ Don't replace local associations and institutions with new systems, institutions, centers or agencies. One of the most significant causes of weakened local citizen initiatives, associational work and institutional capacity has been the introduction of new government sponsored structures and organizations. As new organizations appear in the neighborhood with impressive buildings or offices, lots of money, and well paid outside professionals, they unintentionally but necessarily replace some of the power, authority and legitimacy of local groups. Although they assert that they are there to strengthen community, they are as likely to replace community initiatives. Therefore, government representatives can ask, "What do you community folks



think we should do to support you?," rather than, "We have this new program that we're bringing into your community."

- ☛ "One size doesn't fit all" at the neighborhood level. The essential characteristics of local associational life are diversity, proliferation and informality. Higher levels of government, on the other hand, are characterized by uniformity, standardization and formality, seeking to establish general guidelines and regulations that will "fit all." It is this generalizing imperative of central governments that is structurally at odds with creative local initiatives. And yet, it is creative local initiatives that are the essential power for regenerating community. Therefore, great flexibility is necessary if large governments are to support community building. And if this flexibility is not possible, it may be best for large governments to learn how to get out of the way of local efforts.

### ***Final Thoughts on the Limits and Potential of Building Communities From the Inside Out***

As we have researched the local initiatives and followed the development paths that have led to writing this guide, we have been inspired by the creative local energies that are busily at work against great odds. But we have also been impressed by the odds. Because those odds seem so great to many observers, we have repeatedly been asked some hard questions about the strategies outlined in this guide. There are no easy answers. Nonetheless, the following answers seem most realistic to us.

#### ***Do you really think these internally focused strategies will work?***

It seems to us that these strategies are more likely to work than many others being proposed because the others have so little prospect of being implemented.

What are the external resources and strategies that are more likely to regenerate neighborhood in the 1990s? Are we to expect the deficit focused Federal, State and local governments to provide a new wave of resources? Are we to rely on new corporate plants, facilities, and employment to provide important economic opportunity in neighborhoods and for neighborhood people? Can we expect the human service industries to finally develop comprehensive, coordinated, integrated local inter-agency, multi-source local delivery systems? Who would advise local citizens that they should depend upon these megasystems to deliver a hopeful future?

It seems to us that the obvious *necessity* in this decade is for citizens to use every resource at their local command to create the future. And indeed, it is clear in inner city neighborhoods across America that most residents have reached that conclusion themselves. It is from that conclusion that tens of thousands of local initiatives have grown. And it is a sample of those initiatives that are reported in this guide.

A second reason for believing that internally focused strategies can work is that the evidence is overwhelming in developing societies that if outside plans and resources dominate and overwhelm local initiatives and associations, massive social and economic disasters occur. The evidence is in from several continents and it clearly suggests that development must start from within. The process must respect local structures, support local visions and invest in local productive capacities.

The same lesson can be learned about local development efforts in the United States. We can see in many cities the hollow shells of the designs of outsiders imposed on local communities. Therefore, it needs to be realistically recognized that if all the outside resources did suddenly begin to be available in low income neighborhoods, without an effective and connected collaboration of local individuals, associations and institutions, the resources would only create more dependency and isolation before they were finally dissipated.

***It is possible that internally focused strategies might work in some places, but how can they be replicated and reach a critical scale that makes a "real" difference?***

This question goes to the heart of a basic understanding of how things change in a society. Consider how the European settlers created their new communities in North America. In thousands of places in thousands of different ways they utilized their very limited capacities to create a new society. They did not have models for replication or plans to reach a significant scale. In some places they created Chicago and in others, ghost towns. In sum, they created a new society but it was achieved, local part by local part, sometimes creating centralized institutions from the bottom up.

The unique policy question we face today is whether existing centralized institutions can *support* local invention rather than act as the inventor. It is an exciting challenge for it calls for a new way to reinvent cities. If we succeed, the new way will result in structurally reformed enterprises, services and governments—redefined by their new capacity to *respond* to community rather than manage, replicate and proliferate local initiatives.

***Isn't there a danger that local communities and groups won't be inclusive? Isn't parochialism and discrimination a problem with many local groups and associations?***

Yes. One sociological definition of a community is that it is a group of people who perceive that they are all incorporated by the same boundary. Therefore, it is part of the definition of community that the collective commitment is somehow bounded. There are those included and, de facto, those who are not.

From this perspective, the critical question is whether the boundary has a welcome. Does it have a door or is it an impenetrable wall? There is no avoiding the fact that some groups create walls. The response to these walls may be to use law to breach them, education to influence their members or traditions that emphasize hospitality rather than exclusion.

The effort to create open communities has been, and will be, a never-ending struggle.

***Aren't there some communities where there is not much associational life among local citizens? What do you do then?***

Communities vary greatly regarding the number and formality of local associations. In some newly formed communities such as suburban developments, associations may be sparse because local citizens haven't had time to create them. And in some lower income communities and housing developments, there are so many institutions to manage and serve the local residents that associational life may have atrophied for lack of functions.

Nonetheless, it is clear that even in suburbs and inner cities, there are many informal associations doing critical community work. Just because they do not have a name or officers does not mean they are not there. It does mean that effective development work and community organizers must find, honor, and enhance the associational relationships already at work.

***Does the "inside out" emphasis of this guide mean that outside resources don't really count?***

No. Especially in lower income inner-city neighborhoods, outside resources are essential to the renewal process. There are, nonetheless, two critical qualifications to this answer.

First, outside resources will largely be wasted if the internal capacity of the community is not developed. Here, the question is the order. The inside capacity must be there **before** the outside resource can be effectively leveraged. That is why this guide is described as focusing on development "from the inside out." It is a process from the inside *to* the outside.

Second, outside resources that overwhelm, dominate or replace the work and potential of local citizens, their associations and the institutions they control will weaken rather than enhance the development process. We can see this most clearly in a few neighborhoods and housing developments that are virtual colonies dominated by local outposts of outside systems. These places have become very powerless in citizen and associational capacity. We can easily recognize this kind of powerlessness. The name for it is dependency.

In summary, this guide basically describes a path. It is a path where local people must take the first steps. Those steps are toward the interdependence of citizens and their local associations and institutions. The capacity to take those steps is the necessary prelude to an effective relationship with outside resources.

The Mondragon Cooperatives in Spain have a motto that best sums up the message of this guide:

**"We make the path by walking it."**

