



TEXAS ASSOCIATION OF COMMUNITY DEVELOPMENT CORPORATIONS

**BUILDING THE FUTURE:
AN EVALUATION OF THE TEXAS DEPARTMENT OF HOUSING
AND COMMUNITY AFFAIRS' CAPACITY BUILDING PROGRAM**

Abstract

An analysis of the Capacity Building Program administered by the Texas Department of Housing and Community Affairs (TDHCA) shows that the program produces benefits to participating nonprofits and the clients they serve. Results from a survey of program participants show that organizations receiving funding through the Capacity Building Program are more likely to increase housing production, diversify their sources of funding, and increase provision of community services to their clients than nonprofits that have not participated in the program.

I. Introduction

Almost as soon as nonprofit community development organizations were formed, an industry developed to help these organizations build capacity. The goal of capacity building programs is to increase the expertise of nonprofits so they are capable of providing goods and services that otherwise might not be provided in their communities. Just as the Small Business Administration and state and local governments work with entrepreneurs and small companies to ensure their success, capacity building programs work with nonprofits to ensure they are able to serve their clients and to be good stewards of public and private resources.

This report examines TDHCA's Capacity Building Program from 2001 to 2003. By analyzing the use of funds and the impact of the program on participating organizations, this report attempts to answer the question: does TDHCA's Capacity Building Program lead to stronger nonprofit affordable housing providers?

Compared with other states, the community development field in Texas is relatively young. Despite the youth of the industry, CDCs in Texas are proving to be very effective engines of change at the local level. To date, CDCs in Texas have built or rehabilitated over 50,000 units of affordable housing across the state, produced over 2 million square feet of commercial space, and provided over \$170 million in loans to businesses that didn't qualify for traditional financing. These successes are important, showing the full potential of the CDC industry to serve low-income families. As in any line of work, CDCs have to be successful to remain in operation. However, unlike traditional businesses, community development corporations, and all affordable housing providers, rely on governmental or philanthropic support. The ability to access these resources efficiently and equitably is paramount to the success of both the individual organization and the industry.

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Like any group of businesses, CDCs manage budgets, employ staff, and provide services that require financial backing and technical knowledge.¹ Unlike typical businesses, the bottom line for CDCs is not maximizing profit; it is maximizing social impact. Rather than solely seeking out profitable housing development projects, CDCs redevelop blighted buildings and construct new affordable housing units in the most distressed neighborhoods, which are oftentimes the least profitable.²

As the amount of federal and state funds devoted to community economic development and social services declines, it is increasingly difficult for CDCs to fulfill their missions. The reduction in governmental funding has resulted in competition between all developers for the small amount of available public assistance. Some developers contend that more state funding should be allocated to development subsidies, rather than to nonprofit capacity building. These developers argue that they either already have or can independently acquire the capacity to build affordable housing units, and therefore should receive state funding for their projects. However, as this report concludes, the TDHCA Capacity Building Program positively impacts the ability of participating CDCs to increase housing production, diversify their funding base, and further the reach and effectiveness of social services they provide in the communities they serve.

II. What is Capacity Building: A Review of Recent Literature

The term capacity building has different meanings for different persons and organizations. For some, it simply means unrestricted revenue that can be used to purchase equipment and pay salaries. For others, capacity building is a process of investigating and researching different facets of the organization, identifying points of concern, and crafting solutions to improve these areas of operation.

The attention given to capacity building in the past 10 years has generated a body of literature written for funders and community development professionals. The development of self assessment tools and a working typology of capacity building programs provide insights into how capacity building programs have developed over time and how different groups define and practice capacity building.

While the concept of capacity building for CDCs is relatively specific, most researchers have examined capacity building more broadly in terms of nonprofits. Many researchers in the nonprofit sector emphasize the lack of a unified definition of capacity building among practitioners and researchers.³ Practitioners usually define CDC capacity in terms

¹ Stephen William Bruno, "Increasing Capacity: A Guide for Improving the Performance of Nonprofit Affordable Housing Providers in Texas" (Professional Report, Lyndon B. Johnson School of Public Affairs, The University of Texas at Austin, 2001), p. 9.

² Christopher Walker, *Community Development Corporations and their Changing Support Systems* (Washington, D.C.: The Urban Institute, December 2002), p. 34.

³ Paul C. Light and Elizabeth T. Hubbard, *The Capacity Building Challenge* (Washington, D.C.: The Brookings Institution, April 8, 2002), p.2..

of broad outputs, most commonly quantifiable calculations of housing production and economic development.⁴ A report by Venture Philanthropy Partners concludes that nonprofits tend to overlook internal operations when undergoing a capacity assessment. Instead, nonprofits typically concentrate on developing and executing programs. When money is scarce for nonprofits, it often goes towards programs, even though strengthening the organizational capacity of a nonprofit could help it carry out its mission and programs more effectively. In this sense, capacity building allows nonprofits to “achieve the maximum social impact.”⁵

Some researchers and academics focus on the internal operations of nonprofits as the focus of capacity building. These internal operations include, but are not limited to, activities to improve leadership, resources, visioning, and community outreach.⁶ In this context, researchers define capacity building as increasing the ability of the organization to effectively carry out its goals.⁷

Other researchers and practitioners use capacity building to refer to strengthening a nonprofit’s organizational ability and management. Paul Light, a leading scholar on nonprofit performance, reasons that poorly run organizations are unable to succeed. Light views the recent decline in giving to nonprofits and the increasing distrust of nonprofits as signs of a looming crisis among them. He argues that organizational capacity needs to be bolstered to achieve organizational effectiveness, which in turn allows the nonprofit to gain public confidence.⁸ The public will then increase discretionary giving to and volunteering for nonprofits.⁹ Capacity building improves a nonprofit’s internal structure and leadership, which are crucial to an organization’s ability to execute programs efficiently and effectively. Examples of broader scope capacity building initiatives include awards to assist with organizational needs, workshops, trainings, peer learning activities, strategic planning, and technological assistance.¹⁰

To define capacity building in a way that serves the entire nonprofit field, Light surveyed several hundred nonprofits. According to his 2004 report, nonprofits defined capacity building in the following ways:

- As a way to increase organizational resources or inputs (36 Percent),
- As a tool to measure the nonprofit’s programs (30 Percent),
- As a method to increase outputs and outcomes (16 Percent),

⁴ Norman J. Glickman and Lisa J. Servon, “More than Bricks and Sticks: Five Components of Community Development Corporation Capacity,” *Housing Policy Debate*, vol. 9, issue 3 (1998), p. 497.

⁵ Venture Philanthropy Partners, *Effective Capacity Building in Nonprofit Organizations* (Washington, D.C., 2001), p. 25.

⁶ Carol J. De Vita et al., “Building Nonprofit Capacity: A Framework for Assessing the Problem,” in *Building Capacity in Nonprofit Organizations*, ed. Carol J. De Vita and Cory Fleming (Washington, D.C.: The Urban Institute, April 2001), p. 16.

⁷ Venture Philanthropy Partners, pp. 27-30.

⁸ Paul C. Light, *Sustaining Nonprofit Performance*, (Washington, D.C.: The Brookings Institution, 2004) p.12.

⁹ *Ibid.*, p. 15.

¹⁰ Light and Hubbard, *The Capacity Building Challenge*, p. 8.

- As a maximization of resources (9 Percent),
- Declined to define capacity building (10 Percent).¹¹

Based on the different ways capacity building is defined, the concept of capacity building for nonprofits can most readily be encompassed in five categories:

- Resources: does the organization have the fiscal strength, diversity of funding, staff, and equipment to fulfill its mission?
- Organizational or internal operations: does the staff have the expertise to manage those resources in a way to maximize their social impact?
- Programmatic or external operations: can management of resources lead to an increase in housing, social services, or on-the-ground results?
- Networking: can the organization partner with other organizations to leverage additional resources and to improve efficiency and expand its social mission?
- Political: can the organization use its status in the community to leverage change from government and private resources?

A CDC must engage at all five levels to build its capacity and become a viable organization. In order to successfully strengthen the local community, it needs to have sufficient fiscal resources, skillful and organized staff, and the ability to build housing and implement programs, develop partnerships, and provide a political voice for its constituents.¹²

III. Evaluating Capacity Building Activities

In recent years funders and governments have allocated increased funds to for nonprofit capacity building, leading to a growing interest in evaluating the effectiveness of such programs. Evaluating capacity building is no easy task, as it requires measuring organizational effectiveness and programmatic outcomes before and after the capacity building engagement. Evaluation of capacity building activities can focus on one specific outcome (e.g. production) or internal capacity (e.g. fundraising) or the evaluation can be multi-faceted and can focus on many aspects of the program and organization. No matter what methods are used to measure capacity building efforts, it is crucial to understand that it takes time, sometimes years, for the results of capacity building activities to be revealed.¹³

Many community development practitioners simply use “subjective impressions” to assess the outcomes of capacity building efforts. An example is that CDCs often point to increased investment and development activity in their communities as evidence of

¹¹ Light, *Sustaining Nonprofit Performance*, pp. 54-55.

¹² *Ibid.*, pp. 497-535.

¹³ Nancy Nye and Norman J. Glickman, “Working Together: Building Capacity for Community Development,” *Housing Policy Debate*, vol. 11, issue 1 (2000), pp. 163-198.

successful capacity building.¹⁴ These subjective impressions are useful for gathering information on the perceived effectiveness of capacity building, but do not enable researchers to evaluate across different programs, organizations, or locations.

Performance measurement and benchmarking are types of more complex analyses that provide comprehensive and accurate methods to assess the impact of capacity building activities. The process involves a detailed assessment of an organization before, during, and after the capacity building engagement. The process is very time consuming and requires a commitment by both the evaluators and nonprofits to benefit from the information derived from the work.

Evaluating the outcomes of capacity building activities is a relatively new initiative. Therefore, most of the literature simply offers suggestions based on examples of CDCs' previous experiences. Some suggested measures of capacity building include:

- fiscal strength,
- diversity of funding sources,
- staff skills,
- competitive wages,
- updated computer software,
- collaboration with other CDCs,
- number of housing units produced,
- amount of community participation by constituents, and
- property values.¹⁵

In addition to using these and other performance measures of capacity, national intermediaries have been looking at how CDCs positively impact their constituents. For instance, a researcher can examine what participants learned in a training course, how they applied the knowledge in programs, and how participants subsequently changed their behavior. By using quantitative methods, such as surveys, and qualitative methods, such as focus groups, interviews, and case studies, researchers can evaluate capacity building activities in depth.¹⁶

Measuring the performance of nonprofits pre-and post-capacity builds a body of data that allows researchers to evaluate the effectiveness of different types of programs. Because CDCs have diverse operations and provide various services, data collection can be challenging.¹⁷ However, one example of a successful benchmarking project to date is the Community Development Financial Institutions Data Project. This collaborative project will result in baseline data and guides for business lending CDFIs. For CDCs focused on

¹⁴ Nancy Nye and Norman J. Glickman, "Working Together: Building Capacity for Community Development," *Housing Policy Debate*, vol. 11, issue 1 (2000), p. 189.

¹⁵ *Ibid.*, p. 192.

¹⁶ Paul Connolly and Peter York, "Evaluating Capacity-Building Efforts for Nonprofit Organizations," *OD Practitioner*, vol. 34, no. 4 (2002), pp. 33-39.

¹⁷ *Ibid.*, p. 191.

social services and affordable housing, national data projects are being developed with national intermediaries taking the lead on setting benchmarks.

IV. TDHCA's Capacity Building Program

Senate Bill 546 of the 72nd Texas Legislature established the Texas Housing Trust Fund, the only state funding dedicated to affordable housing for low-income Texans. Between 2000 and 2005, about ten percent of the fund has been used for capacity building and technical assistance for nonprofits. The fund is also used to acquire, rehabilitate, and construct new units of housing. Funding is available to nonprofits, local government agencies, public housing authorities, community housing development organizations (CHDOs), for-profit developers, and low-income individuals and families.¹⁸

At the urging of the nonprofits, TDHCA created the Capacity Building Program in the late 1990s. In the first years of the program, the funds were used to subsidize the costs of trainings for nonprofits. In 2000, TDHCA awarded five organizations a total of \$682,658. Awards were made solely for training nonprofit housing providers. The amount of each organization's award ranged from \$36,333 to \$287,647.

In 2001, TDHCA refined the Capacity Building Program to provide awards directly to nonprofits for technical assistance and general capacity building based upon the applicants' self assessed needs. In 2001, TDHCA awarded 13 organizations \$572,000, with a maximum of \$50,000 per organization. The average amount of funding each organization received that year was approximately \$44,000. The funds were to assist the organizations in hiring technical assistance experts or to aid in creating units of affordable housing for low, very low, and extremely low income individuals and families. The expert could either be hired onto staff or placed under contract to provide technical assistance. Applicants were required to provide a detailed business plan that outlined the type of staff needed for increasing the organization's housing development capacity, or the type of training a technical assistance consultant was to provide the organization.

In 2002, the department allocated \$555,642 for capacity building with a maximum of \$35,000 per award. Seventeen organizations were awarded that year, the majority receiving the maximum amount. In this NOFA, TDHCA clarified that the funds were not to be used to pay for existing staff. However, 2001 awardees that used the funds to hire new staff were eligible to apply for and receive 2002 funds to continue paying for the new employees.

In 2003, TDHCA made available \$567,729 through its NOFA, with a limit of \$43,671 per organization. TDHCA released more funds than it had originally announced, awarding a total of \$572,200. Fourteen CDCs received the award with each organization granted approximately \$43,000. If an organization had previously won an award through

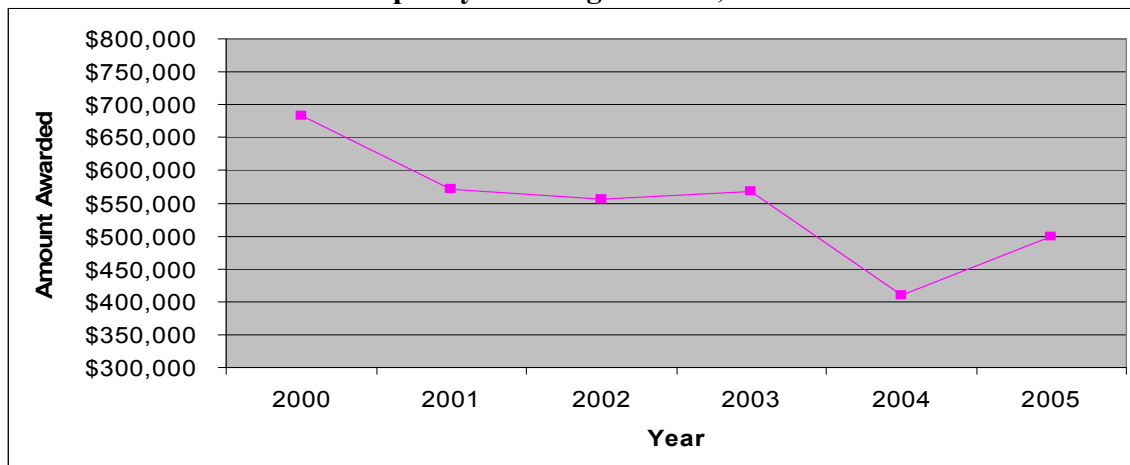
¹⁸ Texas Department of Housing and Community Affairs, *Housing Trust Fund*. Online. Available: <http://www.tdhca.state.tx.us/htf.htm>. Accessed: August 8, 2005.

the Capacity Building Award program and had used the funds to hire new staff, the organization was still eligible for funds in 2003 and could use the money to pay for staff hired under the previous awards. An organization could receive the award for a maximum of three years. Based on feedback from participating organizations, the award was distributed in a lump sum payment. Prior to 2003, TDHCA distributed fractions of the funds upon receipt of program reports from the organizations.

In 2004, the total amount of funds awarded declined to \$410,650. Fourteen CDCs were awarded, at an average award amount of \$30,000. The 2005 NOFA was recently released in August. The NOFA states that approximately \$500,000 will be made available for nonprofit affordable housing organizations. The maximum amount available to each organization will be \$35,000. This NOFA stipulates that organizations are not permitted to receive the Capacity Building Award for more than two consecutive years. The 2005 NOFA also tightens the uses of the funds to only those activities that directly relate to housing production.

Graph 1 shows the changes in amount of funds TDHCA released between 2000 and 2005. Between 2000 and 2002, the award amounts gradually decreased. However, between 2002 and 2003, the award amounts increased. The 2004 amount is over \$200,000 less than the total amount awarded in 2000. Because the level of funding for capacity building is directly related to the total amount available for the Housing Trust Fund, the funding level for capacity building fluctuates from year to year.

Graph 1
TDHCA Capacity Building Awards, 2000-2005



V. Methodology

This report seeks to answer two key questions regarding TDHCA's Capacity Building Program: How has the Capacity Building Program funding been used? And, how much of an impact has the program had on building the capacity of Texas CDCs?

In order to address these questions, TACDC analyzed TDHCA documents and surveyed all CDCs that received the Capacity Building Award in 2001, 2002, and 2003. TACDC staff examined copies of the Application and Notices of Funding Availability (NOFA) for all three years of the Capacity Building Program, the performance statements for the award recipients written by TDHCA for all awardees, and the final report from each organization.

TACDC staff developed a survey instrument for the 40 CDCs that received the award between 2001 and 2003. The survey provides a snapshot of the CDCs pre- and post-award and illustrates how the CDCs benefited from the award. The survey instrument was modeled after TACDC's 2004 Production survey. The questions were posed to capture information about the CDC before and after receiving the award. The topics included in the survey were Organizational History/Pre-Capacity Building Award, Use of Capacity Building Award Funds, Outcomes/Post-Capacity Building Award, and Perception of How the Capacity Building Award Improved the CDC.

In July 2004, surveys were mailed, faxed, and e-mailed to 39 of the 40 award recipients. One of the 40 organizations initially contacted is no longer in operation. Out of the 39 CDCs that were sent a survey, 17 responded, resulting in a 39 percent response rate. Twelve respondents completed the full survey and five respondents completed a shorter version of the survey. In addition, analysis is based on data award recipients reported to TACDC for the 2000, 2002, and 2004 Production Surveys regarding housing production and operational budget sources.

In order to more accurately determine the impact of TDHCA's Capacity Building Program, a control group was created by collecting data on eight CDCs that did not receive capacity building support from TDHCA. This data was gathered from TACDC's 2000, 2002, and 2004 Production Survey of Texas CDCs. Where possible, information from the Capacity Building awardees is compared to the control group to help determine organizational and production impacts of the TDHCA Capacity Building Program.

As discussed in previous sections, evaluating capacity building programs is complicated and takes time. Given the time and data limitations, TACDC's approach to assessing capacity building activities includes quantifying social services and examining levels of housing production. TACDC also looked at the fiscal strength of the award recipients and diversity of funding sources before and after the capacity building efforts, as recommended by researchers in the community development field. In addition, TACDC asked participants to rate outcomes and provide subjective impressions of the program and its impact.

VI. Capacity Building Award Study Findings

Overview of Capacity Building Participants

The records released from TDHCA revealed that a total of 40 CDCs received the Capacity Building Award between 2001 and 2003. In 2001, 13 CDCs received the grant, while in 2002, 17 CDCs received the grant, and in 2003, there were 14 grant recipients. Throughout these three years, four organizations applied for and were awarded the grant twice. Over the course of the program, awards were primarily used to hire new staff or technical assistance consultants. Based on the performance statements compiled by TDHCA, the awards went towards hiring a total of 38 persons. Thirty-six of these were hired as full-time employees, two were part-time, and 24 of the positions were defined as consultants.

According to TDHCA's NOFA for all three years, funds were to be allocated throughout all 13 regions in Texas. However, between 2001 and 2003, regions 8 and 12, which cover parts of West and Central Texas, included no award recipients. TACDC's 2005 report, *Building a Future: The Contributions of Community Development Corporations in Texas*, shows that those two regions have had very little CDC activity in the past five years. Regions three, six and seven received the most awards between 2001 and 2003. Those regions cover the Dallas/Ft. Worth Metroplex, the Gulf Coast region, which includes Houston, and the Capital region, which includes Austin. TACDC's report shows a large amount of CDC activity in those regions during the past five years.

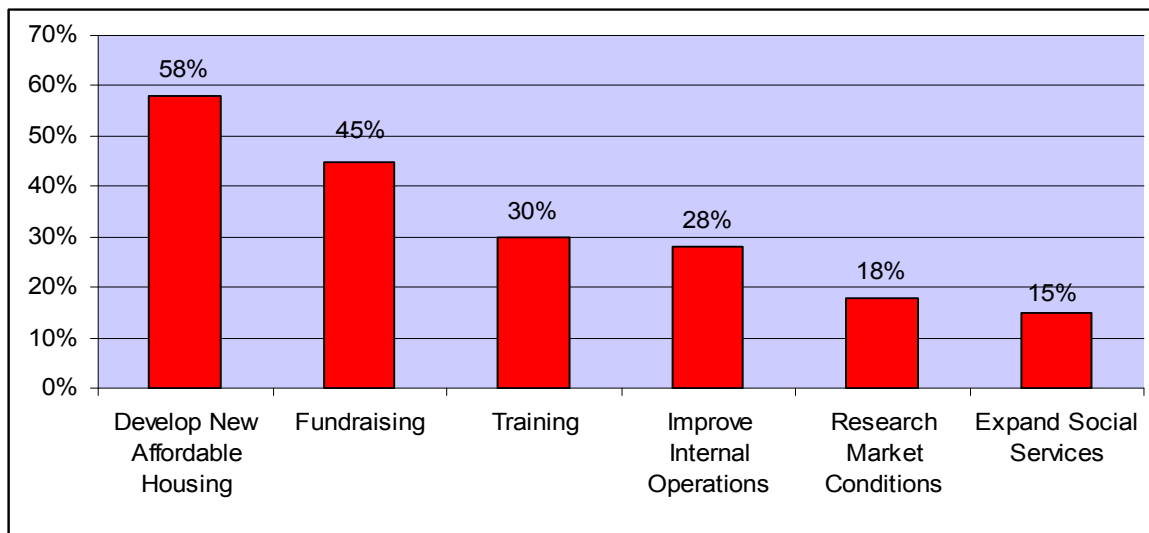
Intended Use of Capacity Building Funds

The performance statements written by TDHCA staff outlined the expected use of the capacity building funds. The statements describe what type of staff or consultants were to be hired, the duties of the new employee(s), and how many units of affordable housing the new employee(s) will be responsible for developing. The performance statements also disclose the specific costs of the new staff members' salaries and all activities associated with capacity building. Capacity building funds can be used to cover photocopying, office space rent, office equipment, mileage, and any other administrative support.

According to the performance statements by TDHCA, the capacity building funds were to assist the 40 organizations that received awards between 2001 and 2003 in developing at least 604 units of affordable housing. Because of discrepancies in reporting and the closure of one organization, it is difficult to determine exactly how many units of affordable housing have been completed by the 40 organizations since receiving the award. In addition, several organizations are still in the planning phase and have yet to begin construction due to external factors. Still, there is evidence that the production goal was exceeded, as will be discussed in more detail (see Table 6).

Graph 2 illustrates the proposed uses of the Capacity Building Award funds. Most organizations intended to use the funds in more than one way.

Graph 2
Proposed Use of Capacity Building Funds



The performance statements reveal that about 58 percent of the award recipients planned to use award funds to create or acquire new units of affordable housing. The funds were not to be used to cover development expenses, but to assist these agencies in hiring staff who would oversee the development process or in hiring technical assistance consultants who could advise the agencies on financing options for developing the units. Thirty percent of the grant recipients planned to utilize the funds for training purposes. The trainings and workshops focused on increasing knowledge in the following fields:

- affordable housing programs,
- real estate development,
- housing finance,
- property management,
- energy-efficient building,
- state employment law,
- foundations and grants and
- tax credits.

Forty-five percent of award recipients intended to use funds for fundraising activities, primarily writing grant proposals. Twenty-eight percent of award recipients intended to use the funds to improve overall internal operations. Activities that would improve internal operations include evaluating work plans, developing manuals, and creating and implementing a strategic plan. Eighteen percent of award recipients intended to utilize the funds to conduct studies of the local housing market, local housing needs, and the feasibility of developing new units of affordable housing. Fifteen percent of the award recipients intended to expand their social services. The various types of social services include work experience programs for at-risk youth, case management, home-ownership preparedness classes, and onsite daycare and after-school programs at affordable housing sites.

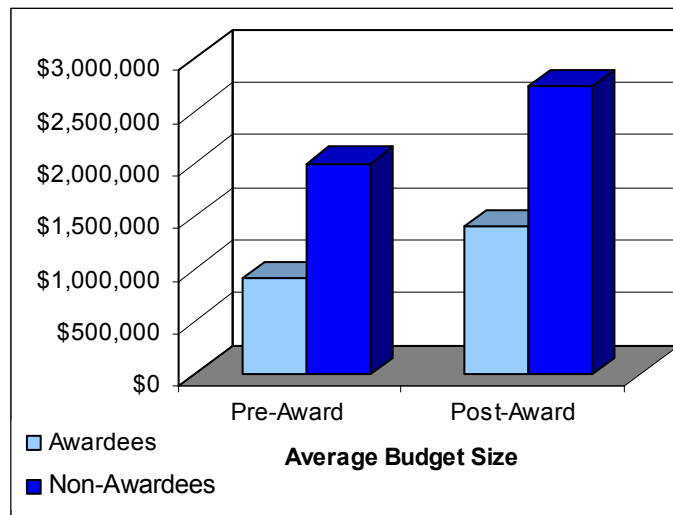
The Award's Effect on Resources

Budget

An important component of capacity building among nonprofit organizations is the ability to secure sufficient resources to remain viable. Without sufficient resources, CDCs are unable to carry out their missions and provide services and programs to the local community. There are two major components relating to resources for nonprofit organizations. First, is the ability to successfully raise funds and allocate resources. Second, is the ability to diversify funding sources.

The ability to manage funds is crucial to a CDC's success and solvency. Every organization that provided complete pre- and post-award budget information experienced budget growth. Before receiving the award, the average budget was \$905,661. After receiving the award, the average budget for survey respondents was \$1,407,369. For these reporting organizations, the average budget growth was 55 percent. This increase is not surprising as over half of the organizations indicated in their workplans they were preparing to develop units of affordable housing and seek additional funds for the project.

Chart 2. Average Budget Size Pre- and Post-Award



In comparison, the control group of CDCs that did not receive the Capacity Building Award had an average budget of \$2,000,767 in 2000 and an average budget of \$2,731,551 in 2004. They experienced an average increase of 37 percent of their budgets. The table below illustrates the differences between Capacity Building awardees and the control group.

Table 1. Average Budget Size

	Pre-Award Average Budget	Post-Award Average Budget	Percent Change
Capacity Building Awardees	\$905,661	\$1,407,369	55%
	2000	2004	Percent Change
Non-Awardees Control Group	\$2,000,767	\$2,731,551	37%

Sources of Funding

The second major component of resources for CDCs is sources of funding. Community Development Corporations constantly have to raise funds from governmental agencies, philanthropic organizations, individual donors, and housing development projects. If a CDC is dependent on a single source of funding, it becomes vulnerable. Therefore, it is essential that CDCs draw from a diverse set of funding sources. It appears that capacity building activities can help CDCs diversify their funding sources and increase their ability to be more self-sufficient. Table 2 illustrates changes in sources of operation budgets for award recipients.

Table 2
Changes in Sources of Operational Budget for Award Recipients

	Pre-Award	Post-Award
Average no. of operational funding sources	3	4
Percentage of CDCs with the Federal government as largest source of funding	38 %	39 %
Percentage of CDCs with program fees as largest source of funding	19 %	22 %
Percentage of CDCs with private foundations as largest source of funding	6 %	22 %

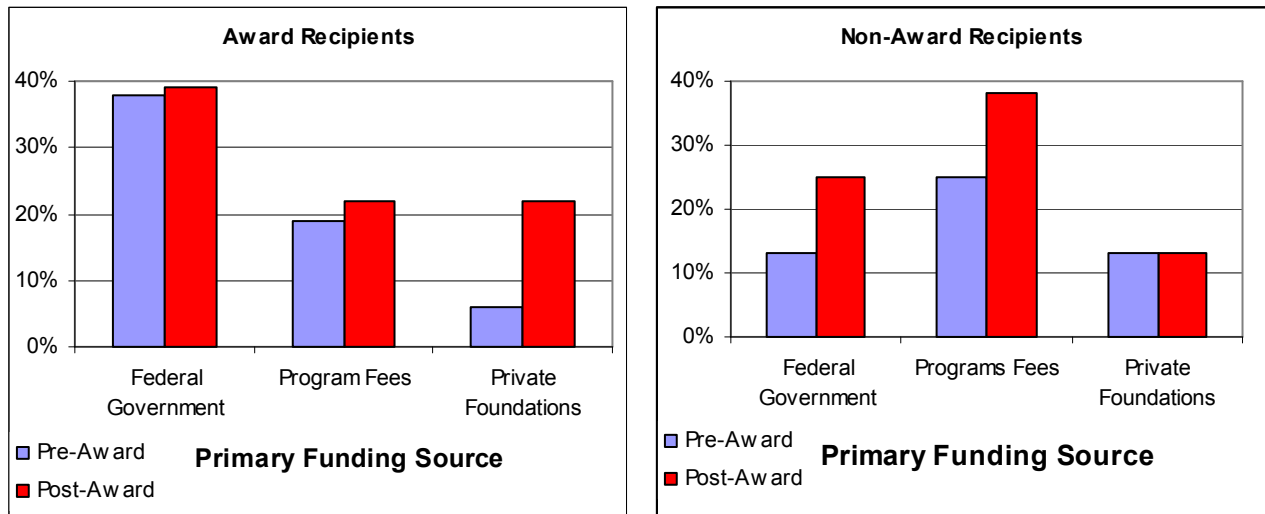
Based on these findings, CDCs increased their ability to secure additional governmental awards, and to raise funds from private, philanthropic sources. At least four percent of respondents increased their programmatic capacity, allowing them to be more self-sufficient in raising operational funds for the organization.

In order to demonstrate differences in sources of operational funding between award recipients and non-award recipients, we examine data from TACDC’s 2000, 2002, and 2004 Production Surveys on the budget sources for CDCs that did not receive the Capacity Building Award.

Table 3
Changes in Sources of Operational Budget
for Non-Award Recipients

	2000	2004
Average no. of operational funding sources	4	4
Percentage of CDCs with the Federal government as largest source of funding	13 %	25 %
Percentage of CDCs with program fees as largest source of funding	25 %	38 %
Percentage of CDCs with private foundations as largest source of funding	13 %	13 %

Chart 3
Comparison of Changes in Primary Funding Source for Award and Non-Award Recipients



For the CDCs that did not receive the Capacity Building Award, the average number of funding sources remained the same. While the percentage of CDCs that reported the Federal government and program fees as their single largest sources of funding increased, the percentage of CDCs reporting private donations as their largest source of funding

remained the same. The above data suggests two things: first that capacity to secure federal funding for community development is growing in the CDC field, and second that capacity building engagements have an impact and can help some CDCs diversify their sources of funding, as well attract more resources from private foundations.

Leveraging Additional Funding

According to the final reports submitted to TDHCA and findings from the TACDC Capacity Building Survey, approximately 25 percent of the award recipients have been able to leverage at least \$11,669,653 from 35 sources including foundations, banks, intermediaries, and individuals. The purpose of these awards ranged from administrative support to down payment assistance. Another \$14,180,328 in various financial products has been secured strictly for development purposes. The \$1,695,481 awarded to CDCs for capacity building by TDHCA helped the organizations access an additional \$25,849,981 to assist them in fulfilling their missions.

Improved Services and Benefits to Employees and Clients

Programmatic capacity is also a vital aspect of the overall capacity of a CDC. TDHCA's Capacity Building Award helped CDCs increase their programmatic capacity in two important ways: and benefits offered to employees and programs and services offered to clients. Because CDCs are nonprofits with relatively small budgets, it is often difficult for them to offer their employees a full range of benefits. TACDC's study, *Building Human Capital: 2004 Texas CDC Salary Report*, found that in 2004 fewer organizations were able to offer benefits to full-time employees than in 2002. The report showed that many CDCs decreased the amount of benefits available to their employees. However, some CDCs that received the Capacity Building Award were able to increase the amount of benefits for their employees. Twenty-three percent of respondents to TACDC's Capacity Building Survey reported providing retirement benefits to employees after receiving the award. None of the capacity building award survey respondents reported a decrease in benefits to employees.

Offering employee benefits is important for CDCs in retaining skillful, efficient staff that is one small aspect of their programmatic capacity. A large part of programmatic capacity is based on the ability of a CDC to provide programs and services to clients. Based on survey responses, the Capacity Building Award helped CDCs increase their programmatic capacity. Sixty-two percent of respondents to TACDC's Capacity Building Survey reported offering more housing or economic development services to clients following capacity building activities. Sixty-nine percent of respondents reported offering more community services to clients post-award.

Not only have these CDCs improved their services to clients, they have also increased their capacity to reach more clients. Sixty-two percent of respondents serve a greater number of clients than before receiving the award. Survey respondents also reported

increasing their presence in the community. Eighty-five percent of respondents formed additional partnerships with other nonprofit, private, and governmental organizations.

Tables four shows the percentage of survey respondents that offered housing and economic development services before receiving the Capacity Building Award and the percentage of survey respondents offering the same services after receiving the award. Table five shows the percentage of survey respondents that offered community services before and after receiving the Capacity Building Award.

Table 4
Housing and Economic Development Services
Offered by CDCs

Service	Percentage of CDCs Pre-Award	Percentage of CDCs Post-Award
Administer loan funds for housing development	17%	23%
Manage Construction	23%	69%
Service mortgage loans for other lenders	0%	0%
Provide rental housing	50%	92%
Provide direct loans to homebuyers	0%	15%
Provide home purchase financing assistance	23%	23%
Package/originate home mortgages for other lenders	0%	8%

Table 5
Community Services Offered by CDCs

Service	Percentage of CDCs Pre-Award	Percentage of CDCs Post-Award
Homebuyer counseling	38%	38%
Community organizing	17%	38%
Legal services	8%	15%
Child care	8%	15%
Youth services	15%	15%
Advocacy	58%	62%
Tenant counseling	23%	38%
Job placement assistance	23%	15%
Senior programs	23%	38%
Emergency food assistance	46%	46%
Job skills training	23%	31%
Health care	23%	31%
Homeless services	31%	54%
Financial literacy services	17%	46%
Individual development accounts	15%	8%
EITC tax preparation assistance	15%	8%

The Award's Effect on Housing Production

The evaluation of housing production has been the most widely held method of assessing capacity building efforts. As previously stated, approximately 58 percent of the awardees of TDHCA's Capacity Building Program intended to build or acquire at least 604 units of affordable housing with the assistance of the award funds. Therefore, the majority of awardees intended the capacity building activities to leverage additional units of housing. The table below shows the growth in housing production among Capacity Building awardees.

Table 6
Housing Production among Capacity Building
Program Participants

Housing Type	No. of Units Produced Pre-Award	No. of Units Produced Post-Award
New Rental Units	397	661
Rehabilitated Rental Units	194	135
New Owner-Occupied Units	1148	243
Rehabilitated Owner-Occupied Units	610	42
Acquired Units	56	66
Total New or Rehabilitated Units	2405	1147

The Capacity Building Program hastens the awardees delivery time for new housing units. The above table shows that the Capacity Building awardees were able to increase their production of new rental units by approximately 67 percent and acquired units by approximately 18 percent. These figures compare the entire pre-capacity building production to the post-capacity building production. The average year of inception of award recipients is 1990. Even if each of the awards was made in 2001, then the survey respondents produced 661 units of rental housing in the four years of post award compared to only 397 units from 1990 to 2001. Further evidence that the Capacity Building program is effective in increasing production is that only 604 units of affordable housing were planned based on the organizations' Capacity Building Program applications and the group has exceeded this amount by over 500 units. In addition, there are at least 697 additional units planned for construction for 2006-2007.

Although the majority of Capacity Building awardees were able to accomplish their housing production goals, a few CDCs encountered obstacles. One survey respondent reported a delay in completing construction of its units of single-occupancy housing. The delay was due to complications with HOME funds and other financial sources. Another survey respondent reported rehabilitating 32 units of housing instead of 90 planned units. This reduction in rehabilitation of affordable housing units was due to problems with USDA Rural Development Funding. In both cases, the CDCs depended on additional funding to help complete their units of housing. Despite problems due to external factors, these awardees were still able to provide some units of affordable housing for their clients.

The Award's Effects on Internal Operations

Twenty-eight percent of the Capacity Building Award recipients planned on using the funds to improve internal operations. The funds were to be used to hire consultants to evaluate CDC work plans, develop manuals, and create and help implement strategic plans. More than half of the CDCs that proposed to use the capacity building funds on internal operations accomplished their objectives. By developing strategic plans, these CDCs evaluated their financial status and their fundraising, staffing, and technical needs. Strategic planning also enabled these CDCs to develop organizational policies and leadership within the organizations. This type of capacity building has allowed the awardees to work more efficiently towards carrying out their social missions.

In addition, thirty percent of the grant recipients intended to utilize the Capacity Building Award for training purposes. More than half of these CDCs accomplished their training goals. Most CDC staff members attended trainings and workshops on affordable housing programs, housing finance, property management, fundraising, and low income housing tax credits. Ultimately, these capacity building activities helped the awardees construct or acquire 1,147 units of affordable housing within three years of receiving the Capacity Building Award.

Perceptions of the Award's Benefits

In assessing capacity building efforts, it is important to evaluate the participants' perceptions of the program. The majority of survey respondents reported favorable outcomes of the capacity building activities. The table below shows how respondents perceived the ways in which the Capacity Building Program improved their organizations.

Table 7
Perceived Outcomes of Capacity Building Activities

	Worsened Significantly	Worsened	Remained the Same	Improved	Improved Significantly	Total
Percentage of respondents reporting an improvement in ability to secure additional funding	0 %	0 %	19 %	31 %	50 %	100 %
Percentage of respondents reporting an improvement in reserves, assets, and/or income	0 %	0 %	6 %	56 %	38 %	100 %
Percentage of respondents reporting an improvement in diversity of sources	0 %	0 %	19 %	53 %	35 %	100 %
Percentage of respondents reporting an improvement in organizational ability	0 %	0 %	6 %	56 %	38 %	100 %
Percentage reporting improvement in housing production ability	0 %	0 %	13 %	44 %	44 %	100 %

VII. In Their Own Words

In addition to measuring the impact of the award, TACDC asked survey respondents to provide feedback on the program. The responses fell into two categories: how the CDCs benefited from the program and the ongoing need for the program. What follows is a summary of respondent's comments.

How Program Participants Benefited the Capacity Building Program:

- The Capacity Building Program allowed our organization to hire additional staff which improved our ability to build and rehabilitate more housing units and generate more rental income through timely rehabs and repairs.

- We have been able to increase the amount of safe, decent, affordable housing units in the community, per our mission and improve the community by revitalizing distressed neighborhoods.
- Overall, this program is of great benefit to any organization that utilized the funds properly. We were able to build more units of affordable housing while training someone to learn about the construction process.
- The new employees brought a higher level of knowledge which helped our organization improve our operations. Our only regret is that we could not afford to continue their employment past the expiration of their grant funds.
- We went from having two employees spending a small portion of their time on affordable housing to becoming a housing developer that now has created 50 housing units and is about to break ground on an additional 237 unit project that also includes a major retail component. Serious discussions are now underway on projects that will result in the creation of an additional 600 units of housing. In short, we went from nowhere to becoming a significant player in the creation of affordable housing in Dallas.
- This is an accessible program which generates affordable housing and encourages providers to address the affordable housing needs in their community. In addition, each dollar received resulted in a huge increase in funding from other sources for affordable housing programs.
- The capacity building opportunity has been tremendous for our small agency. It has allowed us to do the kind of development that truly demonstrates integration for people with disabilities. We hope it can be used as a model for those providing or interested in providing housing opportunities for people with disabilities to promote integration.

Ongoing Need for the Program:

- The program should be continued to assist CDCs to perform their community goals.
- This capacity grant is critical and must be continually funded. A grant like this helps agencies like ours to perform and become more productive as an organization.
- It is a great program for helping a nonprofit increase its capacity. This program will not only help our affiliate for the grant period, but for years to come in increased building and funding capacity. I would strongly encourage the State of Texas to continue the program in its current form.

- In El Paso a number of small nonprofit housing organizations exist at the grass roots level that are almost exclusively staffed by volunteers with little or no development experience. This is particularly true of community groups in the colonias. Access to capacity building funds can allow for professional staff development.
- In every community the need for affordable and accessible housing for people below 50 percent median income outweighs the traditional PHA, HUD-subsidized programs. CDCs have the ability to address this growing problem if developed and supported by good policy and programming. TDHCA has long recognized this commitment to communities and to the poor working families, people with disabilities, and the aging. Capacity building of resources to address this population must continue in Texas to eradicate blighted, sub-standard neighborhoods, develop nonprofit capabilities to address the needs. As a former developer, I know how to make money on housing; what we need is to be able to build capacity of nonprofits to serve within communities, working with other partners.

VIII. Conclusion and Preliminary Recommendations

As the number of CDCs working to develop affordable housing and economically sustainable communities increases, it is important to find ways to help them operate in the most efficient and effective ways possible. This report shows that the Capacity Building Program administered by TDHCA can help CDCs improve and strengthen their organizational structure, management practices, financial assets, and ability to serve constituents.

The Capacity Building Program participants who completed the survey benefited from the program. Overall, the CDCs that participated in the program increased housing production, diversified funding sources, and increased the number of services offered to clients. Many of the award recipients also used the funding to improve internal structures and functions allowing them to be more efficient. In addition, TDHCA's Capacity Building Award helped these CDCs leverage at least \$11.6 million in additional funding and develop at least 1,147 units of affordable housing. The Capacity Building Award impacted not just the CDCs, but also the residents of low-income communities.

There is a continuing need for capacity building among CDCs in the state of Texas. Many CDCs operating in Texas are young organizations that lack the financial resources and technical experience to produce enough housing to become self sufficient. However, with a modest amount of financial support and technical assistance, these organizations can grow to better serve their communities and the public.

Recommendations

TDHCA's Capacity Building Program has changed since its inception in the late 1990s. First the program provided reduced costs for trainings. Second, the program provided funding for development and non-development technical assistance and staffing. In 2005, the program is limited to activities to help CDCs develop additional units of housing. Since 2005 the program has not been funded. To continue to build the capacity of CDCs and be transparent and accountable to tax payers, TDHCA may want to consider the following recommendations:

- Reinststate the TDHCA Capacity Building Program. This study has demonstrated that the program helped CDCs improve their capacity to provide housing, community development and community services to clients in low-income areas in Texas. These programs sometimes reach constituencies that for-profit developers do not. If Texas is interested in continuing to support the growth of non-profit affordable housing and community development organizations, the TDHCA Capacity Building Program is an effective way to do so.
- Develop clear objectives for the Capacity Building Program and for the nonprofits participating in the program. TDHCA's Capacity Building Program has evolved over time and the 2005 NOFA moves the program away from organizational capacity building towards pre-development of affordable housing. One reason for this change may be that the department was awarding funds for a multitude of purposes but was not sure how the money was used or if it was used well. Setting clear criteria for the program will ensure accountability to the public and to the state legislature. Staff should also work with nonprofit grantees to set criteria for the use of funds and to hold program participants accountable for proper use of award funds.
- Include a standardized assessment tool into the Capacity Building Program. In the past program participants applied to the program for a wide array of support and technical assistance. In order to ensure that funds address areas of organizational concern, TDHCA should require each applicant to undergo a self assessment.
- Design a better reporting and feedback system for the program. Reporting requirements have increased over the years within the program but the information gathered from the participants does not provide information on additional needs of the organization or how the program could be more useful in the future. Changing the reporting requirements of the program can result in a better understanding of the needs of CDCs as well as guide the direction of the capacity building program and housing development programs of the agency.
- Create financial and housing production incentives for Capacity Building Program participants. TDHCA could further the reach of the capacity building program by reducing threshold criteria or creating a set-aside in the HOME and

Housing Trust Fund programs for affordable housing developments by organizations that have participated in the Capacity Building Program. By encouraging a long-term development relationship with Capacity Building participants, TDHCA may be better able to encourage affordable housing in hard to develop areas of the state.

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Appendix

A complete evaluation of Texas capacity building programs must include a comparative look at other state-administered capacity building programs. In an attempt to provide this comparative analysis, the appendix contains a table with brief descriptions of the 19 current state-administered capacity building programs and a discussion of several of these programs. The first section of the appendix highlights state programs from Delaware, Maryland, Virginia, Oregon and New Hampshire that are innovative and unique. The second section of the appendix contains a table that offers a snapshot of all the formal state-run capacity building programs that TACDC was able to identify. To make the table useful as a comparative tool, only programs that are currently active or will be active in the following year were included.

Capacity building programs in other states are diverse in their design and administration. Some operate through a public-private partnership with intermediaries such as Local Initiatives Support Corporation (LISC) or other local non-profits. Some states provide technical assistance by sending state agency staff to assess the non-profits' capacity and needs, and then develop a strategic plan for the non-profit. Other states award non-profits grants for the organizations to build capacity as they see fit. General findings about other states' capacity building programs include:

- On average, the states identified in this report have had a capacity building program in some form for eight years.
- The median age of the capacity building programs identified in this report is 5.5 years.
- The average number of organizations served per year is 46.8.
- The median number of organizations served per year by either a grant or technical assistance is 14.
- Approximately 21% of states have programs that are specific to assisting CHDOs with operating costs.
- Approximately 26% of the states administer their capacity building or technical assistance program through a public-private partnership.

Ultimately, the 19 state-run capacity building programs discussed in Table A1 serve to provide examples of successful and creative strategies for addressing the needs of non-profit affordable housing providers.

Delaware

The Delaware Housing Capacity Building Program (HCBP) is a joint initiative of the Delaware State Housing Authority, the University of Delaware's Center for Community Development and Family Policy, and the Delaware Community Investment Corporation. HCBP provides grants, technical assistance, and training to non-profit organizations that engage in affordable housing activities. Their goal is to foster increased housing production and improve overall performance of participating non-profits.

HCBP was created in 1993, at a time when numerous banks were opening in Delaware. The large number of financial institutions located in Delaware has generated a significant amount of funds for community development purposes through the Community

Reinvestment Act (CRA). CRA requires banks to invest a portion of their profits in community development activities. Between \$200,000 and \$250,000 is contributed to the HCBP fund each year by approximately 15 financial institutions and foundations. The State of Delaware channels those funds through HCBP for disbursement. The University of Delaware in partnership with the State of Delaware pay the administration costs of the program, leaving the full CRA fund available for direct community development support.

CRA officers from Delaware's financial institutions have a long-standing participation in the boards of directors and grant committees of the state's CDCs, giving them a clear understanding of the capacity building needs of these institutions. This makes Delaware's CRA program one of the nation's most effective. CRA officers and others working with HCBP recognized the need for larger grants to be dispersed over a longer period of time. As a result, the capacity building program is currently being restructured and has not awarded any grants for Fiscal Years 2004 or 2005; however the program should resume operating by the end of 2006.

Prior to 2004, Delaware's capacity building program offered assistance to non-profit affordable housing developers in several areas:

- training scholarships,
- capacity assessment and matching the appropriate consultants or trainers to the non-profit,
- in-house trainings,
- and grants.

The grants could not be used for operating expenses, such as rent and utilities, but could be used for some predevelopment costs and staff salaries. Organizations could use grant money to cover predevelopment costs solely in the case of developing innovative projects that contributed to neighborhood revitalization. More commonly, non-profits used their grants to purchase computers and software and to create new positions, including Deputy Executive Director, Development Director, and Housing Development Specialist.

For organizations that needed to improve their capacity with technology, grants were between \$5,000 and \$10,000. For organizations that created new positions, grants were between \$25,000 and \$30,000. Few grants fell into the \$30,000 to \$50,000 range, and HCBP awarded no grants over \$50,000. On average, HCBP awarded between 17 and 19 organizations per year, although the goal was to assist 20 organizations. Restructuring the program will allow organizations to receive grants ranging between \$50,000 and \$80,000 over a period of three years.

Virginia

In Virginia's Department of Housing and Community Development, the Office of Community Capacity Building (OCCB) administers several capacity building programs for organizations and government agencies working in the community development field. Approximately seventeen years ago, the Virginia General Assembly began using state revenue to fund capacity building for community development organizations. However, the early form of this capacity building program lacked a technical assistance component.

The OCCB offers six programs and services that make capacity building or technical assistance available to non-profits. These programs are:

1. SEED
2. The Training Center
3. Organizational Capacity Building Program
4. Facilitation Services
5. Arc Flex-E-Grant
6. Technical Assistance
7. Funding Prospect Searches.

The SEED program provides grants to non-profit community development organizations to engage in capacity building efforts. Through the SEED program, the organizations receive aN assessment, a one-year work plan, technical assistance, and a grant for up to \$20,000. In addition, grantees are required to attend mandatory trainings on technical assistance issues. SEED typically funds general operating expenses, such as salaries, utilities, and rents; funds cannot be used for housing materials and project-specific expenses. On average SEED assists seven organizations per year with a total of \$200,000 available in grants with \$20,000 typically granted to each organization.

The Training Center is a newer component of OCCB capacity building and technical assistance programs. Trainings at the Center are open to the public, recent training topics include how to start a CDC, real estate finance, and advanced real estate development.

The Organizational Capacity Building Program offers on-going trainings to community development organizations. Services are designed based on an individualized work plan. The work plan outlines specific targets and outcomes. The Organizational Capacity Building Program focuses on issues such as organizational management and development, project and program development, community relations, accountability, and resource development.¹⁹

Through the Facilitation Services program, OCCB staff guide community development agencies through organizational assessments, board development, and other planning sessions to increase strategic planning among CDCs. The goal of this program is to help non-profits function more efficiently, effectively and maintain viability over the years so that investments in these groups continue to produce benefits in the future, rather than losing all the organizational learning and networking through rapid turn-over of these organizations.²⁰

In the Arc Flex-E-Grant program, the Appalachian Region Commission (ARC) provides funding for innovative small projects in the distressed counties of Lee, Wise, Buchanan, Dickenson, and Russell. OCCB administers grants of up to \$10,000 for projects in those counties that are developed utilizing a strategic planning or community action planning

¹⁹ Department Housing and Community Development, "Office of Community Capacity Building: Programs/Services." Online. Available: <http://www.dhcd.virginia.gov/CD/OCCB/>. Accessed: September 20, 2005.

²⁰ Ibid.

process. The identified projects must emphasize an impact on the local economy and an increase in economic vitality.²¹

The Technical Assistance program provides OCCB staff to develop strategic plans and offer assistance that is project-specific to non-profit affordable housing developers. In addition, the Technical Assistance program provides ad-hoc training sessions throughout the year on housing development topics such as financing, construction management, lease management, and project development. Non-profits also receive assistance with grant and funding research in this program.

Oregon

The Oregon Community Development Collaborative is a public-private partnership that provides grants to CDCs and CHDOs for capacity building purposes. Since 1998, the state's Housing and Community Services agency has collaborated with two local and national intermediaries. The Neighborhood Partnership Fund and The Enterprise Foundation partner with the state make grants available to non-profit housing organizations. The grant recipients may use their awards to fund administrative and infrastructure expenses, including salaries, wages, software, rent, general operating costs, and trainings.

The state's role in the program is minimal. The Neighborhood Partnership Fund and The Enterprise Foundation oversee the grant application process and essentially administer the program. Grants are made up of a combination of funds from the state and intermediary organizations. In order to receive money from both the intermediaries and the state, CDCs must be registered CHDOs. Intermediaries contribute additional funds for grantees that are not licensed CHDOs, but the state only provides grant money for CHDOs involved in a HOME-funded project. The state funds its portion of the grants with five percent of its Federal CHDO set-aside for administrative costs. This amount is typically between \$350,000 and \$500,000 each year. The state requires the organization's project to be tied to housing development and prefers to reimburse organizations for large expenses such as salaries, rather than small administrative expenses such as office supplies.

Since the program's inception, between eight and ten CHDOs have received grants each year. The maximum grant allowed is \$50,000, on average each CHDO receives between \$30,000 and \$40,000 to cover operating and technical assistance expenses for a year.

New Hampshire

In New Hampshire the Community Development Finance Authority (CDFA) administers capacity building grants through two programs: The Housing Futures Fund and the Regional Development Corporations (RDC) Capacity Fund. The Housing Futures Fund (HFF) makes grants and technical assistance available to non-profit affordable housing providers for capacity building purposes. The RDC Capacity Fund provides Community

²¹ Ibid.

Development Investment Program (CDIP) funds for operational support to the 12-member New Hampshire Alliance of RDCs.

Prior to operating under the state community development agency, HFF was administered by the New Hampshire Charitable Foundation. The program has been operating in its current form since 1999, although capacity building for non-profits has been available since 1991.

The goal of HFF is to assist community-based, non-profit housing providers to grow, achieve stability, and produce affordable housing for low-income populations.²² The grant is intended to cover operating expenses; however, there are no specific uses or limitations stipulated. Typical operating expenses include salaries, rent, utilities, and software programs. On average, HFF makes \$800,000 available for each funding cycle. Ten non-profit housing organizations receive \$80,000 for a period of two years. 2005 was a unique funding year because one grant recipient dissolved and another organization received the remainder of the grant money. Therefore the CDFA only allocated \$760,000 to the ten organizations.

In addition to providing grants for capacity building, HFF offers a technical assistance service. Each funding cycle the CDFA allocates approximately \$90,000 to the New Hampshire Community Loan Fund, a local Community Development Financial Institution, to provide technical assistance to the grantees. The \$90,000 grant the New Hampshire Community Loan Fund receives pays for expenses related to the Community Housing Program, including salaries of two technical assistance trainers. New Hampshire Community Loan Fund's technical assistance program offers networking and educational opportunities for the organizations to improve their strategic planning, financial and management systems, community services, and assets.²³ The overarching goal of the technical assistance program, known as the Community Housing Program, is to provide support to the grantees as they undertake projects during the period of their capacity building award. The Community Housing Program offers three major types of technical assistance to the grantees:

- Delivering capital and pertinent technical assistance for projects when other sources of funding are unavailable;
- Improving the technical capacity of the grantees;
- Advocating for affordable housing and non-profit development of affordable housing.²⁴

The Community Development Finance Authority funds both the capacity building grant and technical assistance components through its CDIP. Donors, like the Bank of New Hampshire, Citizens Bank, and Provident National Bank, contribute to the CDIP tax

²² New Hampshire, Community Development Finance Authority, "CDFA Grants & Initiatives." Online. Available: http://www.nhcdfa.org/web/grants_initiatives/cdfa_grants_initiatives.html. Accessed: September 30, 2005.

²³ New Hampshire Community Finance Authority, "Housing Futures Fund: Year End Report June 30, 2004." P. 2.

²⁴ Ibid.

credit program to fund HFF. The New Hampshire Housing Finance Authority and self-generated fees and investment revenues also support the capacity building program.

Table A1. State-Administered Capacity Building Programs

State	Agency and Program Name	Funding Level	Source of Funding	Program Details
Arizona	Arizona Department of Housing—Technical Assistance and Training	Not available	State revenue	Technical assistance staff completes an organizational assessment and develops a strategic plan. Trainings are open to the public for a nominal fee.
Delaware	Delaware State Housing Authority, University of Delaware’s Center for Community Development and Family Policy, and Delaware Community Foundation—Housing Capacity Building Program	Each organization receives \$5,000-\$50,000 for one year.	Banks located in Delaware	Grants are for training and technical assistance purposes and can cover some predevelopment expenses.
Florida	Florida Housing Finance Corporation and Florida Housing Coalition—Catalyst Program	\$100,000 for the Florida Housing Coalition to provide training and technical assistance each year.	State Housing Trust Fund	The Florida Housing Coalition receives state funding to provide training and technical assistance to local governmental agencies and non-profits.
State	Agency and Program Name	Funding Level	Source of Funding	Program Details
Georgia	Department of Community Affairs—CHDO Operating Assistance Program	Maximum of \$35,000 per organization for one year.	HOME/CHDO set-aside funds	Funding is to assist CHDOs with operating expenses such as rent or salaries and should be tied to producing business plans and improving organizational deficiencies.
Indiana	Housing and Community Development Authority—CHDO Works	Maximum of \$70,000 per organization for two years.	HOME/CHDO set-aside funds	Funding is to increase the ability of CHDOs to develop, sponsor and/or own HOME CHDO-eligible affordable housing.
Iowa	Iowa Finance Authority—Housing Assistance Fund	Each organization receives \$50,000-\$80,000 for two years.	State Title Guaranty Program	The grants are typically used to hire new employees.
Kansas	Kansas Housing Resources Corporation—Housing Developing Training Grant	Each organization either receives about \$500 to attend training or attends a state-sponsored training at reduced	Revenue from administration and contracts	This program typically provides funds to non-profit staff members to attend trainings throughout the country.

		fee of \$25.		
Maryland	Maryland Department of Housing and Community Development (DHCD)—Catalyst Training Institute	Varies by needs of the applicant.	Assistance is primarily provided in the form of free capacity building services from community partners.	The Catalyst program offers training courses and customized capacity building support for CDCs, affordable housing developers and local governments. DHCD partners participating organizations with an appropriate Catalyst community partner who provides low-cost or no-cost services such as consultations, workshops, technical assistance and fund leveraging.
Massachusetts	Massachusetts Housing Partnership Fund—Production Capacity Grant Community Economic Development Assistance Corporation—Technical Assistance	MHP will award \$90,000-\$105,000 per organization for three years for Production Capacity Grants. MHP will also award \$5,000-\$20,000 in Organizational Support Grants per organization for one year.	MHP grants are funded by a grant made available through the Bank of America/Fleet merger.	Production Capacity Grants cover expenses related to the creation of new affordable housing units, including staff or consultant costs, project site identification, and project management. Organizational Support Grants will cover costs such as development planning, strategic and business planning, workshops, and trainings.
State	Agency and Program Name	Funding Level	Source of Funding	Program Details
Minnesota	Minnesota Housing Finance Agency—Capacity Building Revolving Loan Fund and Organizational Support Program	\$4.5 million in revolving loan fund, recent loans have totaled \$200,000-\$300,000 per organization. Grants are about \$150,000 per organization.	Revenue earned through housing finance programs pays for the revolving loan fund. State revenues fund the grant program.	The loan and grant money pays for operational support such as rents, salaries, training, overhead, computers, and housing studies.
Nebraska	Department of Economic Development—Nebraska Affordable Housing Program/Non-Profit Capacity Building	The maximum amount available is \$40,000 per year for three years per organization.	Housing Trust Fund.	The grant covers operating expenses that are geared towards increasing capacity and are not project-specific.
New Hampshire	Community Development Finance Authority—Housing Futures Fund	The HFF grant program has \$800,000 available. Organizations receive \$80,000 for two years. Each year \$90,000 is provided for NH Community	A tax credit program and private donations to CDFA fund the HFF.	The grant is intended to pay for operating costs and not project specific costs, but there are no exact limitations.

		Loan Fund staff to provide technical assistance.		
New York	Division of Housing and Community Renewal—SEED money and technical assistance seminars	Varies; organizations can receive up to \$45,000 for start-up costs and pre-development funds.	Programs are either funded through the Housing Trust Fund or HOME set-aside funds.	Funds are to pay for consultants, architects, and other staff and services that will allow organizations to identify and prepare for future development projects. The funds do not cover rents and other operating expenses.
North Carolina	Department of Commerce—Capacity Building Grants	Maximum grant allowed and average is \$75,000 per organization.	Federal CDBG funds are funneled to local government agencies that pay the grant out to non-profits.	The funds are for hiring a new employee or for paying an existing employee to receive training in a new area. Funds are not for paying rent or other operating expenses.
Oregon	Housing and Community Services—Oregon Community Development Collaborative	\$350,000-\$500,000 is available per year. CHDOs receive \$30,000-\$40,000 per year.	HOME/CHDO set-aside funds.	Funds are only for CHDOs involved in a HOME-funded project, and expenses should be tied to housing development. Typically costs such as salaries and benefits are covered.
State	Agency and Program Name	Funding Level	Source of Funding	Program Details
Vermont	Housing and Conservation Board—Organizational Capacity Grants	Grants range between \$15,000-37,5000 per organization for one year.	State revenue.	The grant covers staff and overhead costs directly related to projects, project-related planning costs, organizational development, and project development and management costs. The Board also sponsors workshops and trainings on relevant housing issues.
Virginia	Department of Housing and Community Development—Office of Community Capacity Building: SEED Program and Training Center	A total of \$200,000 is available and on average, organizations receive \$20,000 for one year.	State revenue.	Grants are to pay for operating support and the SEED program offers an assessment and work plan. Trainings and technical assistance is also available.
West Virginia	Housing Development Fund—Training and Technical Assistance	\$50,000-\$70,000 is available. Organizations receive grants of \$500-\$5,000.	Funded through a foundation grant and the Federal Home Loan Bank in Pittsburgh.	The grant pays for staff trainings, leadership training, accounting, strategic planning, and organizational development.
Wyoming	Community Development	Total available	HOME/CHDO	The grants cover salaries,

	Authority—CHDO General Operating Costs and Capacity Building Reserve	funding is \$175,000. The average grant per organization is \$25,000 per year.	set-aside funds.	rents, utilities, trainings, and costs that are not project-specific.
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