

# Data and Direction: The Future of Community Development in Texas

*Frank Woodruff - Executive Director, NACEDA*

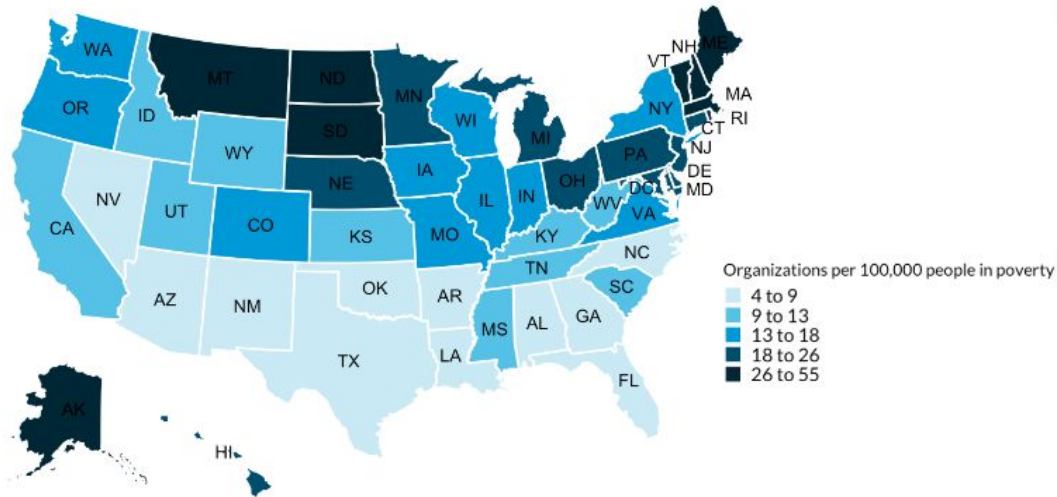
*Chris Walker - Community Development Researcher*

*David Danenfelzer - Senior Development Director, TSAHC*

*Paul Charles - Executive Director, Neighborhood Recovery CDC*

# The Financial Health of Community Based Development Organizations

Number of CBDOs per 100,000 population living below the federal poverty line, 2018



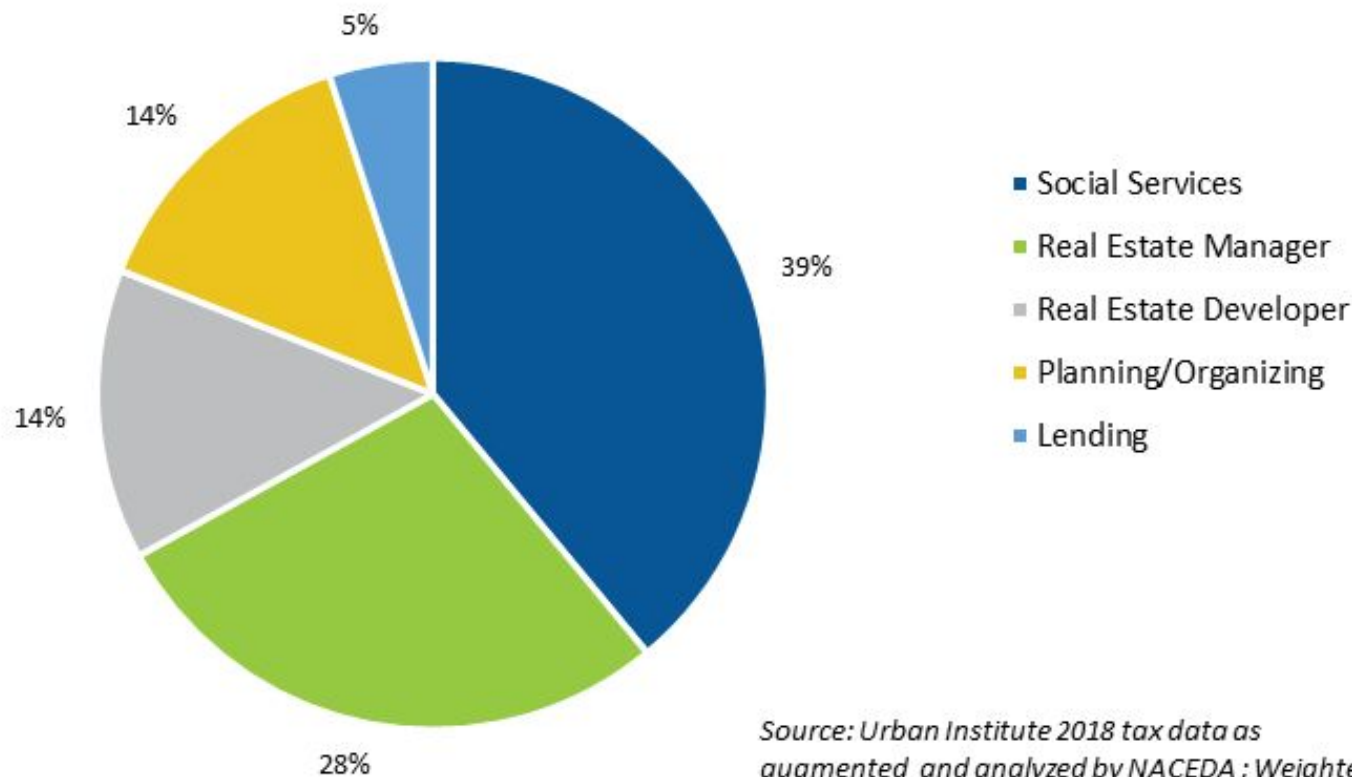
**5,720  
Organizations**

**\$54.3 B in  
assets**

**\$27.7 B in  
revenues**

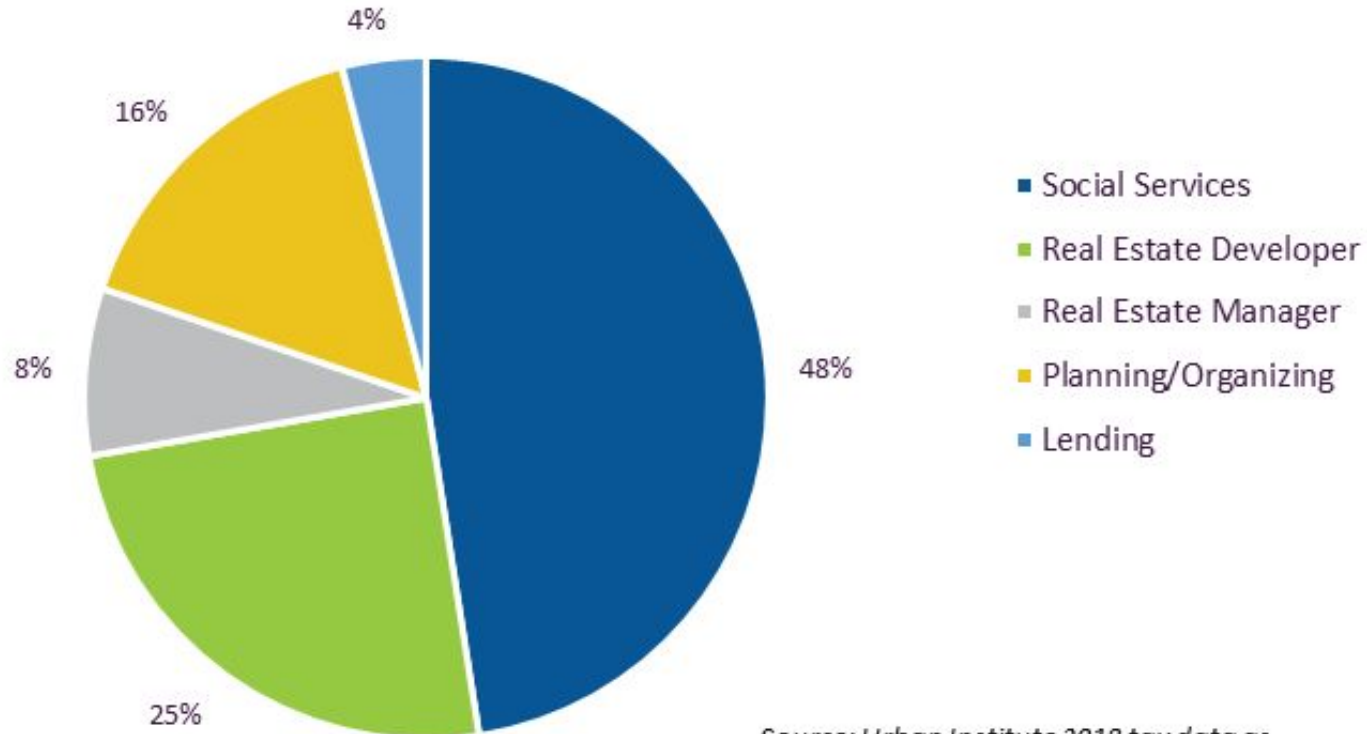
Source: Author analysis of IRS registry of open data on AWS and Statistics of Income (SOI) IRS 990 and 990EZ data and the 2016-2020 American Community Survey

## Composition of National CED Sector by Agency Type (Percent of All Groups in 2018)



Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA ; Weighted N = 4,087

## Composition of Texas CED Sector by Agency Type (Percent of All Groups in 2018)

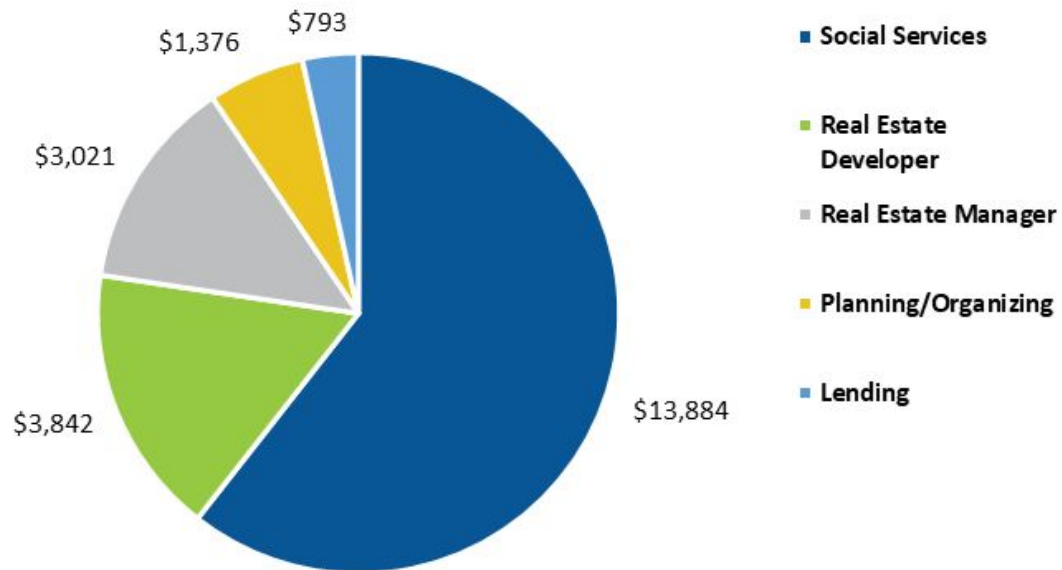


Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA ; Weighted N = 155

# Examples of Agency Types

- Social Services
  - CitySquare
- Real Estate Development
  - Merced Housing Texas
- Real Estate Management
  - Foundation Communities Inc
- Lending
  - LiftFund Inc
- Planning/Organizing
  - Women Opting for More Affordable Housing Now Inc (WOMAN Inc.)

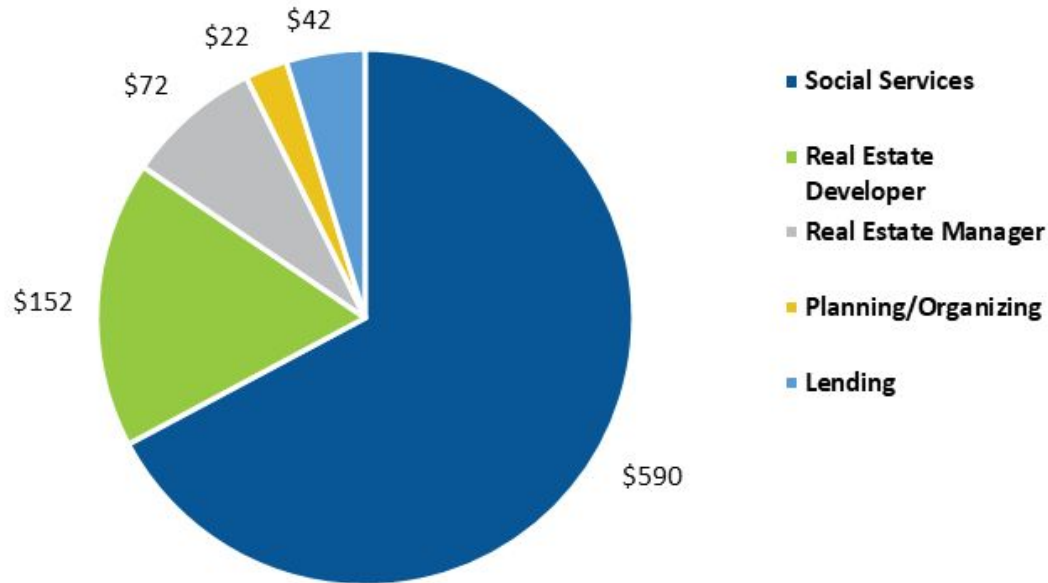
## National CED Sector Revenue by Agency Type (Dollars in Millions, 2018)



**Total = \$22.0 Billion**

*Source: Urban Institute 2018 tax data  
as augmented and analyzed by  
NACEDA ; Weighted N = 4,089*

## Texas CED Sector Revenue by Agency Type (Dollars in Millions, 2018)



**Total = \$879 Million**

*Source: Urban Institute 2018 tax data  
as augmented and analyzed by  
NACEDA ; Weighted N = 156*

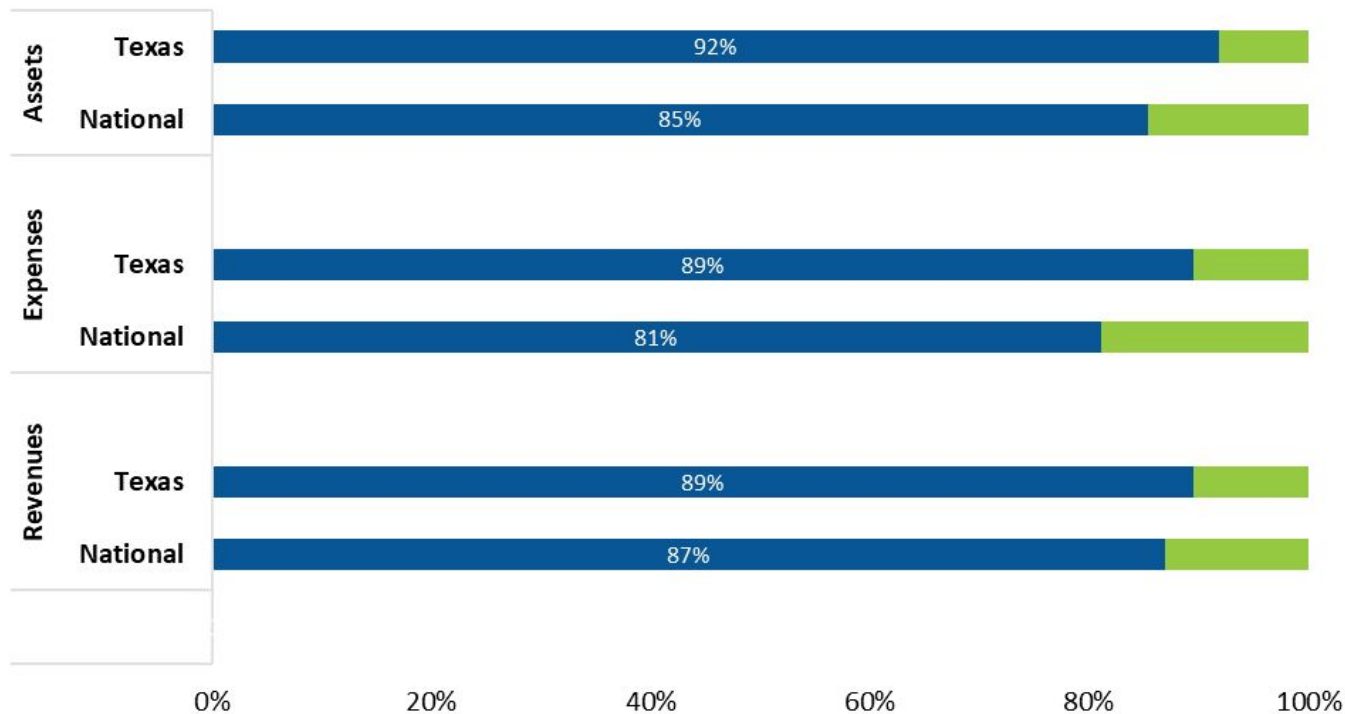
# Questions for Discussion

What are the policy and investment challenges - and opportunities - for such a diverse field of organizations that do a wide range of community-serving activities?

How would you characterize the capacity building services available to Texas organizations? Do capacity building services (training and TA) fit your needs or those of your investors?



### National and Texas Top Quartile Shares of Selected Financial Characteristics, 2018 (Percent of Total)

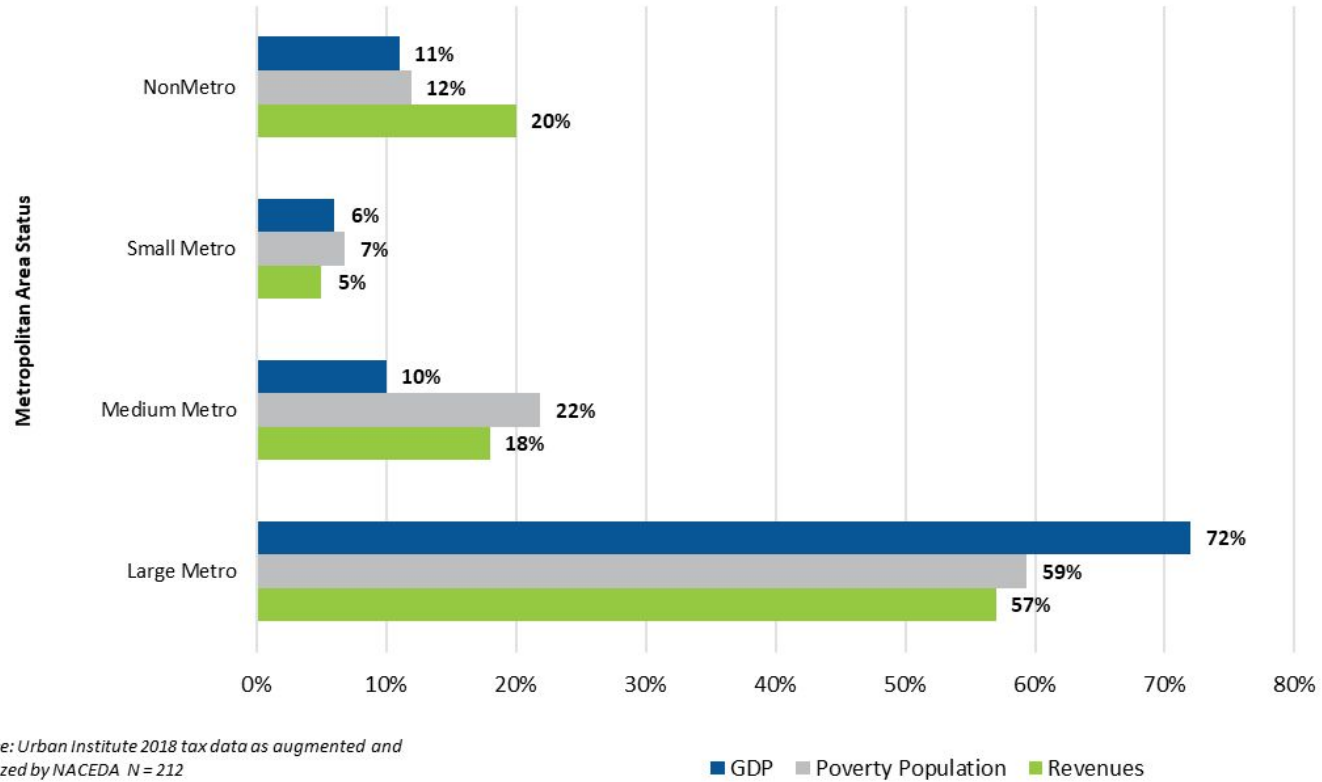


Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA ; National N = 5503; TX = 203

■ Highest Quartile

■ All Other Quartiles

### Shares of Texas CED Revenues, GDP, and Poverty Population by Metropolitan Area Status



## Questions for Discussion

Should we be concerned about the concentration of resources among the largest organizations? Should it be more less so, and if so, how?

What could be contributing to differences across Texas geographies? Is there a perception in Texas that rural serving organizations are getting their "fair share?" What efforts exist in Texas to serve communities in smaller metros?

Do financial resources available to CBDOs in Texas align with your organization's (and therefore your communities') needs? Or do they deter you from pursuing your highest priorities?

## Benchmarked Financial Health Metrics for All CBDOs, 2018

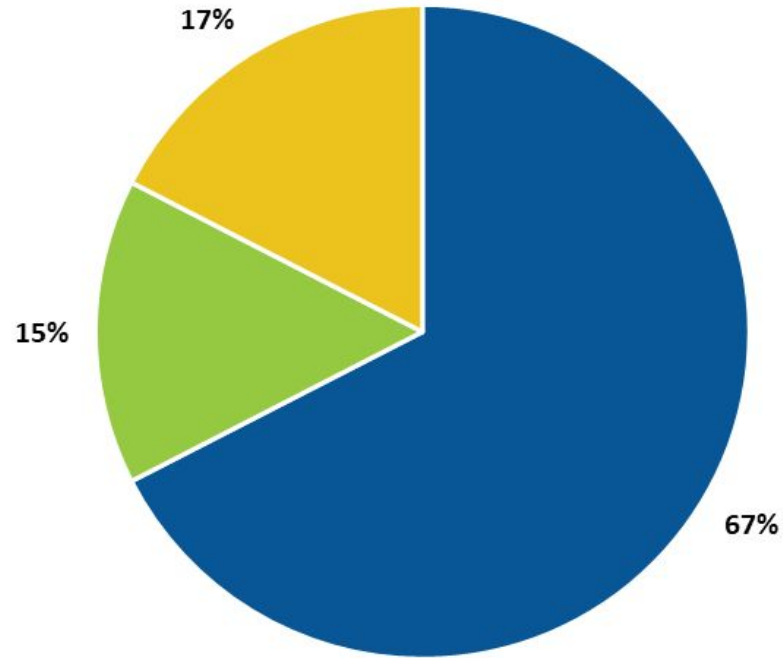
Metric	Definition	Percent of Groups Failing
Negative Net Income	Share with negative net income GT 2 percent	39%
Cash Shortage	Share with < 3 months of cash on hand	36%
Insolvency*	Liabilities > Net Assets	15%
Funding disruption*	One-year 25% drop in total revenues	12%
Finance disruption*	One-year 25% drop in total assets	9%
Current ratio	Share with short term assets/short-term liabilities < 1	9%
Program disruption*	One-year 25% drop in total expenses	7%
Summary Measure	<b>Percent Failing None or One (Healthy)</b>	64%
	<b>Percent Failing Two Only (Possible Concern)</b>	23%
	<b>Percent Failing Three or More (Watchlist)</b>	13%

\*Research shows these are predictive of closure

Source: NACEDA Calculations from Urban Institute CBDO Financial Health Database

Note: Totals may not exactly correspond to Urban report figures. Table numbers are preliminary and subject to change.

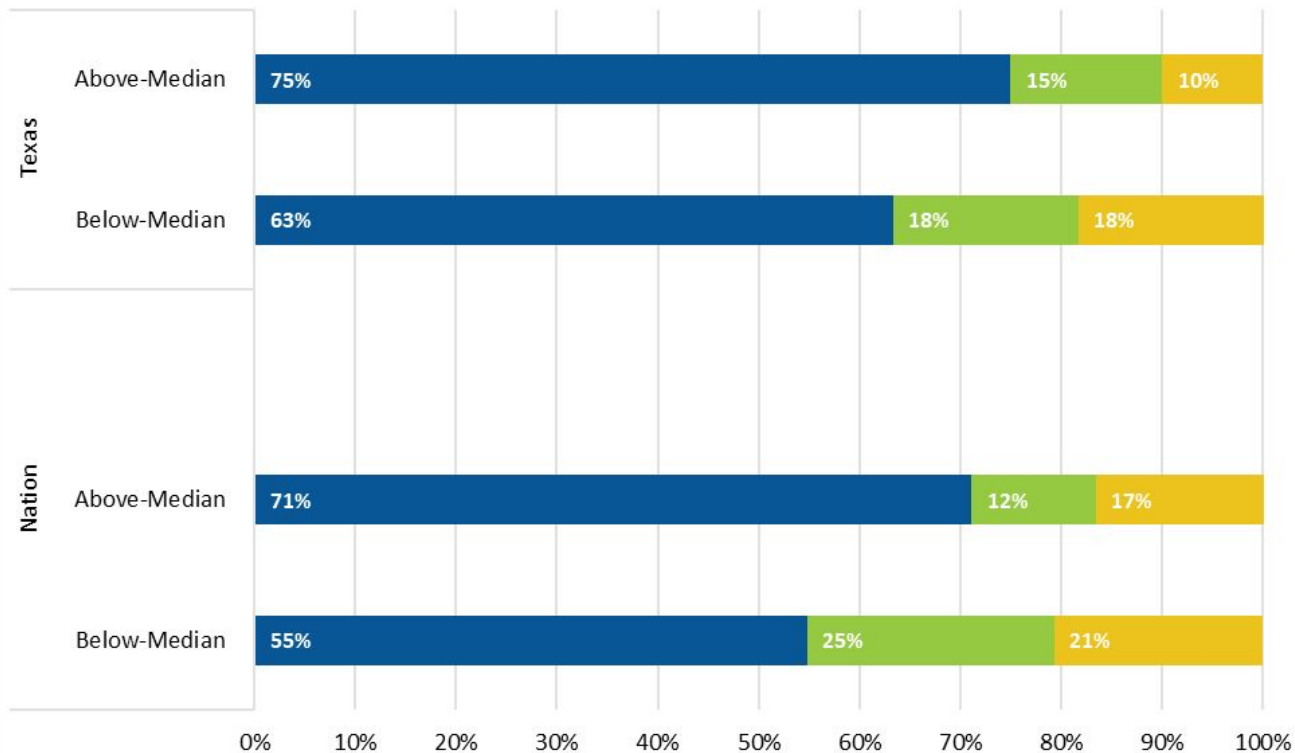
## Financial Health of Texas CED Groups, 2018



Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA; N = 212

■ Healthy ■ Possible Concern ■ Watchlist

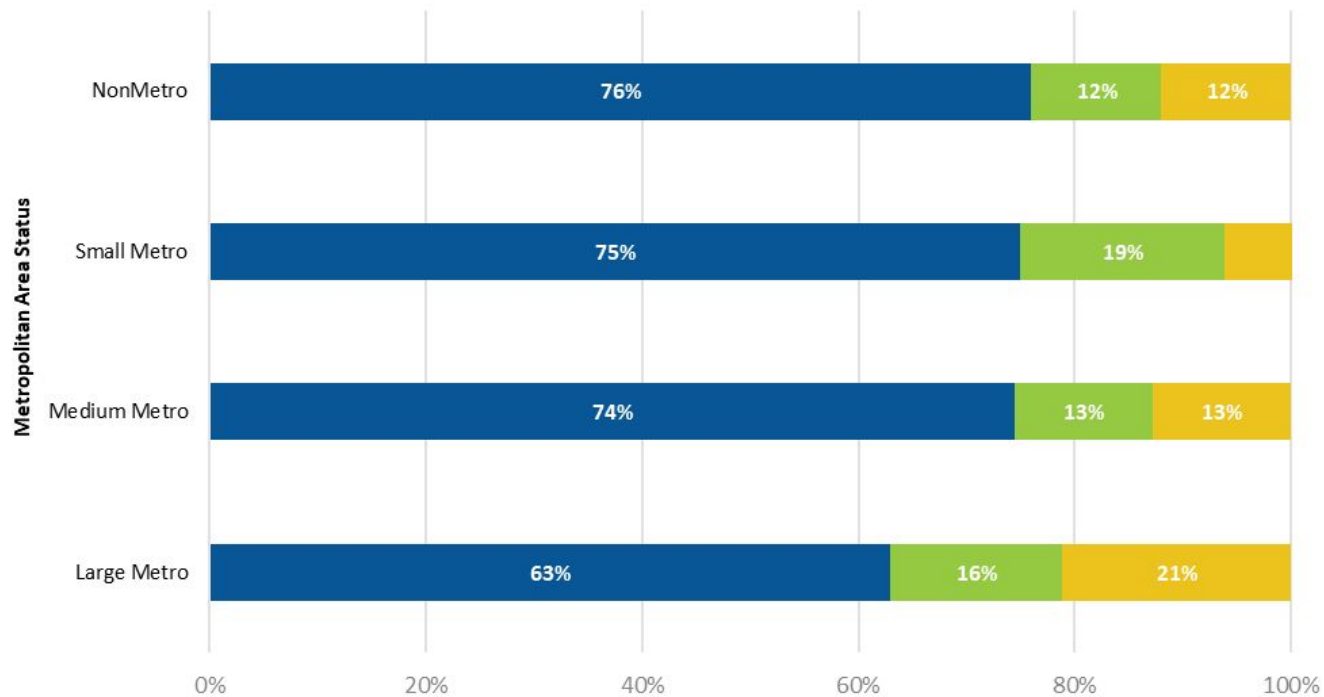
## Financial Health of National and Texas CED Groups By Above- and Below-Median Expenses



Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA; National N = 4,206, TX = 212

■ Healthy ■ Possible Concern ■ Watchlist

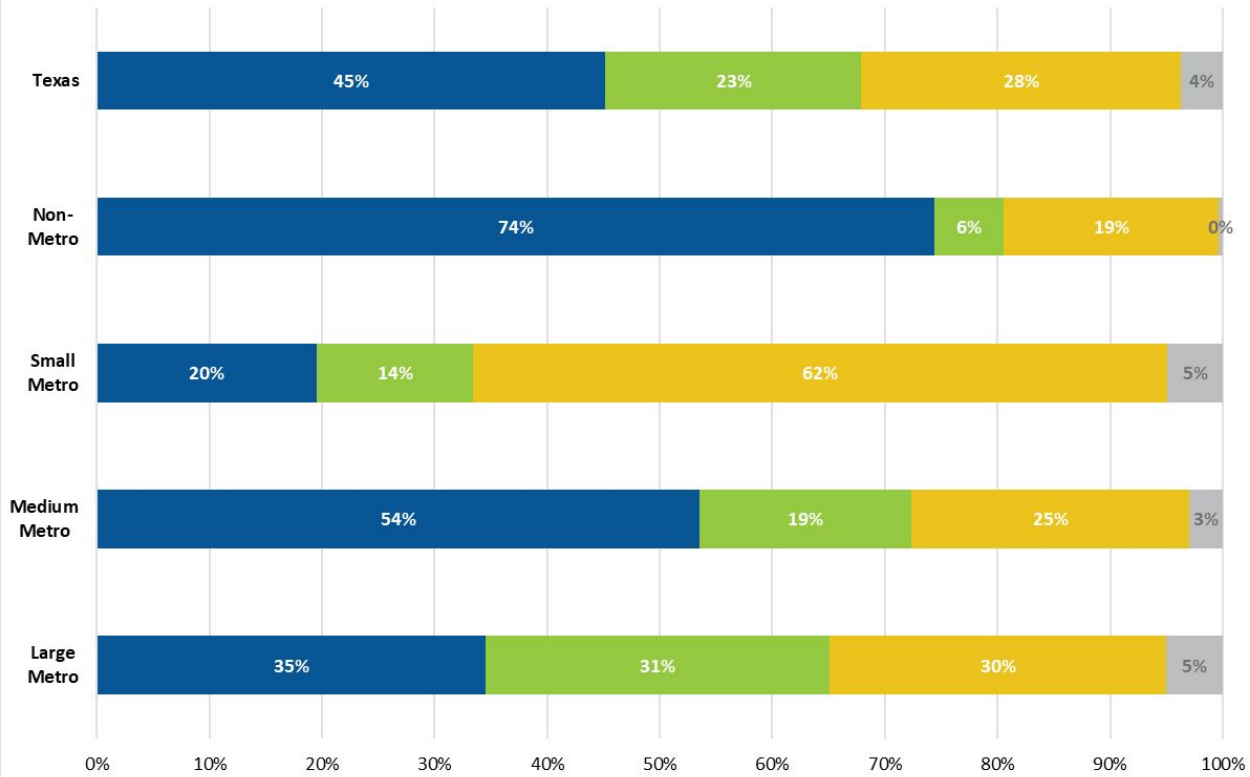
## Financial Health of Texas CED Groups by Metropolitan Area Status



Source: Urban Institute 2018 tax data as augmented  
and analyzed by NACEDA; N = 212

■ Healthy ■ Possible Concern ■ Watchlist

Sources of Revenues for Texas and Selected Counties, 2018  
(Percent of Total Revenues)



Source: Urban Institute 2018 tax data as augmented and analyzed by NACEDA; N = 212

■ Government Grants ■ Other Contributions ■ Total Program Revenue ■ Other



# Questions for Discussion

Are the indicators we have so far the right ones? Would you judge your own organization on those?

How do investors and policymakers perceive CBDO financial health? Does this information rebut or reinforce those views?

How does your organization demonstrate or communicate your financial "health?" What other ways do you talk about the value of the community economic development sector in Texas?