

Building Local Capacity in Rural People, Places and Systems

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What Is Capacity, and Why Is It Important?

With their close social bonds, cooperative spirit and civic pride, rural communities can be remarkable places to call home. They can also face significant challenges unique to rural landscapes, like geographic isolation and pockets of persistent poverty. Some rural communities struggle to regain prosperity as industries and jobs leave town. Others find themselves booming as their natural resources and recreational opportunities are discovered by the wider world. Rural communities today are discovering that vitality looks different than it used to, particularly in light of the COVID-19 pandemic and the resulting economic downturn. Local capacity is critical to their ability to address challenges successfully.

“Capacity” describes the inherent knowledge, skills and resources that enable communities to meet their immediate needs and prepare for their future needs. Building strong local capacity is deeply important in rural communities, where self-reliance is both prized and necessary. Urban areas typically have significant resources and many public, private and nonprofit sector players focused on development. The pool of such resources is much more limited in rural communities, so they need to cultivate the local ability to meet their own needs. There is often no one else to do so.

Local capacity is a key element of resiliency—the ability of people and communities to weather economic ups and downs, the effects of our changing climate and unforeseen events like disasters and public health crises. Places with high capacity are better positioned for resiliency, able to manage adverse events from a position of strength rather than inventing responses in the aftermath of a crisis.

NeighborWorks America¹ supports a Rural Initiative that includes 116 rural-focused community organizations, working at the intersection of people, places and systems to build vibrant local communities that provide equitable opportunities for people to thrive. Figure 1 shows how capacity in each of these overlapping elements helps build strong communities.

Figure 1: NeighborWorks Theory of Change for Local Communities



SOURCE: NeighborWorks America.

NeighborWorks helps these organizations build their own capacity and the capacity of their communities to undertake initiatives that are:

- locally led: guided by residents and community members through inclusive, rather than top-down, approaches;
- place-based and comprehensive: responding to the unique needs and opportunities in each local place and employing a holistic approach to revitalization that addresses different aspects of community vibrancy; and
- collaborative: building connections between sectors and helping people and organizations work together for a common purpose.

What Does Capacity Look Like in Rural Communities?

It is not difficult to conjure a vision of what a successful community looks like. As illustrated in Figure 1 above, it has a strong economy, low unemployment, plentiful housing and amenities, strong social connections and

pleasant surroundings. But what kind of local capacity do communities need to achieve that vision? They need residents who are healthy and financially stable, engaged with their community and enfranchised to make their voices heard about decisions that affect them. They need local systems—like utilities, health care and governance—that are functional and responsive to changing conditions and that feature strong cross-sector collaboration, inclusive decision-making and public policies that support vibrant communities.

They also need place-based organizations that are strong, capable and well-resourced. For most national funders and change-makers, the most direct avenue to building rural community capacity is through local non-profit organizations, such as community development corporations (CDCs) and community action agencies. High-capacity CDCs are the backbones of rural communities. They are place-based, are people-focused and, especially in rural areas, can serve to bridge gaps in local government staffing and resource capacity. Because they are often the only community-serving organization in town, rural CDCs take on many roles in a comprehensive development approach, such as housing, economic development and social services. They know the community well and can wield comparatively larger influence than comparable urban organizations can, helping to set and drive the local agenda by continually gauging the needs in their communities and innovating solutions. They are also experienced in collaborating across sectors; aggregating public, philanthropic and corporate capital for rural development initiatives; and convening stakeholders to address issues. Strong CDCs in turn build the capacity of residents and local systems.

Effective Approaches to Building Rural Capacity

There are six key strategies found throughout the NeighborWorks rural network that build local capacity for a community development approach that is locally led, place-based, comprehensive and collaborative. For each strategy, we include real-world examples from organizations in the NeighborWorks network, as well as suggest ways that government, funders and technical assistance providers can help advance capacity-building approaches in rural communities.

1. Build local organizational capacity

CDCs and other community-focused nonprofits are vital to how rural communities create resiliency. Therefore, creating capacity within CDCs themselves is particularly important for rural communities. CDCs must overcome the challenges of geographic isolation and scarce financial resources by creating sustainable business models and attracting diverse funding streams. They need access to capital for development projects and funding to support their operations in environments that are not as funder-rich as urban areas. CDCs also must be able to partner effectively across sectors to move initiatives forward and engage community members in planning and implementation. They require the knowledge and skills to execute different types of initiatives such as those related to housing, economic development, health, youth engagement and safety. Many rural community organizations are sparsely staffed and reliant on volunteers, making access to professional development and peer interaction critically important.

NeighborWorks network member Fahe² serves a network of more than 50 community-focused organizations across southern Appalachia, providing financing, technical assistance and collaboration opportunities. By increasing the capacity of its member organizations to plan initiatives, manage strong operations and access development capital, Fahe grows the capacity in its local communities. The results of this capacity are apparent in places like Millersburg, Kentucky, where Fahe member Community Ventures³ supports small-business development that is bringing visitors and vitality back to the town.

Resources to develop and strengthen local capacity:

- Operating support for rural community-based organizations.
- Increased availability and accessibility of project capital.
- Financial and technical support for organizational planning—both large-scale resiliency and business planning, and small-scale planning—to create working partnerships and develop effective, evidence-based programs.
- Training and technical assistance to expand staff knowledge on different development topics.

2. Foster robust local engagement and leadership

A small minority of decision-makers has often guided local agendas in rural communities. As in many communities, influence in rural places tends to reside with those who have wealth, privilege and connections. For truly inclusive development that serves community members, more voices need to be at the table, particularly the voices of the people who will be affected by decisions. Strong, locally rooted organizations are best equipped to lead the work of engaging residents, connecting them with decision-makers and ensuring all voices are heard.

NeighborWorks Alaska⁴ believes the recipients of its resources are best positioned to make their own spending and allocation decisions. The organization asks those it supports to identify and prioritize their own needs in a cooperative model. In keeping with that viewpoint, NeighborWorks Alaska's Youth Homelessness Demonstration Project leadership development program trains formerly homeless youth from Alaska communities to connect with currently homeless youth, advocate for their needs, and influence programming and resource allocation decisions.

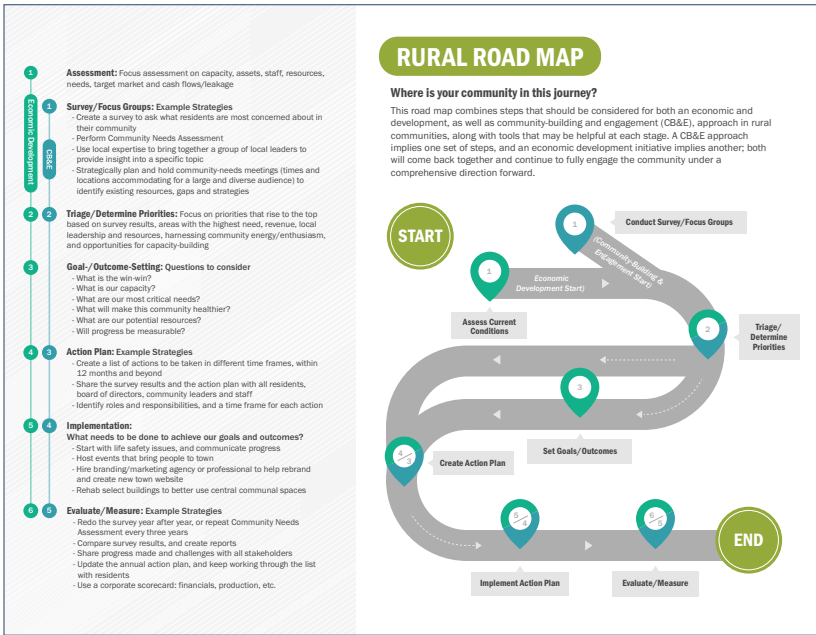
Resources to develop and strengthen local capacity:

- Support for CDCs to perform local engagement. NeighborWorks offers training to CDCs on engagement as well as resident leadership training through the Community Leadership Institute,⁵ which trains teams of resident leaders to make positive change in their communities.
- Financial support for engagement efforts. Funding for community events or surveys can yield important results, even with modest investments.
- Training and modeling for local governments in what authentic community involvement looks like. The Institute for Local Government⁶ and ICMA⁷ websites both offer tips.

3. Advance community planning

Community planning gives rural communities a strong foundation to build on, provided it is done well. Planning should be asset-based, responding to not only challenges but on what the town can build. It should be inclusive, so all residents have the chance to be involved in framing the

Figure 2: Rural Planning Road Map⁸



SOURCE: NeighborWorks America.

local context and creating future strategies. Planning must also be forward-thinking, anticipating demographic, economic and climatic shifts and identifying mitigation strategies. Finally, plans should be tailored and responsive to unique local conditions and needs. Figure 2 illustrates the steps of a robust, community-involved planning process.

Pathfinder Services⁹ worked with the city of Huntington, Indiana, on inclusive community planning to ground its new multipurpose center within a wider, community-based plan for the arts. Using surveys and listening sessions, Pathfinder’s leadership helped ensure residents’ voices and priorities were included in their arts plan, elements of which the city adopted into its overall plan.

Resources to develop and strengthen local capacity:

- Funding to undertake community planning processes and support backbone organizations to coordinate implementation.

- Assistance to identify and access resources, like the Community Heart & Soul¹⁰ planning process—a toolkit for inclusive, asset-based community planning.
- Training on how to do inclusive and equitable planning.

4. Leverage partnerships and collaboration

Rural CDCs and local governments alike are often under-resourced, lacking both adequate staffing and capital, and facing limited access to resources and opportunities in their communities. By collaborating, they can complement one another's capacity and knowledge, bringing isolated assets together across sectors and geographies. Broader geographic partnerships can leverage capacity that may be present in the region but not in a particular locality, and connect isolated local places to regional economic systems.

Hope Enterprise Corporation (HOPE)¹¹ works in five states in the Mississippi River Delta region. Through its Community Partnership model, HOPE works with small towns that lack local staff or capacity for community and economic development. By providing training and lending its technical development expertise, HOPE helps rural Delta communities tackle projects identified as high priorities, such as affordable housing, commercial development and redevelopment of cornerstone community facilities like health centers.

Resources to develop and strengthen local capacity:

- Connecting and convening scattered rural organizations and governments to form mutually beneficial partnerships.
- Access to peer networks like NeighborWorks' cohorts of organizations with similar challenges or markets that allow CDCs to learn from one another, even if they are not in proximity.
- Philanthropic and government support for collaborations, allowing partners to access more resources than they could alone and be more strategic and coordinated.

5. Promote wealth-building, financial capability and homeownership

Initiatives that build opportunities for individual and community wealth increase local capacity. These may include workforce development efforts that help people obtain and keep well-paying jobs, or financial capability and asset-building programs for families. Housing is also a critical component of financial stability. Initiatives that increase affordable housing and homeownership equip residents—and by extension their communities—to weather periods of financial hardship.

Shared equity and ownership models offer another effective way to build financial capacity. While condos and co-ops are common in urban and suburban areas, there are fewer opportunities for shared equity in rural areas. NeighborWorks Montana¹² works with people living in manufactured housing communities—in which residents typically own their homes on leased land—to convert to shared resident ownership of the land. The organization provides technical assistance to help residents form ownership groups, negotiate land purchases and manage their shared asset effectively. Such models increase financial security for owners by eliminating the threat of land sales and foster resident leadership through shared ownership structures.

Larger-scale approaches include building the ability of a rural place to support more commercial activity or a specific industry. Facing the decline of the fishing industry that had supported the town of Roseburg, Oregon, for decades, NeighborWorks Umpqua¹³ created a plan for a sustainable fisheries industry that would preserve jobs in the region. The plan included investing in local processing and incentivizing a market for less-popular fish that were plentiful in the area. The effort preserved jobs, contributed to food security by ensuring local food would end up on local plates, and made the market for the local industry's product less vulnerable to global events.

Resources to develop and strengthen local capacity:

- Financial and technical support for local and regional economic planning.
- Federal support for rural communities to expand access to broadband and technology so rural areas can meet residents' needs and attract new businesses and industries.
- Longer-term cash assistance for unemployed individuals.

- Committed funding to incentivize and maintain partnerships among community-based organizations, financial institutions and service providers for financial capability programs.
- Small-business working capital, and business planning and development resources that help build the individual financial capacity for entrepreneurs and strengthen Main Streets.
- Capital for cooperative financing of resident ownership groups.
- Technical guidance to help prospective resident purchasers navigate the purchase process and set up necessary governance structures.
- Knowledge-building resources like guides from Prosperity Now,¹⁴ with advice for residents and policymakers.

6. Strengthen community and individual resiliency

Resiliency to natural disasters, health crises and the effects of climate change is an important component of rural community capacity. Capacity plays the dual role of making lives better in the present while also anticipating and moving to mitigate future challenges. This includes strengthening homes and buildings to withstand the effects of wind and water in hurricane-prone places, and planning for potential scarcity of resources in areas affected by drought. It also includes making land use decisions that account for potential disaster and climate impacts, and ensuring local infrastructure has adequate capacity to meet demand.

Centro Campesino¹⁵ in Florida City, Florida, assists families with home weatherization, rehabilitation and repair, particularly in the wake of recent devastating hurricane seasons. Their Wind Mitigation Retrofit Program makes homes better able to withstand the impacts of hurricanes, limiting destruction in the community and reducing the level of needed repairs following storms.

The nonprofit cdc | come dream. come build.,¹⁶ in Brownsville, Texas, teamed with other nonprofits to develop a local disaster response system centered around housing in hurricane-impacted *colonias*, which are unincorporated settlements along the Texas-Mexico border. The partnership developed a simple but high-quality model home that could be easily produced to rapidly rehouse families affected by disaster. The new homes

are healthier and more disaster-resilient than the dwellings they are replacing. Because they appreciate in value, they also provide a wealth-building opportunity to the families. With its partners, cdeb is training local activists to advocate for their communities. These new leaders have already helped bring needed infrastructure, such as streetlights and better sewage systems, to the underserved *colonias*.

Resources to develop and strengthen local capacity:

- Financial resources and technical assistance for resilience planning and capital for mitigation measures. Funders and assistance providers can support these measures now, rather than waiting until after disaster strikes. The more prepared a community is, the faster recovery can proceed.
- Toolkits explaining how to prepare for disasters and approach recovery afterward, such as the U.S. Department of Housing and Urban Development (HUD) toolkits on disaster recovery¹⁷ and community resilience,¹⁸ and the Federal Emergency Management Agency (FEMA) National Disaster Recovery Framework¹⁹ and National Mitigation Framework.²⁰

Looking Ahead

The future of rural communities looks different than it did before the COVID-19 pandemic. The long-standing challenges of building resiliency—including reduced budgets, climate change impacts, infrastructure gaps, social divisions and the complexities of cross-sector collaboration—have grown more acute since 2020. Opportunities, on the other hand, are new in many sectors. The pandemic and resulting economic fallout require rural communities to develop a new degree of ingenuity and creativity to address their challenges.

Rural communities can meet these challenges as they have done for generations: with locally driven, comprehensive and collaborative solutions. Such solutions are possible when residents and organizational leaders are equipped to work together toward the common goals and priorities envisioned in their communities.

To help them do so, NeighborWorks remains focused on building resident and local leadership, supporting programs to comprehensively transform places and fostering collaboration and connections. The rural

development sector must continue to elevate these strategies. Federal agencies, philanthropic partners and technical assistance providers must cultivate a deeper understanding of the unique assets and needs of rural places, and coordinate with the local entities serving their communities. Strong and sustained focus on building local capacity will help rural places realize their potential to provide prosperity and resiliency for all.

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Endnotes

- ¹ See NeighborWorks America (website).
- ² See Fahe.
- ³ See Community Ventures.
- ⁴ See NeighborWorks Alaska.
- ⁵ See NeighborWorks America, “Community Leadership Institute.”
- ⁶ See Institute for Local Government.
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