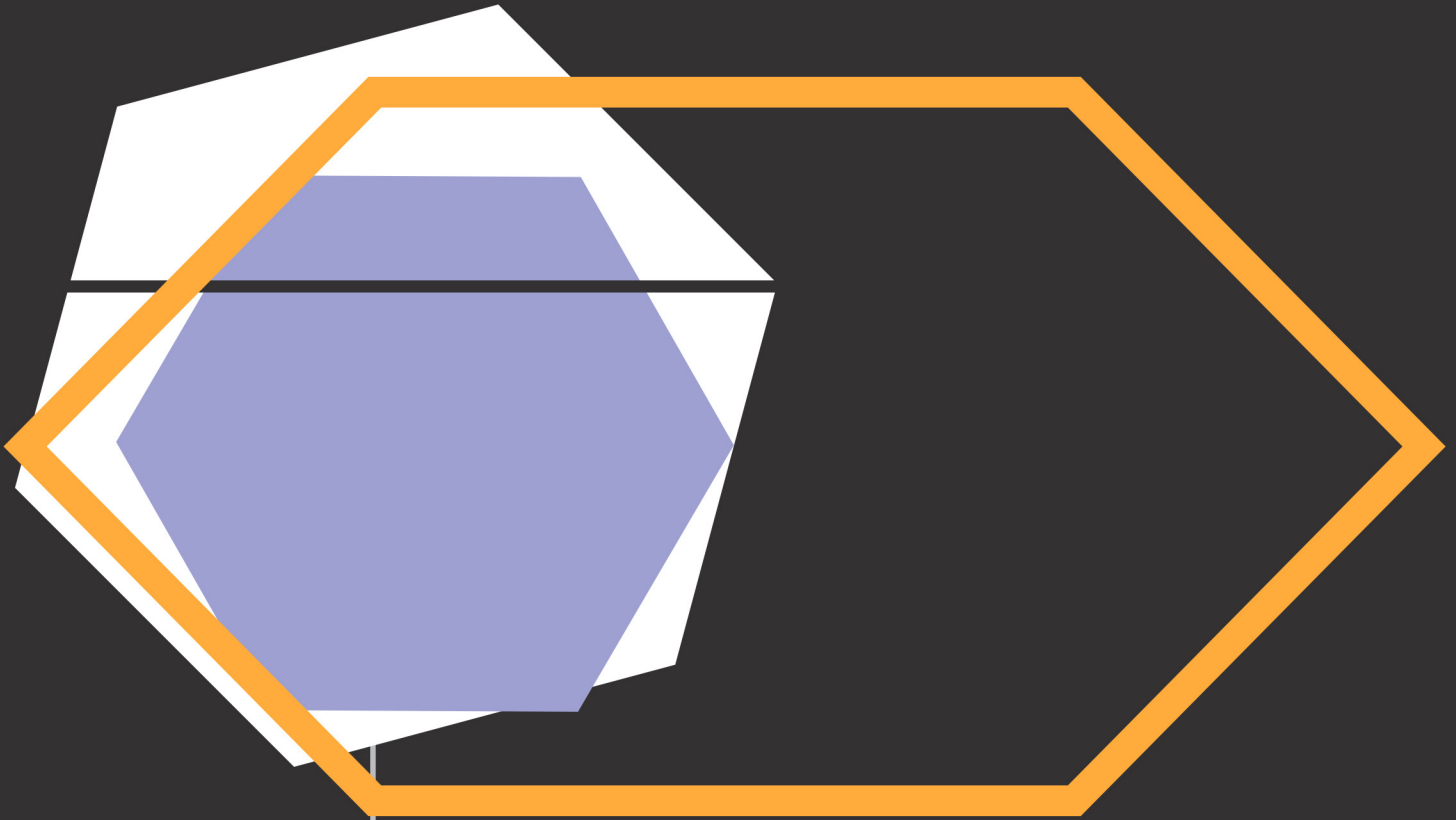


# EYE ON THE PRIZE



## Moving Toward Anti-Racist Community Development Funding

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OF THIS RESOURCE TO  
SAVE TIME OR FOR EASIER  
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**“We actively destroyed wealth accumulation, be it through broken treaties or ‘slum clearance’ or ‘urban renewal’ or a coordinated attack on Black Wall Street. Community development has ramped up its capacity to bring back some of that destroyed wealth, but earned income potential can distort sector decision-making; benefits can accrue to inadvertent (or purposeful) gentrifiers; and predatory lenders, developers and retailers charge those poverty taxes and accrue the profit.”**

## **- THE PEOPLE’S PRACTICE, ISSUE 02, INTRODUCTION**

Community development funding plays a big role in the sector. The long-time withholding of investment in communities of color and communities with lower incomes in the United States played a fundamental role in the formalization of community development in the first place. Sixty years later, those disparities between investments in affluent places and poorer places remain. What ends up getting funded in the sector serves as a reflection of our values. So does what routinely *lacks* financial support ... and that might be especially true of important activities that don’t have obvious earned income potential, like organizing and community planning.

Of course, when the overall funding pie is small, it puts an extraordinary burden on practitioners, government officials and funders figuring out how to slice it. Over the past 20 years, we’ve seen some success in expanding funding within communities of color, as well as funding targeted explicitly to supporting racial equity and justice efforts. Still, that investment remains relatively limited, shorter term and highly uneven geographically. That kind of difficult environment can mean that, at a grassroots level, smaller but still critical projects are woefully under-resourced, and less precise resourcing in communities of color can exacerbate harms like gentrification and displacement.

Against that backdrop, it’s probably not surprising that our anti-racist community development literature review and interviews revealed a *lot* of recommendations about how to move community development funding in more equitable directions. We heard about what to fund – things like affordable housing, collective wealth-building, neighborhood-level green investments and public banks. We heard about who to fund, with an emphasis on prioritizing nonprofits and businesses led by people of color. We heard about where to fund, with increased resourcing of communities of color broadly and communities that were harmed by redlining and urban renewal specifically. And we heard about how to fund – making more patient and flexible capital available; considering sector costs of proposal and report requirements; offering support over longer grant periods; and increasing use of community impact assessments in funding decisions.

The truth is, no one single change in what, who, where or how we fund is going to be transformative; it’s a combination of efforts at different levels and with different focuses that will start to make a difference. We *all* have roles to play in shifting to equitable community development funding – not just those of us who work in philanthropy or banking or government but *all* of us.

In this resource, we’re narrowing our focus to five funding practices that our stakeholder interviews and literature review highlighted as particularly promising, before offering prompts for applying learnings to your own work. These practices stand out for a number of reasons. They can be applied in a lot of different contexts – whether you’re managing a portfolio at a Community Development Financial Institution or deciding how you should budget for an upcoming homeownership workshop. They consider a range of different elements of funding decisions – not just what gets funded but also the who, how and where of those investments. And in each, there are concrete examples of folks actively trying to shift from status quo funding to new approaches, even if they have limited time and limited money at their disposal.

# five PROMISING PRACTICES

## PROMISING PRACTICE 1: INTERROGATE FUNDING BIASES THAT NEGATIVELY IMPACT COMMUNITIES OF COLOR.

There's a long history of public and private dollars flowing into more affluent communities and being withheld almost entirely from communities with lower incomes, especially from communities of color. While there may have been some movement to address that circumstance since 2020, the disparity remains pronounced. It might be tempting to critique private grantmakers, but the truth is we're all susceptible to biased decision-making – whether public funders in rural communities, or impact investors, or community development organizations deploying scarce resources. Even funders that actively invest in communities of color are susceptible to bias – in general “risk aversion”; in “movement capture” that shifts agendas away from community intent; and in labor-intensive application processes.

There's no quick fix for interrogating our roles in perpetuating funding inequities. We're all swimming in these waters, and this work requires concerted effort over long timeframes. Still, there are some clear steps we can take to start that process. We can commit to interrogating funding biases individually and within our own organizations – investing in reflection and auditing of our own approaches and then using that learning to test new approaches to deploying resources – from who makes funding decisions to the processes by which decisions get made. That kind of work inside organizations can start to shift how we engage and who we engage with, such as by moving financial resources closer to the ground (with more deliberate attention to local context and priorities) or by assessing intermediaries' commitments and competencies related to equity as critical grant criteria. Once we've done some work within our organizations, there's further opportunity to think about the roles we can play in shifting *external* funding practice. That could involve coordinating with other organizations to develop a joint equitable community development funding strategy or exploring more active partnership with community members through vehicles like participatory grantmaking.

## PROMISING PRACTICE 2: PILOT AND SCALE FINANCIAL MECHANISMS FOR BUILDING WEALTH WITHIN COMMUNITIES OF COLOR.

Addressing biases in when and how funding lands in communities of color would do a lot to address inequities in community development, but it's only one part of the equation. Our interviews and literature review also revealed a strong emphasis on developing infrastructure to support building wealth *within* communities of color. Communities of color have a long legacy of community wealth-building work, from mutual aid to land cooperatives, but additional sector emphasis – and funding support – could bring this work to new levels of impact and sustainability. If you're interested, we do a deeper dive on the concept of community wealth-building – and promising practices for advancing it – in a separate resource available [here](#).

Even at a high level, though, it's important to understand community wealth-building interventions can take a lot of different forms. They might seek to expand community ownership of housing or commercial space. They could work to ensure a diverse, local developer pipeline benefits directly from community investment. They could create and sustain lots of different kinds of vehicles for community investment to support anything from entrepreneurs to real estate. Regardless of the approach, these kinds of efforts can benefit from attention to both real-time and longer-term financial needs of residents of color; specific mechanisms for circulating funding within communities; and policymaking that allows for greater recognition of these kinds of financial vehicles and greater ease in attracting capital. Work also can benefit from concerted efforts to ensure resident guidance and governance – including defining what kind of wealth residents are seeking and what solutions they're pursuing to obtain it. Given the range of approaches and the range of financial supports needed, community wealth-building can also benefit from learning and technical assistance infrastructure, such as around employee ownership and market opportunities or around specific dynamics of community wealth-building in rural and tribal communities.

### PROMISING PRACTICE 3: ADDRESS CAPITAL ACCESS BARRIERS FACING PRACTITIONERS OF COLOR AND COMMUNITIES OF COLOR.

Direct investment inside communities of color can chip away at long-time financial disparities. So, too, can focusing time and financial resources toward addressing inequities *outside* of communities – including addressing the structural barriers to capital that communities of color and practitioners of color routinely face. Over time, this kind of focus on root causes of under-resourcing can help diversify funding streams and position communities of color to be less reliant on competitive (and episodic) public and private grantmaking. It can also help us identify things that we know are critical to racial equity work – like unpacking dominant narratives or policy frameworks – but might not be regularly considered within the world of finance.

Perhaps not surprisingly, structural barriers to capital are wide-ranging, so depending on what kind of community development work we do and how much financial capital we have access to, we might ultimately want to focus on any number of different interventions. We could secure new, consistent revenue streams for equitable development work, such as through the taxation of short-term lodging. We could create new mechanisms to ensure municipal bond funds are invested in equitable ways and address racial disparities in the municipal bond market itself. We could bring more capital – whether individual savings or organization revenue or philanthropic and government capital – into Black-owned banks, Minority Depository Institutions and Community Development Financial Institutions, especially those that can demonstrate a track record of equitable financing practices and outcomes. And we could pair these kinds of investments with technical assistance and learning supports that extend understanding of financial systems – *and that* expand cultural competency within financial institutions.

### PROMISING PRACTICE 4: MAKE TARGETED INVESTMENTS IN REESTABLISHING ORGANIZING AND ADVOCACY AS CORE COMPONENTS OF COMMUNITY DEVELOPMENT.

In our own Storied Communities, Community Stories research, we profiled how residents in four communities across the United States were interested in collaborating in much deeper ways with community development organizations ... and that they hoped to see those organizations move more into addressing systemic issues through organizing and advocacy. They expressed that not doing so prevented organizations from being able to address root causes of place-based challenges, and as others have noted, without inputs from a broader coalition, organizations' programming can end up too narrow and rigid. Organizing and advocacy has landed some clear wins, but it's chronically underfunded. Despite that clear challenge, there's still been an uptick in grassroots organizing around issues that community development focuses a lot of effort on, like housing affordability. Unfortunately, a lot of that organizing effort is happening outside of the formalized community development sector in places like tenant unions and policy organizations.

The good news is that there are lots of ways for community development funding to support all that grassroots energy. Community development organizations can develop partnerships and share resources with other kinds of organizations engaged in advocacy and organizing. Funding can directly support these kinds of efforts, including through resourcing of residents' advocacy work. The sector can explore new avenues for deepening community organizing supports, such as through dedicated government funding or resident ambassador programs. Where organizing funding *does* exist, we can ensure that both grantees and funders have easy access to political education and advocacy training. And we can actively collaborate with organizers that have important lived experience around the issues we're addressing, such as following the lead of organizers living with disabilities working to advance housing justice.

## PROMISING PRACTICE 5: REPOSITION COMMUNITY DEVELOPMENT FUNDING TO BETTER SUPPORT RESIDENT LEADERSHIP.

Structural barriers to funding hit communities of color and practitioners of color hard, perhaps especially hard for work that doesn't have obvious, immediate income potential like organizing and advocacy. These barriers, however, are even more pronounced for funding of resident-led efforts – especially residents of color or residents who are otherwise typically marginalized from decision-making. Over the past few decades, a lot of work has been done to demonstrate the effectiveness of grassroots community development practice. Nonetheless, we're still in an environment where we're routinely required to make the basic case that, when it comes to community development funding, community representation both matters and is beneficial for outcomes.

That doesn't have to be the case. We can commit to making funding decision-making far more transparent, visible and accessible to residents. We can target our investments to ensure that the people who are most impacted by the issue are also the most engaged in decision-making around that issue, whether LGBTQ community members of color in the aftermath of the Pulse Nightclub shooting or tenants concerned about the buildings they currently call home. We can invest in grassroots organizations that provide financial support to resident leaders, fund resident leaders' projects directly and provide that support over longer timeframes. Beyond grant support, we can address other barriers to resident leadership, from supporting immigrants seeking citizenship, to offsetting travel expenses for attending professional development opportunities, to providing residents with specific learning supports around racially equitable development. And we can shift how we steward resources by giving residents direct influence over how investments are made in their communities, whether by engaging them substantively in funding program design or ensuring that they have explicit roles in funding decision-making.

also IN SIGHT

**Above, we outlined potentially promising practices with some relevant examples of how people are bringing them to life. The truth, though, is that there's no single way to implement those approaches.**

**Rather than standardize one type of action or program or intervention, the community development sector has a unique opportunity to borrow from practices employed elsewhere and refine and test them for the geographic, political and cultural contexts in the communities where they work – guided by the priorities and recommended solutions of those communities.**

**On the next page, we capture more examples of individuals, organizations and coalitions around the United States who are working to advance these promising practices.**

**PRACTICE 1:  
INTERROGATE FUNDING  
BIASES THAT NEGATIVELY  
IMPACT COMMUNITIES OF  
COLOR.**

Building the Engine of  
Community Development in  
Detroit

Executives' Alliance for Boys and  
Men of Color and  
Perception Institute

Federal Reserve Bank of  
St. Louis

Native Americans in  
Philanthropy and Candid

Nonprofit AF

**PRACTICE 2:  
PILOT AND SCALE FINANCIAL  
MECHANISMS FOR  
BUILDING WEALTH WITHIN  
COMMUNITIES OF COLOR.**

Appalachia Funders Network  
and the Central Appalachia  
Network

Boston Ujima Project

Hope Nation LLC, Thunder  
Valley CDC and The Democracy  
Collaborative

Minnesota Department of  
Employment and Economic  
Development

Prosper Portland

**PRACTICE 3:  
ADDRESS CAPITAL  
ACCESS BARRIERS FACING  
PRACTITIONERS OF COLOR AND  
COMMUNITIES OF COLOR.**

African American Alliance of  
CDFI CEOs

Community Developers  
Roundtable

Native Finance Development  
Corporation

Public Finance Initiative

Zebras Unite and the Inclusive  
Capital Collective

**PRACTICE 4:  
MAKE TARGETED INVESTMENTS  
IN ORGANIZING AND ADVOCACY  
AS CORE COMPONENTS OF  
COMMUNITY DEVELOPMENT.**

Colorado Health Foundation

Pittsburgh Housing Justice Table

Right to the City Alliance

Tides Foundation

Transforming Power Fund

**PRACTICE 5:  
REPOSITION COMMUNITY  
DEVELOPMENT FUNDING  
TO BETTER SUPPORT  
RESIDENT LEADERSHIP.**

Center for Community Progress

LISC New Jersey

NeighborWorks America

Richmond LAND

Woodlawn Foundation

# an INITIAL TAKE

Thinking through funding of equitable community development can get really complicated. What should we fund? Who should we fund? Where should we fund? How should we fund? These are big questions, and in order to be responsive to different community contexts and priorities, there's never going to be one quick, easy set of answers. Across the community development sector, there are very different levels of access to financial resources, so what we can even deploy is going to look very different from organization to organization – or even from practitioner to practitioner. In the following pages, we're going to focus on how to take those concepts and put them into concrete action into the context of our own work. This kind of action planning can be done independently, within an organization or in broader coalitions and communities. You can also use the prompts to get your thoughts together either on your own or in a small group and then use that to launch dialogue in a bigger group. Before we turn to the specifics, though, it can be helpful to start by just gathering your highest-level reflections.

**How are you *feeling* after reviewing the content (e.g. excited, angry, sad, overwhelmed, etc.)? Does the way you're feeling about the content suggest anything about how you might want to approach this work moving forward?**

**Based on what you've read, where do you think your work has been strongest in terms of contributing to equitable community development funding?**

**Based on what you've read, where do you think you could stretch your work to be even more impactful?**

# getting GRANULAR

In this section, we want to take a look at each of the promising practices we outlined above to consider how they might fit in our work, the degree to which we're investing in them today and what that might mean for our work in the future. To start, rate how strongly you agree or disagree with each of the statements. If you're working in a group, you may want to start by taking a little time completing ratings individually and then comparing your assessments. After you've finished rating the statements, consider each of the follow-up questions.

STRONGLY DISAGREE	DISAGREE	NOT SURE OR DOESN'T APPLY	AGREE	STRONGLY AGREE
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**Interrogating funding biases** that negatively impact communities of color is **relevant and important** to the community I serve.

Within my work, **interrogating funding biases** that negatively impact communities of color is receiving the **time, attention and resources** that it needs.

Piloting and scaling **financial mechanisms for building wealth** in communities of color is **relevant and important** to the community I serve.

Within my work, piloting and scaling **financial mechanisms for building wealth** in communities of color is receiving the **time, attention and resources** that it needs.

**Addressing capital access barriers** facing practitioners of color and communities of color is **relevant and important** to the community I serve.

	STRONGLY DISAGREE	DISAGREE	NOT SURE OR DOESN'T APPLY	AGREE	STRONGLY AGREE
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Within my work, **addressing capital access barriers** facing practitioners of color and communities of color is receiving the **time, attention and resources** that it needs.

Making **targeted investments in organizing and advocacy** as core components of community development is **relevant and important** to the community I serve.

Within my work, making **targeted investments in organizing and advocacy** as core components of community development is receiving the **time, attention and resources** that it needs.

Repositioning community development **funding to better support resident leadership** is **relevant and important** to the community I serve.

Within my work, repositioning community development **funding to better support resident leadership** is receiving the **time, attention and resources** that it needs.

**Note the practices above that you generally felt were more relevant, important *and* resourced. These are places where your work might already be taking funding equity into account. What are some next steps you could take to deepen the impact of those practices and/or build from them to address other community priorities?**

**Note the practices that you generally felt were more relevant and important but *not* receiving sufficient attention or resources. Are there specific barriers that are preventing that work from being taken up? Are there ways that you could begin to address them? If you're not in a position to address them, are there ways that you could influence the decision-making of people who could?**

**Now let's consider any practices you generally felt were getting more attention and resources but were *not* necessarily relevant and important to the communities you serve. Are there ways to change approaches to make them more relevant and important? If not, what are the reasons that keep you (or potentially those you work with most frequently) from letting go of that work?**

# across SCALES of INVESTMENT

Communities of color and communities with low incomes have been systematically starved of investment. That's led to a truly dire situation nationwide. The Urban Institute estimates that “between \$500 million and \$1 billion over the course of 20 or more years will be needed to create sustainable change in each underserved community. This investment would be comparable with the Marshall Plan that provided US aid for economic redevelopment in Western Europe following World War II.” The overwhelming scale of that investment can sometimes make it feel like we can't really shift equitable development ourselves, unless we have access to massive resources – which the vast majority of community development practitioners don't. The truth, though, is that while we need community development funding to ultimately shift in large-scale, systematic ways, even modest changes in how we deploy resources can have big impacts. In this section, we want to consider one example – how we support resident leadership, what additional investment can accomplish ... and what it can't.

**If you had access to \$1,000 today, what are some ways you might be able to use that money to support resident leadership in community development work? What do you think would be the most immediate impact of that investment?**

**If you had access to \$10,000 today, what are some ways you might be able to use that money to support resident leadership in community development work? What do you think would be the most immediate impact of that investment?**

**If you had access to \$100,000 today, what are some ways you might be able to use that money to support resident leadership in community development work? What do you think would be the most immediate impact of that investment?**

**If you had access to \$1,000,000 today, what are some ways you might be able to use that money to support resident leadership in community development work? What do you think would be the most immediate impact of that investment?**

**Even with \$1 million in investment, what might *still get in the way* of equitable resident leadership in community development work? Are there ways you could start to address those barriers in other ways, including non-financially? What do you think would need to change in the larger community development sector to address these barriers?**

# addressing the BIGGER SYSTEM

We can control a lot in our own work to start to shift resources in more equitable ways, but there are also larger shifts that we may need to see in the community development sector. In this section, we want to take a look at what exactly we see as the biggest changes that we want to see in community development funding ... and our roles in informing and influencing that change.

**From your perspective, what are the most important changes that need to happen in terms of *what* community development funding supports? What would those changes accomplish?**

**From your perspective, what are the most important changes that need to happen in terms of *who* community development funding supports? What would those changes accomplish?**

**From your perspective, what are the most important changes that need to happen in terms of *where* community development funding supports are targeted? What would those changes accomplish?**

**From your perspective, what are the most important changes that need to happen in terms of *how* community development funding is distributed? What would those changes accomplish?**

**Are there ways that you could start to influence and inform community development funding at a local, state and/or national level? Based on your answers above, what specific actions could you take related to the *what, who, where* and *how* of community development funding? Are there people or organizations you could partner with on those efforts?**

In the promising practices above, we pointed to lots of different ways that folks are shifting funding to better support equitable community development. Those kinds of practices might look different depending on our access to financial resources and the context of the communities we work in, but they can still inform how we might approach our own work. Changing how funding flows isn't something we can do by ourselves or do right away, but now that we've pushed our understanding forward a bit, we're at least ready to put an initial plan into action.

**Based on everything you've captured above, what are your biggest aspirations for what shifting community development funding could look like for the community you serve? How do you see your long-term contribution to that vision?**

**On the way to that bigger vision, what shifts could you make in your work within the next year to create some positive momentum? Are there specific ways that you can collaborate with others to keep that momentum going?**

**Based on what you've captured above, what do you think are the biggest challenges or threats those efforts could face over the next year? Are there ways you could minimize or disrupt those obstacles? Are there people or organizations you can collaborate with to address those challenges or threats?**

# The People's Practice

We hope you've found something promising in these practices!

Feeling inspired to keep going deep on anti-racist community development?

Visit us at [www.thepeoplespractice.org](http://www.thepeoplespractice.org) for additional op-eds, Q+As, research, resources and more!

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