



THE SHORTEST
DISTANCE BETWEEN TWO
POINTS IS
UNDER CONSTRUCTION

Between Public *and* Private Action:
*Neighborhood Organizations and
Local Governance*

by Robert J. Chaskin and David Micah Greenberg

Far from simply being entities that step in when government cannot or will not provide services or where a crisis of trust turns consumers away from the private market, nonprofits have a larger, more central role to take in public decision making and governance.

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RECENT DECADES HAVE WITNESSED SHIFTS IN the relationship between government and nonstate actors—including nonprofit organizations and private firms—and how they shape the process of governing. Recently, there has been a particular emphasis on public–private partnerships, coproduction arrangements, and networked governance structures.¹ In the context of cities, this orientation is part of a broader reconsideration of how we think about urban governance—the particular set of arrangements between formal mechanisms of the state (local government) and some array of nongovernmental (private) interests and actors.² In this context, nonprofits are often called upon to represent neighborhoods in the governance of cities. This provides both opportunities and risks for communities, which may or may not see their interests well represented.

Nonprofits are often seen to respond to government or market failure—to step in where government either cannot or will not provide needed goods and services, or where a crisis of confidence or trust drives consumers away from private market providers to nonprofits.³

Nonprofits are also often seen as outside advocates, putting pressure on state actors or providing input into agenda-setting and policy-framing processes.⁴ However, nonprofits are also increasingly engaged as participants in forms of collaborative governance, contributing to policy implementation through contracting relationships but also, in some cases, to policy-making—for example, through consultation arrangements, government–nonprofit liaisons, and formal membership on decision-making bodies.⁵ Cooperative arrangements that include such actors may be informal and fluid, as in the kinds of governing regimes described by Clarence Stone, or embedded in formal coalitions, like those represented by “governing nonprofits” that take on some

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At the neighborhood level, voluntary associations and nonprofit organizations have also been central to efforts to promote local governance and “neighborhood democracy.”⁷ By spearheading processes of deliberation, provision, and collective action, local organizations contribute to the capacity of neighborhoods to operate to some extent as “polities” in their own right, taking on executive functions that are sometimes acknowledged by, sometimes separate from, the workings of formal government but operating without the coercive authority of the state.⁸ Government may intentionally develop relationships with such organizations as a way to facilitate communication, inform action, outsource provision, or manage expectations. And government may *create* such mechanisms to act as local arms of municipal government, take on specialized functions at the neighborhood level, or serve as an intermediary between the neighborhood and the government or corporate actors such as developers.⁹

Indeed, some recent scholarship argues that such organizations may go beyond their provisional and advocacy functions to play a much more central role in actually governing by contributing directly to public decision making and action as part of the governing process. To some, these arrangements represent an “opening of the political opportunity structure,”¹⁰ providing organizations direct access to and influence in shaping policy agendas and responses. To others, they provide more symbolic than actual forms of power sharing, present the possibility of cooptation, or constrain nonprofits from engaging in contentious advocacy in the context of resource dependency.¹¹ To yet others, nonprofits may be able to effectively balance these tendencies, engaging in embedded public decision-making processes with formal government while retaining the flexibility and capacity to mobilize constituencies and advocate on their behalf outside of such processes.¹²

Building on these debates, this article examines how neighborhood nonprofits may

contribute to local governance, beyond contracting arrangements or outside advocacy. Our argument is threefold. First, we make the case that many community organizations engage in governing processes in both direct and indirect ways, but that they often function at the interstices of public and private action. Our findings suggest that many nonprofits, and community organizations in particular, operate in a kind of liminal space in which opportunities to engage more directly in governance arise and recede, and where they may move along a continuum between more and less direct engagement in governance processes as these interstitial spaces open or contract.

The second component of our argument is that the interstitial space in which nonprofits may move to fill more direct governance roles is formed by absences or gaps in state policy—either because formal, neighborhood-based governance institutions do not exist, or because local action has carved out a zone of control that remains somewhat segmented from more centralized policy and governance institutions.

The third component of our argument is that even in this “in-between” space where nonprofits have gained a degree of independence and direct influence, conflict sometimes occurs among community organizations, and between them and the state, around the boundaries of control in ways that may constrain action on the part of neighborhood groups or, in some cases, create new opportunities to direct resources to low-income neighborhoods.

The New Communities Program

The New Communities Program (NCP) is a comprehensive community initiative funded by the John D. and Catherine T. MacArthur Foundation and led by the community development intermediary LISC Chicago. The initiative seeks to revitalize urban neighborhoods in Chicago by building the capacity of local organizations and interorganizational networks to plan for and implement community change strategies, both through their own productive capacities (such as through the implementation of a broad range of projects and investments) and by leveraging the

actions and investments of actors and institutions beyond the neighborhood. Community-change goals are wide-ranging across sites, and seeking to attain them has included a broad range of activities focused on housing, economic development, youth development, education, safety, public space, and social service provision.

During the planning phase of NCP, a community-based organization in each of fourteen neighborhood planning areas was selected as the “lead agency” for the initiative in those neighborhoods. These organizations spearheaded a planning process that led to a “quality-of-life plan” to guide initiative action. They also continued to serve as local intermediaries for ongoing planning, resource allocation, and project implementation under the initiative. Lead agencies have different orientations to this role: in some cases, acting primarily to funnel resources and opportunities to other community organizations, and facilitating project implementation; in others, coordinating among partners toward implementation of collaborative projects; and in yet other cases, taking on the lion’s share of implementation directly. Many lead agencies combined these strategies, with different relative emphases on each.

A critical component of the initiative is the central role played by LISC Chicago.¹³ Serving as the managing intermediary for NCP, LISC Chicago was instrumental in designing the initiative and selecting neighborhoods and lead agencies within them, allocating initiative resources to select projects, facilitating access to additional resources, and providing a broad range of technical support to lead agencies. By virtue of its own long-term and carefully nurtured relations, LISC Chicago has also been instrumental in facilitating links between the initiative and influential outsiders—particularly city government—in ways that provided an “in” for community organizations that would not have been possible for community-based organizations operating individually. Indeed, in some cases (noted below), LISC Chicago served as a critical broker between neighborhood organizations and the city, leveraging embedded relations of senior LISC Chicago staff with the mayor’s office and opening “space” for NCP lead agencies to contribute directly to city policy.

Neighborhood Intermediaries and Neighborhood Governance

In exploring how community organizations involved in NCP contribute to the broader process of governing in Chicago, the discussion that follows focuses on three functions central to democratic governance: *deliberation*, *representation*, and *resource allocation and the provision of collective goods and services*. First, we briefly describe the ways in which neighborhood organizations acting as lead agencies perform these functions. We then turn to three examples of how their embrace of these roles illustrates the interstitial space in which they have been able, to some extent and around some issues, to contribute more directly to governing with or on behalf of the city, and the promise and limitations of this positioning.

Deliberation

At a general level, all lead agencies fulfill a deliberative function relevant to neighborhood governance. This was initially organized around a structured, participatory process led by lead agencies toward the development of the quality-of-life plan. These plans, in turn, serve as “blueprints” for action that have implications for the actions of other organizations, private and public. The nature of deliberation and the scope of participation differed across neighborhoods, but all mobilized a wide array of community stakeholders to participate. Beyond the planning process, lead agencies continue to spearhead deliberation around program implementation and ongoing planning concerning specific issue areas and organized around renewal funding. To do so, lead agencies take different approaches to maintaining mechanisms for ongoing participation, communication, and debate regarding neighborhood priorities, investments, and strategic action. Some are focused on maintaining robust and ongoing involvement among a broad range of stakeholders. Others are more episodic in catalyzing connection at particular strategic points, such as an emerging crisis or funding opportunity. And a few have largely withdrawn from most collective deliberation to focus on implementing the plan, selectively

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engaging partner participation based on strategic or relational considerations.

In some cases, less robust ongoing deliberative processes have led to interorganizational tensions in the neighborhood, with formerly engaged participants feeling frozen out or needing to negotiate through or around the “gatekeeping” stance of the lead agency. However, a strategy for continuing engagement and deliberation does not avoid tensions altogether, as issues of resource distribution, decision making, and power emerge over the course of planning discussions.

Representation

Beyond providing a site for deliberation about neighborhood priorities and plans, NCP lead agencies also serve a representative function, “speaking for” the neighborhood more broadly and acting on its behalf in pursuit of development goals. The deliberative processes that led to the development of quality-of-life plans, in which a broad range of neighborhood stakeholders contributed to their production, provide some basis for the legitimacy of these plans as representing broader neighborhood priorities.

Furthermore, the particular role that lead agencies played in convening this process, and the central role they continue to play in the effort to move these plans toward implementation (particularly to the extent that they demonstrate a track record of accomplishment), position them to be seen by key actors—politicians, city agencies, and private investors—as representing neighborhood interests in pursuit of these goals.¹⁴

The notion of legitimate representation is, however, often contentious, and there are limits to the extent to which lead agencies can be seen to perform this role unambiguously. First, there are inherent limits to lead agency claims of representation, given their position outside the formal structures of elected, representative government. Second, lead agencies are one among several community organizations in each neighborhood that can (and often do) claim to represent the neighborhood or particular constituencies within it. Claims to legitimacy are

often both shared and contested among them, informed by historical relations and periodically renegotiated through participatory processes and concrete action.¹⁵ In one neighborhood, for example, a well-established community development corporation was selected by LISC Chicago as the lead agency in spite of the fact that an organizational coalition had already been established for similar purposes. In another, historical tensions and competition among major organizations (some stemming from early conflicts over development activities under Urban Renewal half a century earlier) significantly complicated the planning process and undermined the ability of the lead agency to build consensus and marshal support. In a third, a new organization was created to serve as a lead agency for the initiative, in spite of the existence of several others with a long history in the neighborhood, including one established by the mayor’s office to formulate development plans in light of the neighborhood’s status as a designated conservation area. These dynamics are not always sources of conflict, however. In some cases, organizations view one another as complementary and establish a productive division of labor among them, or they work effectively together through collaborative mechanisms of planning and implementation. But they do complicate the notion of representation and the processes through which neighborhood goals are established, communicated, and acted on.

Resource Allocation and the Provision of Collective Goods and Services

The allocation and provision of resources and collective goods is another function central to governance, and lead agencies in Chicago act in this capacity in at least three ways. First, as neighborhood intermediaries they play a role in the allocation of resources provided or brokered by the initiative. This includes financial resources provided by the MacArthur Foundation, as well as information, technical assistance, and access to other potential sources of funding provided by LISC Chicago. LISC Chicago plays a major role in brokering these resources (and in providing them directly), but

lead agencies are often influential in advocating for particular projects and active in making connections between community organization partners and LISC Chicago, as well as others.

In addition to these forms of philanthropic resources, lead agencies and their community organization partners have contributed to the allocation of *public* resources and collective goods through coproduction arrangements with the city. These take different shapes in different circumstances, with different roles played by government and community organizations. An ambitious instance of coproduction, for example, is provided by a land trust established in one NCP neighborhood. Here, a local nonprofit holds ownership of land on which affordable housing is built to be purchased, along with long-term ground leases on the property, by low- or moderate-income people. The neighborhood has a large number of vacant city-owned lots, and although some of the land allocated for these developments is purchased on the market, several vacant lots have so far been provided to the land trust by the city at minimal cost (\$1 per parcel), with the expectation of additional ownership transfers in the future.

The Interstitial Space of Neighborhood Governance

As the foregoing suggests, lead agencies perform some of the key functions of governance at the neighborhood level and connect in different ways to how these functions are performed by the formal mechanisms of local government. To what extent does their performance of these functions contribute directly to the governing functions of local government?

In many cases, neighborhood-level governance functions remain separate from, or are only tangentially related to, the governing processes of formal government. Neighborhood quality-of-life plans, for example, were developed largely as a project of nonprofits and voluntary organizations (with some participation of neighborhood residents unaffiliated with either) rather than public officials or agencies. Although local government was not always entirely absent from the processes of

deliberation in many neighborhoods, the majority of these activities took place beyond the formal process of city planning and outside the auspices of municipal government.

In other ways, however, the governance function of neighborhood intermediaries operates in what we describe as *interstitial space*, engaging more directly in governing processes where such space has been opened by government invitation or inaction, by collaborative opportunities or by initiative catalyst. This interstitial space places community organizations in a liminal position—“betwixt and between” the state and civil society, in which they have a foot in and a foot out of government, sometimes effectively wielding direct influence on public decision making and resource allocation and representing the interests of the neighborhood. While this liminal position can be powerful, it is also unstable and open to being marginalized in the context of volatility in the environment or in the face of action wielded by more powerful actors.

Three cases within NCP illustrate the interstitial quality of these governance arrangements in relationship to formal government functions. These examples cut across the governance functions of deliberation, representation, and allocation (see Table 1, following page), but each is more centrally concerned with one of these functions.

Case #1: Mayoral Recognition

The first example is grounded most centrally in the dynamics of deliberation and planning. It is epitomized by the impressive level of mayoral acknowledgment and acceptance of NCP quality-of-life plans and, more broadly, of NCP lead agencies as proxy representatives of neighborhood priorities regarding development. Although NCP planning took place outside (and in lieu of) government-led or government-facilitated planning, the resultant plans were explicitly embraced by the mayor—at the time, Richard M. Daley—both publicly and within his administration. Indeed, effectively brokered by LISC Chicago, each NCP lead agency met with the mayor to brief him on the planning process and the resultant quality-of-life

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plans, which the mayor anointed as recognized plans to guide city decisions about priorities, projects, and investment decisions. As a former city official described it:

[The mayor would] say, you know: Housing commissioner, you do that. Planning, you do this. You know, help these guys. Instruct everybody: Now you help them carry this out. All of which was great. It was all just kind of amazing to me that . . . [this] city function had been outsourced, and it took these outside guys to develop plans which then went to the mayor.¹⁶

The mayor also appointed a staff liaison to NCP neighborhoods, thereby institutionalizing this link—although personnel turnover made the connection unstable and inconsistent over time. And some key public resources, including from federal stimulus funding won by the city, have clearly flowed to NCP neighborhoods because of this positioning. LISC Chicago’s brokering role was again critical here, working directly with city staff to shape their application for funding and incorporating specific NCP sites into the proposed plans.

In this way, NCP plans have to a remarkable degree come to provide the outlines of the city’s neighborhood development policy, at least in the case of a subset of city neighborhoods. In

practice, however, the impact is less clear. First, not all elements of the plans implicate government action. Second, for those elements that do clearly fit within its purview, the extent to which city government is acting to implement them is less than certain, requiring the ongoing engagement of elected officials to advance local plans. For example, plans in one neighborhood to redevelop a building for “green” technologies that could employ local residents in relatively high-wage jobs required substantial energies to align with local elected officials to ensure that the site was not accessed for luxury condo development. In another, winning a zoning variance to allow construction of an affordable housing development despite “NIMBYism” on the part of some prospective neighbors meant mobilizing both aldermanic influence and the city housing department.

These efforts were not always successful. One neighborhood unsuccessfully ran up against mayoral opposition in trying to create space for a new public park, and needed to shift strategies as a result—even while the same lead agency was extensively engaged with another city agency around education reform projects. This example reveals some of the tensions that neighborhood organizations need to negotiate when acting at times in lieu of, at times in concert with, and at times in opposition to local government.

Table 1. Governance Functions: Deliberation, Representation, and Allocation in NCP

Form of governance	Implementation	Interstitial tensions	Implications
Deliberation	Conduct structured, participatory quality-of-life planning process; continue to engage other nonprofits and community members in collective decision making.	The mayor of Chicago’s embrace of the NCP program. Although NCP planning took place outside (and in lieu of) government-led or government-facilitated planning, City Hall embraced them, providing de facto public plans but often without public mechanisms and funding to carry them out.	Intermittent successes in directing public resources or policy, sometimes requiring more confrontational relations with city government.
Representation	“Speak for” community priorities in planning and in representing plans to community and state stakeholders.	NCP lead agencies’ relationship to specific aldermen and ward boundaries.	Tensions in “crossing ward lines,” sometimes delaying implementation or causing other complications, especially when the lead agency is affiliated with one alderman over another.
Allocation	Distribute public and private resources among projects.	NCP lead agencies’ relationship to special service districts established by local law.	While lead agencies act as sponsoring organizations for the districts and convene a local advisory committee, oversight and control by the state, especially by local aldermen, result in partial ability of local nonprofits to influence allocation decisions.

Case #2: Special Service Districts

A second example of the interstitial quality of neighborhood governance activities focuses more centrally on the function of resource allocation. In three neighborhoods, lead agencies spearheaded efforts to create Special Service Areas (SSAs) in their neighborhoods, which allow for the collection of a supplementary property tax that can be allocated to community improvement projects. In several others, lead agencies were instrumental in contributing to the establishment of Tax Incremental Finance (TIF) districts, or expanding the boundaries of existing TIFs, or influencing how TIF funds get allocated. Like SSAs, TIFs allow for the allocation of property tax dollars to neighborhood development activities, in this case setting aside all new tax revenues (from the development of new properties or tax increases on the existing ones) for twenty-three years from the date of the establishment of a TIF. In both cases, establishing these districts requires significant organization, outreach, and alliance building. As a lead agency representative described the process for establishing its SSA:

[It] involved a lot of planning, partnerships, coordination with both local businesses, local residents. Local government entities are involved, like the city of Chicago. They had to approve the Special Service Area. The aldermen had to support it, the Cook County Assessor's Office had to approve it as well. So those local government entities, you know, approved our plan, you know, once it was packaged. And it was approved by City Council.¹⁷

Lead agencies were thus directly engaged in establishing mechanisms to govern deliberation about and the allocation of public resources, and retained a role in their implementation. But their role in the governance of these districts is variable and limited. In the case of SSAs, a community organization serves as a "sponsoring agency" for the district and drives its development, including establishing and convening a local advisory committee to oversee SSA investments, although ultimate oversight rests with the Department of Housing and Economic Development. The

establishment and management of TIFs rest more directly with the city, although community oversight and participation are generally organized through the establishment of TIF advisory councils, on which community organizations (including the lead agencies in NCP neighborhoods with TIF districts) and aldermen are generally represented. In this way, the role and influence of NCP agencies are partial. The neighborhood plans build on prior plans and exist alongside others, and influence over SSA and TIF expenditures is shaped within the context of broader inputs from other neighborhood representatives and under government oversight.

Case #3: Aldermanic Relations

The final example of neighborhood governance in NCP taking place within an interstitial space between neighborhood and local government relates most centrally to the question of representation and to lead agencies' relationship to aldermanic authority. Although playing a neighborhood-representing role and acknowledged in that role by the mayor as described above, lead agencies remain structurally and legally outside the formal mechanisms of representative government. Formal political representation at its most local level rests with the alderman in each ward, and lead agencies need to contend with aldermanic power and claims to represent the community, which, after all, elected them to their positions on the City Council. This assertion is sometimes complicated by claims of the incompetence, or corruption, or nonresponsiveness of elected officials—particularly regarding the concerns of the most disenfranchised. It is also complicated by different definitions of the local "community." Regarding the first, aldermanic power is significant in Chicago wards and is often discussed by neighborhood actors in feudal terms, as fiefdoms in which aldermanic decisions (often wielded by long-term incumbents) are absolute, and can absolutely facilitate or stop dead development plans. Regarding the second, neighborhoods are variously defined and recognized by different actors, and the boundaries that define NCP neighborhoods are neither based on nor coterminous with ward boundaries. This sometimes

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leads to complicated maneuvers, as in the case of one lead agency, which divided a single development project into four separate ones, “with the same architect, the same team, the same builder, and so the same participants except for the local not-for-profit partner,”¹⁸ to garner support from four different aldermen in whose wards the project was to sit.

In two neighborhoods, aldermen are tightly linked to NCP lead agencies in concrete ways, and these embedded relations bring the organizations more intimately into the governing process within the aldermanic sphere of influence. In one, the lead agency is a new organization that was created specifically to perform the neighborhood intermediary roles required for the initiative, and was created with the direct and substantial involvement of the alderman, who initially served as chairman of the organization’s board, convened several community meetings during the quality-of-life planning process, and provided the organization with space at the alderman’s office in the neighborhood. In the other, the lead agency was already established as a community-based nonprofit and headed by a former state senator and alderman with strong personal and political ties to both neighborhood leaders and city officials. This includes the current alderman, for whom the organization’s executive director served as an early mentor. Indeed, the current alderman counts the lead agency’s director as part of the alderman’s “kitchen cabinet” of neighborhood leaders. It is an organic relationship, built on years of interaction, and embedded in broader relationships:

[The lead agency executive director] recruited me out of college, and then he hired me as his chief of staff, and then when he became senator, I became the alderman. Sixty percent of my kitchen cabinet is part of his kitchen cabinet, so we share advisors.¹⁹

In these cases, aldermanic and lead agency priorities are strongly allied, and each uses the other to mutual benefit. In other neighborhoods, however, the relationship to aldermanic power is more tenuous, or even at odds. Wards are in general larger than the neighborhoods identified under NCP, and even when NCP neighborhoods sit

squarely within them, the alderman’s constituency clearly extends beyond NCP boundaries.

Beyond geography, there may also be fundamental questions of interest and alliance in the context of neighborhood diversity. In one NCP neighborhood, for example, this has played out largely along racial and ethnic lines between Latinx and African-American populations (also largely segregated geographically within the neighborhood). In another, primarily Mexican neighborhood, it is defined largely between long-term residents and newer immigrants. In a third, predominantly African-American neighborhood, it is defined in part by class (made more contentious by redevelopment plans associated with the transformation of public housing in Chicago) and in part by tenure, with significant immigration of more affluent newcomers leading to complex dynamics around hopes for and fears of gentrification.²⁰

Depending on where an alderman (or community organization) sits in the context of these divisions, the extent to which she or he is embraced as appropriately representative and working on behalf of any given set of “neighborhood” interests may be called into question. These dynamics around the negotiation of representation, legitimacy, and interest can sometimes open space for community organizations to wield greater influence on, and even direct contributions to, public decision making. At other times, however, they may constrain their ability to do so.

In most cases, engaging aldermen in deliberations about plans or seeking their support relied on efforts to influence aldermanic decisions in collaborative, uncontentious ways. As one lead agency representative describes it:

I think what we discovered with the politicians is that they really need information and they need guidance to a great extent. . . . So if we can provide them that and build a relationship where we’re giving them information that is important for them to maintain their—sustain their—positions, then they will work more collaboratively.²¹

Relationships built over time can thus be fruitful and foster a more direct link between community deliberation and government action. But they

may also be unstable, as in the case of aldermanic turnover, which may fundamentally change the dynamic and reshape assumptions and expectations. A lead agency representative in a different neighborhood describes the impact of such turnover on moving forward a key project identified in the quality-of-life plan:

[With plans for] the shopping center, we've hit a small snag since we've had a new elected official. So, he's feeling his political oats right now. So, he's basically put everything on hold, all that the previous, all that [the former alderman] approved. So, it's just a question of working through a different process to, you know, kind of get him on board and have to understand. You know we had several meetings with him, but this is not going to be that easy. It's just the thing to do, right now. So, it's politics more than anything else.²²



What do these contributions and dynamics around the governance functions of deliberation, representation, and the allocation and production of public goods and resources suggest for the roles, potential, and limitations of neighborhood organizations to contribute more directly to governing? Clearly, NCP neighborhood organizations are engaged in policy processes and aspects of governing in different ways. Lead agencies have exhibited aspects of all three types of what James Ferris refers to as “policy process organizations.”²³ They act as civic nonprofits, fostering collective decision making and political engagement. They engage in policy advocacy, aiming to influence political decision making and resource allocation. And they implement policy, through contracting and coproduction arrangements. Their role in this regard may be more or less “coupled” to the formal governmental processes of governing. The extent to which it is more directly or strongly connected is in large part a function of the organization’s embeddedness in relationships with political actors, its ability to negotiate a kind of “insider” status within the context of collaborative governance

mechanisms, or the extent to which it can leverage the embedded relations of key allies and partners (in the current case most clearly exemplified by LIISC Chicago) with government actors to provide them with such status.

For the most part, NCP neighborhood organizations have been engaged in informal governance at the neighborhood level, seeking to connect these processes to the shaping of policy and allocation of resources in the public realm. They have connected to government in different ways, sometimes but not always in the anticipated roles of “outside” advocate, contracted provider, or cross-sector “partner” with government.

Indeed, they often play a kind of interstitial role relative to governing: filling in where governmental action is absent (as in the case of neighborhood development planning); representing neighborhood interests to both public- and private-sector concerns (in concert with, in opposition to, or independent of elected representatives); coordinating and overseeing actors and action at the neighborhood level around particular goals and projects (including both private- and public-sector actors from beyond the neighborhood); providing a mechanism for the provision of services or collective goods (independently or by contract or through coproduction arrangements); or acting as an anchor for specific government funding mechanisms (such as SSAs).

In some cases, these roles have produced outcomes with some quasi-governmental status, as evidenced by the mayor’s embrace of quality-of-life plans and the establishment of SSA and TIF designations. In others, the ceding of interstitial space by government to neighborhood organizations can create policy proposals that are then taken up and adopted by government. In general, those neighborhoods with both strong organizations acting as lead agencies and the ability to mobilize strong networks of community organizations were best positioned to seize, and sometimes expand on, the boundaries of interstitial space—by demanding changes in formal institutional practices when their own governance efforts were insufficient, or by leveraging the particular influence of state actors with whom they had strong, embedded relations.

In general, those neighborhoods with both strong organizations acting as lead agencies and the ability to mobilize strong networks of community organizations were best positioned to seize, and sometimes expand on, the boundaries of interstitial space.

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Developing these liminal spaces more fully may be an important factor in raising the influence of neighborhood organizations and their capacity to contribute directly to governing. The analysis above suggests that doing so can provide significant opportunities to influence change. But like the more quotidian, informal governance roles that lead agencies perform at the neighborhood level, such opportunities are also partial.

Neighborhood development trajectories are more powerfully affected by major public policy inputs—such as Chicago’s public housing transformation plan or efforts to reform Chicago public schools—than by the kinds of projects that NCP organizations have been able to focus on given the resources and capacities available to them. Still, to the extent that such organizations can successfully open up this interstitial space, they can begin to inform and leverage governmental action and play more direct roles in governance. In the case of NCP, the arrangement in which local organizations were connected under the umbrella of a multisite initiative led by a well-connected central intermediary in LISC Chicago provided lead agencies with an important advantage over community-based organizations operating on their own. For those without strong connections to key political actors (such as the two with embedded aldermanic relations described above), other lead agencies benefited, in some cases at least, from being able to leverage the scale and stature of the initiative and, most critically, the relationships and influence of major institutions such as LISC Chicago and the MacArthur Foundation.

NOTES

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2. Pierre, “Models of Urban Governance.”

3. Lester M. Salamon, “Of Market Failure, Voluntary Failure, and Third-Party Government: Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State,” *Nonprofit and Voluntary Sector Quarterly* 16, no. 1–2 (January 1987): 29–49. Salamon argues that the reverse is true; given the lower transaction costs of voluntary action compared with what is required to rally a government response, it is government that steps in when confronted with a compelling voluntary failure requiring state action. See also Elizabeth T. Boris, “Nonprofit Organizations in a Democracy: Varied Roles and Responsibilities,” in *Nonprofits & Government: Collaboration & Conflict*, 2nd ed., ed. Elizabeth T. Boris and C. Eugene Steuerle (Washington, DC: The Urban Institute Press, 2006), 1–35; Peter Frumkin, *On Being Nonprofit: A Conceptual and Policy Primer* (Cambridge, MA: Harvard University Press, 2002); and Burton A. Weisbrod, *The Nonprofit Economy* (Cambridge, MA: Harvard University Press, 1988).

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12. Susan A. Ostrander, “Local Voluntary Associations and City Re-development: Governance Negotiated,” paper presented at the Association for Research on

Nonprofit Organizations and Voluntary Associations (ARNOVA) Annual Conference, Alexandria, VA, November 18–20, 2010; and Susan A. Ostrander, *Citizenship and Governance in a Changing City: Somerville, MA* (Philadelphia: Temple University Press, 2013).

13. Local Initiatives Support Corporation of Chicago (LISC Chicago) is the Chicago office of LISC, a national community development intermediary that has historically worked primarily with community development corporations to support their work through the provision of financing, technical assistance, and policy support.

14. Compare this to Robert Chaskin’s findings regarding factors that contribute to outsiders’ perceptions of legitimacy of community organizations as representatives of their communities. See Robert J. Chaskin, “Fostering Neighborhood Democracy: Legitimacy and Accountability within Loosely Coupled Systems,” *Nonprofit and Voluntary Sector Quarterly* 32, no. 2 (June 2003): 161–89.

15. Ibid.

16. From confidential conversation with the authors.

17. Ibid.

18. Ibid.

19. Ibid.

20. The city of Chicago is engaged in the largest and arguably most ambitious effort to remake public housing in the country. Launched in 1999, the “Plan for Transformation” entails the wholesale demolition of the most “distressed” and problematic public housing complexes and the relocation of public housing residents to subsidized housing in the private market using housing choice vouchers, or to newly developed mixed-income developments built on the footprint of former public housing complexes (Chicago Housing Authority, 2008). See Robert J. Chaskin and Mark L. Joseph, *Integrating the Inner City: The Promise and Perils of Mixed-Income Public Housing Transformation* (Chicago: University of Chicago Press, 2015).

21. From confidential conversation with the authors.

22. Ibid.

23. Ferris, “The Role of the Nonprofit Sector in a Self-Governing Society.”

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