



## **Creating Competitive Rural and Tribal Communities: The Need for Collaborative Approaches to Capacity Building**

### **Setting the Context**

Rural America makes up about 16 percent of the country's population and covers 75 percent of the land area. Rural America includes towns and small cities, as well as working lands, farms, prairies, forests, and tribal lands.<sup>1</sup> There is an endless variety of what rural communities look like and how they can be defined from frontier, Native American lands to suburban towns on the metropolitan edge. Despite their difference, many rural communities<sup>2</sup> are facing common challenges addressing rapid growth or steady decline, changing economies and demographics, severely constrained staff capacity, lack of access to funding, and often limited local leadership. For tribal communities, these challenges and economic disparities are even more pronounced. And yet for some rural communities – those on the edge of growing metropolitan areas or tourist destinations, or in booming oil extraction areas, rapid growth is creating unprecedented development pressure.

The impacts of these challenges are visible across rural America: from an aging or browning population, to substandard housing or housing shortages and vacant Main Streets, to a lack of reliable broadband access and outdated water and transportation infrastructure. Sadly, of the 59 million people living in

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<sup>1</sup> Two good resources on how rural and tribal communities are developing innovative sustainability strategies and the challenges they face are *Putting Smart Growth to Work in Rural Communities* (2010) by the US Environmental Protection Agency's Smart Growth Network and the International County and City Managers Association [EPA 231-K-10-003]; and *Supporting Sustainable Rural Communities* (2011) by the federal Partnership for Sustainable Communities in collaboration with the US Department of Agriculture [EPA 231-K-11-001].

<sup>2</sup> In this paper rural communities is used to refer both to rural small towns and tribal communities unless otherwise specifically noted.

rural America, 18% live in poverty (compared with 12% in central cities).<sup>3</sup> With the loss of population and jobs, many areas face increased needs and a shrinking tax base. Communities are realizing that addressing economic challenges requires coordinated strategies to improve the affordability, quality and availability of housing; improve education and workforce training programs; and update poorly maintained water, sewer or transportation infrastructure. For those working to alleviate rural poverty, coordinated strategies are essential to identify the many variables contributing to increasing economic disparities. In short, rural communities require comprehensive economic, environmental and quality of life strategies; yet creating and implementing these kinds of cross-sector approaches remains a challenge for most with few resources to meet the need.

Economic resilience is a central objective for most rural communities – whether they are experiencing fast growth as a result of natural resource extraction methods like fracking in North Dakota or their economies have withered with the loss of population and changing global markets as is happening in rural Arkansas. As broadband slowly comes to rural America it brings with it tremendous economic and social opportunity that can be harnessed by those places that have a vision and plan in place.



**Figure 1 Fracking in North Dakota,**  
*Photo credit: www.usatoday.com*

Rural communities are often further disadvantaged by issues of scale. Rural communities are often isolated and lack the population density and updated infrastructure required to successfully compete in today's global economy. Many of the models for creating economic growth are taken from large urban areas which have greater public and private resources and different demographic issues. Even most socio-economic performance measures are not applicable to rural areas given the difference in scale and lack of appropriate data sets. For small towns - often with populations below 10,000 - it is challenging to

successfully make the case to state agencies or philanthropic organizations that investments in their future will yield a big enough return on investment.

Rural development practitioners are stretched. Frequently rural and tribal communities have one staff person playing multiple roles “just to keep the lights on.” Many communities rely largely on volunteers. The loss of one person or community leader has profound impacts. Comprehensive economic strategies involve complex cross-sector and cross-jurisdictional solutions that require time and attention to achieve. For some rural and tribal communities, deep and long-standing economic, racial, or environmental challenges add further complexity and require a commitment to long-term partnership. Improving the capacity of rural and tribal communities to establish their own economic plans, identify

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<sup>3</sup> Duncan, Cynthia M. (2012) “Community Development in Rural America: Collaborative, Regional and Comprehensive” in *Investing in What Works for America’s Communities* (<http://www.whatworksforamerica.org/>)

achievable and proven actions, and grow local leadership is necessary to expanding the set of partners who can bring staff and resources to support multi-year economic and quality of life efforts.

In spite of these challenges, rural communities are stepping forward to test and develop new approaches to establish hometown competitiveness. Our rural economies are critical to the larger national economy, and closely tied to the wealth of the state and larger metropolitan economies to which they contribute. This urban-rural interdependence is often overlooked and yet it is essential to creating approaches that can better recognize the internal assets and wealth creation opportunities within rural communities. Among rural America's biggest assets are its people and the strong affinity they have for their community, land and the natural environment.

### **Snapshot of the Current Capacity Building Field**

A number of skilled organizations focus on the unique needs of rural and tribal America. One of the leaders is the Rural Policy Research Institute (RUPRI) comprised of several joint initiatives to focus on policy analysis and data resources, including the Rural Assistance Center and the RUPRI Center for Rural Entrepreneurship.<sup>4</sup> The latter focuses on strategies to create and support small enterprises as a key economic development strategy through research and limited direct support such as the Transfer of Wealth (TOW) model, developed through support from the Ford Foundation. The TOW model identifies new, significant and sustainable funding streams to support stronger communities by focusing on intergenerational wealth assets. While it is a compelling model, it focuses on a specific challenge – access to capital –and the need for greater investment in entrepreneurialism and venture capital.

The National Association of Development Organizations (NADO) provides research, limited technical assistance and identifies best practices for its membership comprised largely of rural development organizations. NADO promotes regional strategies with an emphasis on collaboration across public agencies and with the private sector to strengthen economic competitiveness. Their capacity building efforts traditionally have focused on peer learning opportunities and case studies of rural innovation and comprehensive planning. NADO does not traditionally provide one-on-one assistance, but is an important rural advocacy voice on federal transportation and economic development matters.

Other organizations, including the Center for Community Economic Development Assistance (CCEDA)<sup>5</sup> and the Rural Communities Assistance Corporation (RCAC) have established capacity building programs to assist rural and tribal communities. Both organizations work with individual communities to develop economic strategies, provide financial counseling and produce best practices on different economic development components. CCEDA has developed an extensive set of "How to Manuals" on community and economic development topics. RCAC also manages a \$75 million small business lending fund, and can provide loans for housing and infrastructure projects that support local economic strategies. A number of other impressive organizations are working on key critical elements of rural sustainability

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<sup>4</sup> For more information on RUPRI visit its website at <http://www.rupri.org/index.php> and the Center for Entrepreneurship at <http://www.energizingentrepreneurs.org/site/>

<sup>5</sup> To access manuals and case studies developed by CCEDA visit its website at <http://cceda.us/>



including the Housing Assistance Council (HAC) which has developed resources and capacity building programs to support housing preservation and green building, and the Rural Community Assistance Partnership (RCAP) which is a national network of organizations working in regions on specific issues including strategic planning and water infrastructure.

Each of these efforts provides critically-needed capacity building support. Traditionally, however, planning and implementation support has been split, or technical assistance has focused on single topics (i.e. housing, sewer and water infrastructure, main street redevelopment). Missing has been a comprehensive capacity building model that assists communities through the process of creating a plan and the hard work of implementation. Undertaking a more coordinated approach requires a collaborative effort that engages groups with skills in these different areas, and also a willingness by communities and funders to invest in a comprehensive and inclusive planning and action strategy.

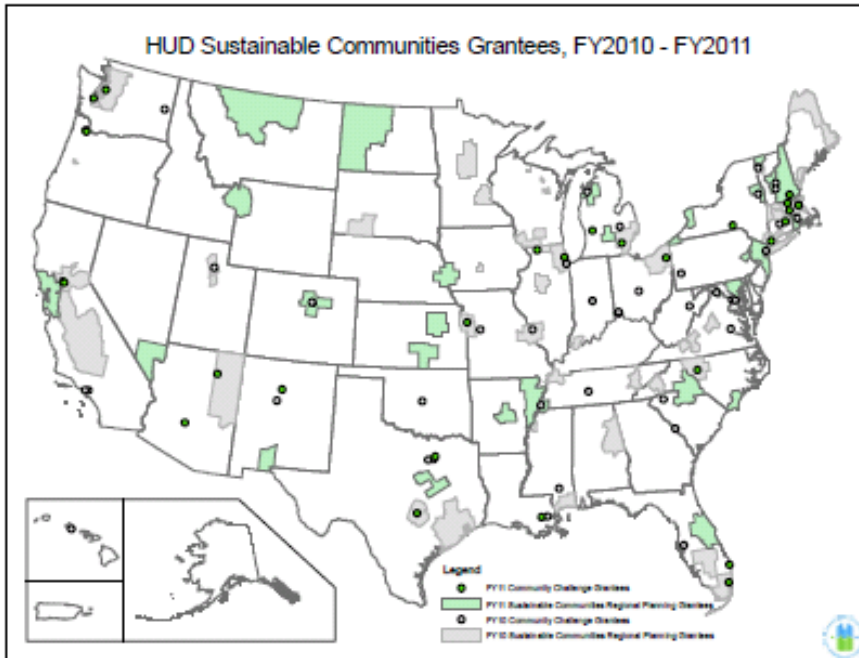
### **Federal support for rural sustainability planning**

In 2009, the Obama Administration launched the Partnership for Sustainable Communities which included \$150 million for the US Department of Housing and Urban Development (HUD) to establish two new sustainable communities planning grant programs. Both programs were targeted at integrating housing, transportation, environmental and economic development planning. A special category was created for smaller communities and regions. In 2011, an additional \$100 million was appropriated for the program. These programs arose from a recognition that government needed to use scarce public resources more efficiently and prioritize strategies that addressed multiple challenges with a single investment. For HUD, affordable housing and community development cannot be successfully addressed in isolation of deeper economic factors.



In total, as shown in Figure 2, over 150 regions and communities received these HUD grants.<sup>6</sup> Almost 40% of total grants were awarded to places with populations under 200,000 and supported a variety of activities in rural and tribal communities across the country.<sup>7</sup>

Figure 2 source: HUD Office of Sustainable Housing and Communities



The City of Glens Falls, NY (population 13,000), for instance, received HUD funding to develop a strategy to provide affordable workforce housing downtown, identify vacant properties for infill development, and amend its zoning ordinance to increase energy efficiency. The Housing Authority of Randolph County, WV (population of 28,000), received a grant to develop a county wide plan that identifies areas for farmland preservation, assesses opportunities for expanding bus service, and increases pedestrian and bike

connectivity. The Thunder Valley Community Development Corporation and the Oglala Lakota Tribe are leading an effort to develop a Regional Plan for Sustainable Development in the remote area of southwestern South Dakota covering part of the Pine Ridge Indian Reservation. The reservation has no active planning department, and this will be its first comprehensive and integrated plan. Through this funding Oglala Lakota community members created a comprehensive plan to address long-standing challenges, including lack of economic opportunity and housing shortages.

HUD created the Sustainable Communities Capacity Building program in 2011 to provide technical expertise, create a peer learning network, and support communications, planning and grant management needs for rural and tribal grantees. Two rural capacity building teams were funded under this program, including one led by the Minnesota Housing Partnership (MHP) to provide direct technical assistance to rural and tribal grantees (TA).

One benefit of the HUD Sustainable Communities Initiative (SCI) is that these are 3-year long grants which provide opportunity for more meaningful engagement to address complex community issues. A

<sup>6</sup> HUD Office of Sustainable Housing and Communities (2012), "Helping Communities Realize a More Prosperous Future" [http://portal.hud.gov/hudportal/HUD?src=/press/press\\_releases\\_media\\_advisories/2012/HUDNo.12-185](http://portal.hud.gov/hudportal/HUD?src=/press/press_releases_media_advisories/2012/HUDNo.12-185)

<sup>7</sup> While 200,000 may sound like a large number this included large regions where the largest city may be 50,000.

limitation has been that only a small number of grantees are able to access one-on-one assistance, and many more rural communities need this type of support than HUD can fund. Other federal TA programs such as OneCPD do not provide this type of issue-specific capacity building, and USDA has no similar program.

## **Lessons Learned from Recent Rural Capacity Building Efforts<sup>8</sup>**

- 1) **There is a huge pent-up demand for integrated planning in rural communities.** In the first year of HUD SCI funding, over 50% of the 225 applications received by HUD were from low-population regions.<sup>9</sup> This demand may reflect two key factors. First, rural communities are experiencing significant economic and population change which they are unprepared to deal with and have not historically approached from a regional lens. Second, resources to fund rural planning activities are almost non-existent. Few foundations are located in rural areas and state agencies typically assume responsibility for planning in rural communities. Continued federal funding for HUD's sustainable communities is in jeopardy. No additional funds have been appropriated since FY2011. New resources are needed to support those rural communities who want to develop comprehensive economic and quality of life strategies, and most importantly to build local capacity to successfully undertake these efforts.
- 2) **Economic resilience and growth are the key goals rural communities are seeking to address.** Rural communities first and foremost want, and need, to improve their local and regional economies through a set of economic development, workforce development, quality of life and infrastructure investments. Traditionally, economic development strategies have been done in a vacuum without regard to where development happens or how it is integrated with needed-investments in housing, water systems, human capital, or transportation. This can be true for a community with a declining or rapidly growing rural community. In recognition of the importance of community economic resilience to national economic growth, HUD's FY2014 budget refocused its Sustainable Communities Initiative to emphasize *Economic Resilience* and rebranded the grant program to assist regions in developing and implementing integrated business plans to "strategically direct public and private investments in development and infrastructure."<sup>10</sup>
- 3) **Local human capacity is severely limited for developing comprehensive growth strategies.** Given the neglect, lack of resources and the scope of challenges facing rural communities a number of critical capacity needs exist. Technical expertise is needed for financial counseling, grant writing, infrastructure and housing finance, energy efficiency standards and green building

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<sup>8</sup> Unless otherwise noted, the following lessons learned are informed by the author's own experience living in and working with rural communities, and through interviews conducted with many of the organizations referenced in this report.

<sup>9</sup> HUD's Office of Sustainable Communities, see Regional Sustainable Communities Grant Information at [www.hud.gov/sustainability](http://www.hud.gov/sustainability)

<sup>10</sup> HUD's Proposed FY2014 Budget, Community Development Fund Congressional Justification, <http://portal.hud.gov/hudportal/documents/huddoc?id=COMDEVFUND.pdf>



practices, assessing housing need, strategic planning, data analysis and mapping tools such as GIS (to name only a few areas). Rural communities have few dedicated staff to develop economic strategies or create proactive plans for their communities. Much of what happens in a rural community is dependent on volunteers and local leadership, both of which can vary widely in terms of abilities and numbers. Maintaining volunteer involvement over a long planning process can be especially challenging. Helping to build local capacity is a key need, and should be undertaken through strategies that empower and grow abilities rather than merely bringing in outside experts. Size, scale and direct access to community leaders are assets that can be leveraged to develop local strategies in rural areas that may not be possible in larger, more complex metropolitan areas.

- 4) **Funding, Funding, Funding.** Rural and tribal communities are severely limited in the availability of capital resources. This has profound implications for economic development. Not only does this funding shortage limit the ability to undertake proactive steps to anticipate needs that a changing global economy require, but it also constrains the ability of these places to meet basic maintenance needs. Investment from the philanthropic community is at a historic low in rural communities.<sup>11</sup> Many state and federal assistance programs have been cut over the past decade of economic recession. And in many places, the decline of population, manufacturing and commodity markets further diminish the local tax base.
- 5) **Sustainability looks and sounds different in rural communities.** Rural areas tend to be more politically and socially conservative.<sup>12</sup> Strong Tea Party resistant to sustainability has arisen in many rural communities with the local planning efforts painted as an international socialist conspiracy dubbed “Agenda-21”. HUD grantees were completely unprepared for this kind of attack. Much of the terminology and examples used to describe sustainable communities has a considerably urban overtone which also does not play well in rural areas that value their rural lifestyle and don’t want to be like cities. Communication strategies have to be tailored for rural communities to better reflect their unique values and needs. Authenticity is vital.<sup>13</sup> Taking the time to identify and train community leaders to serve as spokespersons and champions of the planning process takes time. It also becomes critical to reach out to engage a broader set of stakeholders and identify ways to support local leadership development.
- 6) **Native American communities face distinct challenges and require culturally-sensitive approaches.** Many of the economic, environmental and social needs facing rural communities

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<sup>11</sup> Duncan, Cynthia M. (2012) “Community Development in Rural America: Collaborative, Regional and Comprehensive” in *Investing in What Works for America’s Communities*

<sup>12</sup> *Putting Smart Growth to Work in Rural Communities* (2010) by the US Environmental Protection Agency’s Smart Growth Network and the International County and City Managers Association [EPA 231-K-10-003]

<sup>13</sup> The Federal Partnership for Sustainable Communities worked with USDA to modify its six livability principles and provide specific rural examples to help address this perceived disconnect. See *Supporting Sustainable Rural Communities* (2011) by the federal Partnership for Sustainable Communities in collaboration with the US Department of Agriculture [EPA 231-K-11-001].



are similar whether they are Native American or non-native communities. Yet, the scale and extent of those challenges typically are even more deeply pronounced for tribal communities that have suffered from persistent economic and social exclusion. Mutual mistrust, cultural differences, differences in governance, and economic and living patterns of bordering native and non-native peoples create unique challenges for collaborative planning and economic strategies that engage both populations. Significant interest is emerging among Native America communities to develop comprehensive sustainability plans which incorporate their cultural values around nature, community, inter-generational responsibility, and critical socio-economic needs. Several of the HUD SCI grants went to tribal agencies or to regions working to bridge tribal and non-tribal economic needs.<sup>14</sup>

- 7) **Planning is a good first step, but must be tied to implementation strategies.** Rural communities cannot afford to develop a plan that will sit on a shelf. The planning process itself needs to engage a broad set of community stakeholders, including naysayers to establish community buy-in from the start. This is especially important as political and community leadership can change over time. A commitment to the vision and strategies adopted in the plan needs to remain to ensure long-term implementation. Few rural planning efforts are directly tied to implementation support and focus on the short-term actions to jump start an adopted plan, or assist the community when it hits sticking points or stumbles. A capacity building model that bridges planning and implementation can better ensure that communities are able to create the momentum needed to succeed. Implementation needs to be maximized to leverage the full set of financial, human and capital resources within the community to build long-term self-sufficiency and reduce reliance on external experts or funding both of which can be fleeting.
- 8) **Collaborative, comprehensive capacity building models are best suited to meeting the complex needs of rural communities.** Given the multi-dimensional challenges facing rural communities, strategies that deploy cross-sector and collaborative approaches hold the greatest promise. Regional approaches that link urban and rural places, and are grounded in the regional interactions between local economies, watersheds, and social systems reinforce the need for strategies that integrate these variables. Also needed are strategies to engage coalitions of diverse stakeholders including anchor institutions, advocates, the business community, health care and service providers, environmental organizations and public sector actors. Collaborative capacity building approaches are well suited to providing outside expertise to communities that can help them imagine success and encourage comprehensive approaches.

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<sup>14</sup> Information provided by HUD's Office of Sustainable Housing and Communities at [www.hud.gov/sustainability](http://www.hud.gov/sustainability) for FY2010 and FY2011 grants to Arizona, Montana, Wisconsin, South Dakota and New Mexico.





## Conclusion

Rural and tribal communities recognize the changing economic landscape they face today, and the need for more strategic, collaborative and innovative approaches to address growing economic and social challenges. With future federal funding in jeopardy, foundations, community development organizations, and non-profit capacity providers need to partner to meet this need. Strategies that fuse strategic planning support with on-going implementation assistance are needed to help communities build the long-term capacity to secure resources to fund plan elements, build leadership and ownership for the community vision.

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*This report was prepared by Mariia V. Zimmerman, Principal of MZ Strategies, LLC for the Minnesota Housing Partnership with funding support from the Northwest Area Foundation. Mariia served previously as Deputy Director of the US Department of Housing and Urban Development's Office of Sustainable Housing and Communities. In this role she helped to launch HUD's Sustainable Communities Initiative and served as a HUD liaison to the White House Rural Policy Council. Mariia grew up on a working farm in southern Minnesota.*

