Nonprofit Foundations and Grassroots Organizing: Reshaping Urban Governance*

Deborah G. Martin
Clark University

Collaborative urban governance has increased the role of community organizations in local decision-making processes. These organizations need financial resources in order to participate in urban governance. In this article, I examine the impact of foundation grants on the relationships and agendas of four community organizations in one neighborhood in St. Paul, Minnesota. Drawing on interviews, observations of organizations, and archival research, I demonstrate that in the 1990s, nonprofit foundations had a significant impact on the formation of new organizations and on their agendas in the neighborhood. Foundations are, therefore, an important player in urban governance, shaping a “neighborhood policy regime.” Key Words: community organizations, urban governance, nonprofit foundations, urban regime theory.

Introduction

In November 2000, the Frogtown Action Alliance, a nonprofit community organization aimed at fostering economic development in an inner-city neighborhood of St. Paul, Minnesota, declared bankruptcy, and in May 2001 the group was officially declared defunct (Balaji 2001). The organization was founded in 1992 as the result of assistance from two foundation and community support groups that sought to sponsor grassroots, resident-led organizing in an economically marginalized community. The Action Alliance was just one of three new organizations in the Thomas-Dale (or Frogtown) neighborhood in the early 1990s, two of which were created as a direct response to external financial and administrative support. The development and proliferation of community organizations in Thomas-Dale in St. Paul reflects a general rise of and shift in orientation to local community-based organizations as partners with local governments in public policy. These new organizations represent new participants in urban governance, creating an urban regime of community groups and the nonprofit foundations that support them financially.

In this article, I examine the recent history of support to Frogtown community organizations to assess the degree to which outside funders have directed the presence and agenda of neighborhood-based groups. I suggest that the urban regime has become increasingly privatized, as community-based development has shifted from a local state responsibility to one supported by national and local nonprofit foundations, with little community or government oversight. I argue that understanding urban politics requires analysis of the behind-the-scenes supporters of community development at a neighborhood scale, rather than solely the local state and its elite business allies.

Urban Governance, Regimes, and Community Organizations

The term urban governance refers to a process of shifting service provision from governments to the private sector, often, but not exclusively, through public-private partnerships (Lustiger-Thaler and Shragge 1998; Raco 2000; Ward 2000; MacKinnon 2001; McCann 2003). One trend within urban governance is an increased reliance by governments on community organizations as a way to fulfill demands for citizen participation and input into community planning and economic development (North 2000; Philo and Parr 2000; MacKinnon 2001). Chaskin and Garg (1997) argue that the shift in governance to community-based organizations reflects both a democratic ideal of decision

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making at the grassroots and a lack of faith in centralized decision making.

Governance theories highlight an increasingly blurred relationship between private and public actors in public policy and service provision, suggesting a need to examine the impacts of governance on the urban regime. Regime theorists argue that urban politics are dominated by an elite cadre of public and private actors, including corporate and community leaders (Stone 1989; Lauria 1997; Stoker 1998). The increase of community-based urban politics, however, suggests that urban regimes may be becoming more diffuse and multiscaled than a single, citywide urban regime coalition, with community leaders in multiple neighborhoods within a city assuming a role in policy decision-making and service provision.

The rise of community-based groups as partners in urban governance, or at least, increasingly involved in service provision, suggests that the urban regime could be more open to diverse communities and points of view. These groups may not represent a diverse public, however, and may be small, professional organizations representing business interests (Raco 2000; MacKinnon 2001). The urban regime, therefore, may be fostering neighborhood-level "regimes" based on community organizations and their participation in urban governance.

Further, despite the emphasis on community groups by governments in devolution, these groups still have to contend with powerful economic interests in their efforts to participate in local public policy (Shatkin 2000). Although community groups appear to have more government access, their influence on state policy may be relatively limited. In addition, the financing available to community groups from government, in exchange for service provision and citizen participation, fosters changes in the activist agenda. Community groups can become more dependent on government as their focus shifts from activism to service provision (Lustiger-Thaler and Shragge 1998).

Another trend in governance, however, that is less visible and that to date has received little formal attention by geographers, is that of the private funding of community groups to respond to and serve the needs of public-service provision as demanded by local governments. While governments may legitimate certain community or business groups as partners in development or citizen input in planning, some of these groups—particularly community organizations—are receiving technical and financial support from nongovernmental agencies, such as private community foundations. Although foundations supporting community organizing are far from a monolithic group, it is important to place them as a functional category within urban politics and local urban regimes.

Foundations supporting community organizations may play a somewhat blurry, or even invisible, role in developing community expertise and agendas for interactions with, or demands to, local governments. In their analysis of community organizations’ use of geographic information systems (GIS), for example, Elwood and Leitner (2003) found that community groups often used GIS analysis either to obtain grant money or to assure external funders that their grants went to good use. Thus, these foundations play a new role in an urban governance regime, in which community groups seek support for urban programming not just from the local state, but from financial elites in the form of private foundations.

Local and national foundations help to fill the financial gaps of devolution, assuming a role in urban politics. The foundations benefit from opportunities for philanthropic giving and to help provide needed public sector services. Community organizations involved in these new forms of governance may experience greater attention and legitimacy in the political sphere because of their partnerships with local government as well as their highly visible foundation support. The demands of governance, however, may alter the conditions of community organizing as groups require greater financial support for their expanded service programs while simultaneously risking diversion from the political agendas that motivated them in the first place.

Devolution has highlighted these dilemmas for community organizations, yet the core tension of achieving and maintaining external financial support while serving a constituency is not new. Indeed, according to one strand of social movements theory—resource mobilization theory—financial support to community organizations is one of several presumed “resources” that social movements such as community groups need in order to function (McCarthy and Zald 1973, 1977). Social movements theory posits that community
organizations may act as an important outlet for citizen participation in or challenge to governments (Traugott 1978; Castells 1983; Martin 1999). Activists can effectively assert grievances in the polity when they have access to resources, such as finances, leadership, and administrative support for their activities (McCarthy and Zald 1973, 1977). Although community organizations in many cities cooperate with local governments in urban devolution more than they challenge them (Fainstein and Fainstein 1985), they nonetheless rely upon external funding to support their activities. Indeed, although only a small proportion of all philanthropy goes to social-movement-type organizations, these groups rely upon such support for their survival (Jenkins 1998; Silver 1998).

Although resource mobilization scholars have focused upon resources as a key variable in successful organizing and activism, the concept of resources has remained rather unspecific (Cress and Snow 1996). Cress and Snow (1996) examined homeless advocacy organizations in eight U.S. cities and found that external benefactors were a crucial resource to the success of the organizations in their study (although they found that financial support was just one of several important resources, including leadership, technical support, office and meeting space). In assessing whether the external support hindered the oppositional nature of the groups, Cress and Snow found that there was little effect. However, they were examining explicitly oppositional organizations that worked to challenge the state for housing resources.

In other analyses of the effects of foundations on social movement organizations, both Jenkins (1998) and Silver (1998) acknowledged a concern about cooptation of a movement’s agendas by foundation support. Jenkins (1998) argued, however, that rather than changing a movement’s primary goals or agenda, foundation support primarily professionalized organizations. Professional organizations tend to have permanent, trained staff, which helps to assure organizational continuity and permanence. With foundation support, movements were better able to mobilize members and to address a broader range of issues than they otherwise could (Jenkins 1998). Silver (1998), too, did not find that elite donor support hindered the ability of organizations to address radical issues, although he suggested that the reliance on such support reinforced class divisions external to the social movement. In other words, the reliance of community groups on private foundations, while seeking to provide services and empower local communities, may actually foster a community-based governance coalition in tandem with, but at a more local scale than, the urban regime of the local state.

Although the findings of Cress and Snow (1996), Jenkins (1998), and Silver (1998) all suggest that external foundation support need not dictate a social movement organization’s agenda or actions, their work does not consider the case of organizations that develop programs to provide governance-oriented services. Cress and Snow asked whether a group remained “oppositional” to the state in order to determine the effects of external support. For community organizations operating within local governance, an oppositional stance toward the state is not necessarily a goal. Indeed, for some groups, support by government is a sign of legitimacy and of having a “seat at the table” in public-private decision making. External foundation support may be one way that community groups are “certified” (McAdam, Tarrow, and Tilly 2001) as part of the polity, earning government support and influence in addition to foundation financial support.

In this paper, I use a case study of neighborhood organizations in the Thomas-Dale neighborhood of St. Paul, Minnesota, to illustrate how external funding agencies helped to create organizations and to support them financially, thereby playing a crucial role in urban governance— one hinted at, but relatively unexamined, in the literature on urban political devolution. I argue that funding agencies in community-based urban politics and the organizations they support represent an evolving neighborhood-scale urban regime, one that operates at a local level, but is connected to the local state. This research is based upon an investigation of four neighborhood organizations in Thomas-Dale. The findings are based on archival research, observations of community organizations, and interviews with foundation and city staff, and organization leaders in 1996 and 1997.2

**Neighborhood Organizing in Thomas-Dale**

In St. Paul, citizen participation through neighborhood districts is part of the urban governance
structure. Community organizations, called district councils or planning councils, are charged by the city to solicit and represent citizen input in local planning and zoning issues and to act as liaisons between the city and neighborhood residents. These district councils form the basis for neighborhood organizing in St. Paul, although they are not the only organizations working to serve and represent the city’s district council residents. The councils, in addition to other neighborhood organizations, also seek to address community issues through a variety of forms of activism. In doing so, community organizations receive money from the city, but they also compete for financial support from local and national nonprofit foundations.

Community organizations in St. Paul—part of the Twin Cities metropolitan area—benefit from a vibrant and locally based philanthropic community (Adams and VanDrasek 1993). Many of the foundations were created by the families that founded or led companies such as Pillsbury, General Mills, St. Paul Companies, 3M, and others. These corporations, and the families that led them, represent well-recognized figures in an urban regime: corporate and community elites with ties to the local economy and interests in its continued vitality (Stone 1989). The foundations that were established from some of the wealth of these local elites represent a different kind of urban elite: institutions that seek to improve the quality of life within the communities that they serve.

These foundations—whether nationally or locally based—assume an intermediary role between the state and grassroots communities. Through their granting choices, such funding agencies foster and support particular community leaders and organizations within any given urban arena, helping to construct what might be called “micro” urban regimes, or small-scale coalitions of community leaders, citizens, and foundations that work in part with the local state to foster the social and economic health of neighborhoods and communities.

In St. Paul, I argue that foundations provide a kind of certification of any organization that they fund (McAdam, Tarrow, and Tilly 2001), legitimating it in the eyes of the local state and other grant-making entities. The case of community organizations in the Thomas-Dale district in the 1990s illustrates the certifying role of foundations as they supported the creation of multiple neighborhood-based groups in a single area. Their granting choices influenced the very existence and activities of community groups and therefore helped to shape urban politics at the neighborhood scale.

The Expansion of Organizing in the Early 1990s

The history and funding arrangements of the four community organizing and development groups in the Thomas-Dale district indicate the important role that outside groups, especially foundations, play in the development of issue-areas in collective action. In 1990, the District 7 Planning Council was the only neighborhood-based and neighborhood-oriented organization in Thomas-Dale. While its official role focused on land use planning, its staff and members in the late 1980s had begun to address the problem of a declining housing stock in the neighborhood. The group was able to leverage city housing grants for a program it called the Sherburne Initiative, which sought to rehabilitate abandoned and rundown houses along Sherburne Avenue, a primarily residential street near the southern boundary of the planning district. By directing their efforts along a few blocks of one street, staff and residents thought they could have a greater visual impact and that their efforts would spill over to other parts of the neighborhood, as residents were convinced of the architectural and economic vitality of area housing.

While the Sherburne Initiative activities were underway, there was some concern by staff that the district council as a whole had lost focus, diverting too much of its energies to housing and away from its core organizing and consensus-building agenda. District 7 staff contacted a Boston firm called Community Training and Assistance Center (CTAC) for assistance in examining the barriers to effective organizing and citizen participation in Thomas-Dale. CTAC’s consultant fees were supported with a grant from McKnight Foundation of Minneapolis, a supporter of community and family development programs. CTAC found District 7 to be ineffective and dominated by white residents, even though the neighborhood was about 1/5 African American and 1/4 Asian (City of St. Paul 2000). They recommended that a new organization be developed to better represent the diversity of the neighborhood. In seeking to address the needs called for in the CTAC
report, some residents sought to create a separate organization, called the Frogtown Action Alliance. The Alliance was formally developed in 1992, and once again the McKnight Foundation provided assistance, particularly for operating expenses (Figure 1). The group conducted a survey of the neighborhood that was used to develop a comprehensive action plan for organizing in Thomas-Dale, completed in 1994. The support from the McKnight Foundation to the Frogtown Action Alliance continued throughout the 1990s. One executive at McKnight estimated the foundation’s support to the Alliance to be about $750,000 by the end of 1996.5

At the same time that District 7 was consulting with CTAC and residents were beginning to develop the Action Alliance, another organization was founded in the neighborhood—the Thomas-Dale Block Clubs—by a neighborhood resident who had split with District 7 over the hiring of a block organizer (he had been on a District 7 social concerns committee) (Baker 1993b). Thus, by late 1992, three organizations existed in Thomas-Dale where two years before, the District 7 Council had been the only neighborhood-based organization (Figure 1). While the new organizations were created from two different processes, one a foundation-funded self-examination, and the other a difference of opinion among members, the district council was generating a fair amount of organizing activity outside of its own structure. According to one former District 7 staff member, in describing the formation of new organizations in the neighborhood at this time, “the District Council is the midwife to the world.”

During the early 1990s, the three organizations in Thomas-Dale were working to establish their different roles and identities when an opportunity for funding highlighted conflict—or, at least, confusion—over the division of organizing labor in the neighborhood. In 1993, the Local Initiatives Support Corporation (LISC) requested proposals from community organizations for housing development in St. Paul. LISC is a national network that provides funding to community development corporations to improve and provide housing in American cities. Both District 7 and the Alliance sent proposals to LISC to develop Frogtown housing. According to the program director at the St. Paul office of LISC, its advisory board did not want to choose between two groups within a single neighborhood, so they asked District 7 and the Alliance for a unified application, paying for a facilitator to work out the conflict between the two organizations (see Baker 1993a). The subsequent mediation resulted in the creation of another organization, the Greater Frogtown Community Development Corporation (CDC), to work directly on housing development in Frogtown (Figure 1). LISC made a four-year commitment to fund operating expenses and technical support for the CDC, as part of building the capacity of the organization. The financial support amounted to about $40,000 annually. Certainly, the LISC association and financial support helped to legitimate the fledgling CDC as a grant-worthy organization in Thomas-Dale, in the same way that McKnight support of the Action Alliance likely certified that group for other funders.

Organizational Compromise and Cooperation

By the end of 1994, the mediation facilitated by LISC spurred the four community-based organizations in Thomas-Dale to agree to divide their community organizing and development efforts. The Action Alliance would focus on economic development, the district council on its existing official duties as liaison to the city for citizen input on planning, land use, and public policy, while the Thomas-Dale Block Clubs focused on crime issues. The CDC would address housing. The McKnight Foundation joined LISC in supporting this interorganizational agreement, by requiring that subsequent grantees in Thomas-Dale identify areas where they could and would collaborate with other neighborhood organizations.

This history of the four Thomas-Dale organizations demonstrates the relative absence of formal governmental involvement in neighborhood-based public policy during the 1990s. Instead, local residents and foundation initiatives came together to foster new organizations in the neighborhood. In the case of the creation of both the Action Alliance and the CDC, foundations—one local, one national—identified a need that they and some residents within the neighborhood believed was not being served in Thomas-Dale. Outside of any direct involvement or request from the local state, the foundations supported the creation of new community organizations in the neighborhood, groups that would also interact with the local
1990

**District Seven Planning Council**
- Land-use Planning
- Citizen input in community development
- Housing programs
  - Financing: *City*
  - Operating Funds
  - Housing Grants

1990-1992

**District 7** obtains grant from *McKnight Foundation* for consultation with Community Training and Assistance Center (CTAC)

1992

**Frogtown Action Alliance (FAA)**
- Created to address CTAC concerns in a different organization
- Financing: *McKnight Foundation*

**District 7**
- Financing: *City*

**Thomas-Dale Block Club (TDBC)**
- Splinter from D7
- Financing: *No specific source at start*

1993

**Local Initiatives Support Corporation** solicits proposals from Thomas-Dale organizations for housing development

1994

**Community Development Corporation**
- Housing Development
- Financing: *LISC*

**TDBC**
- Crime, Safety
- Financing: *Various*

**District 7**
- Liaison with City
- Financing: *City*

**FAA**
- Economic Development
- Financing: *McKnight*

*Figure 1*  Timeline of organizations and funders in Thomas-Dale, 1990–1994.
state in providing economic and housing development in the area. Thus, new public-private partnerships were created, but not by the local state. The relative autonomy given to neighborhood organizations within the local political framework in St. Paul through the district council system provided a framework in which community organizations could assume responsibility for traditional state services, stimulated by the interest of and availability of funds from funding agencies.

**Foundation Support: Impacts and Consequences**

Organizers, city staff, and residents active in Thomas-Dale community organizations have expressed different opinions as to the affects of foundation and consultant assistance that led to the creation of both the Action Alliance and the CDC. In assessing the opinions and perspectives of the diverse groups most affected by foundation involvement in Thomas-Dale organizations—staff—I identify three themes: the financial strength of foundation support, the power and patronage of foundations, and the oversight role that foundations can play in community development. In the following section, I examine these three aspects of foundations’ involvement in community development as illustrated in Frogtown. To start, I explore the role of foundations as community developers from the foundations’ own perspectives, garnered through observation and interviews with staff of foundations in St. Paul, including McKnight and the local LISC office.

**The Goals and Financial Power of Local Foundations**

The community-based foundations such as those that support organizations in Thomas-Dale use their financial resources to enable communities to develop local solutions to problems. While the specific goals of foundations vary, they tend to focus on poor and disadvantaged populations—usually defined in terms of income, race, ethnicity, educational attainment, and other social indicators. Many identify geographical boundaries of the communities they seek to serve with an eye to maximizing potential returns of grants by concentrating resources in a circumscribed territory. This geographic approach implicitly assumes some connection between healthy communities and the health of the families and individuals residing in them (as some research suggests; see Wilson 1987; Buck 2001; Ellaway, McIntyre, and Kearns 2001). In conversations with foundation staff, it is clear that they and their boards see foundations as having a special role, because of their financial resources, that cannot be filled by community organizations or local governments alone.

Foundations’ financial strength gives them power and influence within the urban polity. The families whose wealth created them are in some cases still active as local elites in their communities. Staff members, too, have connections with local public and business leaders. These personal and financial resources facilitate the foundations’ decision-making power within the community, helping to map the future direction of community development in a given area. In Thomas-Dale in the 1990s, for example, grants from McKnight, LISC, and others ensured a development agenda that focused on both the economy (particularly jobs and entrepreneurship through the Alliance) and housing (through the CDC). The organizing primarily supported by the city, by contrast, focused upon providing a forum for citizen input in planning and development in the neighborhood (through the District Council).

Foundation staffers see their efforts in Frogtown as predominantly responsive to the neighborhood and its needs. According to an executive with McKnight, “[We are] probably halfway between [being] reactive and proactive. We’re very careful about not being intrusive—telling communities what we want. We’re trying to support what the community wants.” At the same time, however, foundations do more than merely support ideas from the community. One staffer at a foundation that gives small seed grants to organizations in Thomas-Dale and a neighboring community spoke of the importance of developing organizational capacities:

[Grant-giving is] a kind of pulling and a nurturing and encouraging the idea of growing . . . it’s kind of like telling adolescents, “you have more responsibility” . . . we’re not any kind of paternalistic rule-maker.

The power differential between organizations seeking funding and the foundations that provide it fosters a hierarchical relationship between the two groups. This dynamic clearly
delineates the decision-making role of foundations, not as community development implementers, but as power brokers with the ability to decide whether (and how) to support particular community development efforts. The quote above indicates some awareness, coupled with discomfort, about this hierarchy; the staff member acknowledges the guidance her foundation provides to organizations, yet denies this results in a paternalistic relationship.

**Power and Patronage**

Although foundation staffers acknowledge a tension between being “reactive and proactive” in terms of directing community development efforts, Thomas-Dale residents and business-people involved in their neighborhood organizations are not as equivocating. In describing how the CDC was established, one resident explained,

> The LISC grouping got angry with the neighborhood and the fact that there was a lack of agreement on things, [and] basically told the neighborhood that we had to shape up and follow their rules or not get any money. So there was a superficial effort to come together and basically the money pots were doled out to the different organizations. So . . . it was done for the funders.

According to this resident, the foundations actively manage organizing in her neighborhood, using financial resources to foster organizational change. As a result, she sees the foundations as paternalistic to the community. Decision-making and community development power seem to this resident to rest primarily with the foundations. The governance structure within the neighborhood is not simply one of devolved responsibilities from the local state to community groups. Foundations play an intermediary role between the local state and neighborhood groups. Foundations can insist on organizational change and cooperation—as in the case with LISC in Frogtown—that might not occur without the external financial pressure.

Foundations such as McKnight and LISC clearly provide needed resources to community organizations. Although research by both Jenkins (1998) and Silver (1998) suggests that external financial support does not alter grassroots organizations’ agendas, Thomas-Dale residents have a different view of the affects of foundation support on their community. Like the opinions of the resident quoted above, other residents and business people in the neighborhood see financial resources as also having strings attached:

> It’s who the money is coming from . . . The monies that are being made available have so many stipulations on that they don’t key in on what they need to key in on.

The most pressing needs in the neighborhood, such as child care and other social services, this resident argues, are not the ones supported by foundation grants. Indeed, another resident (quoted earlier about LISC) suggests that, “a tension . . . exists in the neighborhood [between] . . . self-determination versus an attitude of paternalism.” These two comments reflect residential dissatisfaction that decision making about services in their neighborhood appears to occur in foundation boardrooms outside of their local community.

While the foundations clearly seek to support ideas generated and carried out by people from within the community, community representatives are not convinced by the results. One business representative on the District 7 board of directors at the time of the creation of the Action Alliance felt that the actions of the McKnight Foundation undermined the efforts of the district council to serve the neighborhood:

> The community has had too much experience with organizations fighting over limited resources . . . [The Action Alliance] was created by money . . . I was on the District 7 board at the time—[it was a] slap in the face . . . It took years to work through that. That “blessing” [financial support] from McKnight, I think has contributed to further fundraising success for the FAA [the Alliance].

The last comment indicates the importance of foundation support for organizational success. In particular, he argues that McKnight money helped to legitimate the Action Alliance to other funders. Left unsaid are the implications for other groups in the neighborhood, that is, if the Alliance is successful in obtaining grants for its activities in Thomas-Dale, other groups in the neighborhood might have a harder time finding financial support for their programs.
Although the Alliance was created as a result of advice sought by the district council, the new organization required, and received, considerable foundation support, adding to the demands for resources within the neighborhood. McKnight, the primary benefactor to the Alliance in its formation, has also funded some district council programs and expenses, but the bulk of its financial giving in Thomas-Dale by the mid-1990s went to the Action Alliance. In addition, the Alliance was able to leverage additional grant support, from groups such as the Star Tribune Foundation, the Bush Foundation, and even the City of St. Paul. Indeed, its revenues in 1998 were close to $800,000 (Demko 2000, 16). By comparison, the district council had revenues of less than $200,000 in 1997.

Foundations and the Local State: A Financial and Supervisory Role?
The governance structure of the local state facilitates the participation of foundations in community development in two ways. First, St. Paul’s district council system represents a devolved form of planning and land-use policy formation. City staff are accustomed and expect to work closely with community organizations over service provision, policy, and neighborhood programming. Second, while the city is open to organizational involvement in public policy, its financial support for community development is limited to basic funding for district council organizing and special program grants (such as for housing development). This openness to policy involvement, combined with a relative lack of financial support for neighborhood-based development, provides the space for foundations to assume a role in public policy at the local neighborhood level in communities throughout the city.

Staff working in planning and housing provision with the city’s Department of Planning and Economic Development (PED) recognize the role that foundations play, in some cases portraying the foundations much as Thomas-Dale residents do, focusing on the ability of funders to direct organizational agendas:

[The CDC] began as a result of various political influences. Primarily LISC. They gave the word, “[Let’s] make a full fledged CDC.”

The conflict [among organizations and their division of labor] is more an issue with the foundations. [It] get[s] organizations to talk to each other. But some of it is that foundations are afraid of conflict.

In these comments, planning staff see the foundations as having special influence in the organizational process. The first planner even suggests that foundations have their own agendas that are realized through neighborhood grants and patronage. These planners recognize the relative autonomy of foundations as compared to both city agencies and neighborhood organizations. Both of these latter groups face political pressures from within their communities, as well as local media, to demonstrate that their activities serve the communities they represent. Foundations, on the other hand, act more as facilitators for these other groups—most notably, the neighborhood organizations—by offering financial support. As such, they do not claim to represent any particular constituency, other than their boards. Instead, the grant recipients are the ones who must demonstrate their capacity to serve their communities—both to be successful in receiving grants, and to continue to be awarded them.

Yet at the same time, planners with PED see foundations as most able to ensure that community organizations are honoring their claims to provide certain neighborhood services because they can offer or withhold financial support. As such, foundations have an oversight power that one planner sees as crucial:

We [at the city planning department] were very pleased . . . when LISC and the McKnight Foundation, essentially with us, called everybody in and said, “Okay folks, this [division of labor among the organizations] has got to be worked out.” I think that was helpful. It sort of put everybody on notice, the community’s money wasn’t going to be used to fight each other . . . I think that, whether it’s philanthropic or tax dollars, there is an obligation to accountability.

These comments point to a perceived need for accountability and the role that foundations can play—and did, in Thomas-Dale—to force organizations to overcome whatever history or personal conflicts they may have and to work together. The planners working for the city of St. Paul did not have the ability to force the organizations to come to agreement or to
distinguish among the different community
groups for involvement in neighborhood de-
velopment. Each organization in the neighbor-
hood had a legitimate claim of representing
at least some of the area’s residents and was
supported by important local and national foun-
dations with extensive histories of involvement
in community development.

The relative openness of the St. Paul planning
structure was precisely the reason that city staff-
ers did not feel able to insist on certain behavior
from community groups—such as cooperation
or consolidation of functions. These groups
were able to arise from within the neighbor-
hood, supported by foundations. Indeed, the
ability of the Thomas-Dale district council to
use a grant to hire outside community develop-
ment experts provides evidence of the autono-
my of community groups within the St. Paul
planning structure. That autonomy was sup-
ported by the city governance structure, but it
left city staff reliant upon other groups—pri-
marily the foundation supporters of community
development—to provide oversight of the ac-
tions of neighborhood organizations.

One former planner in the mid-1990s ques-
tioned whether foundations were performing
much oversight of Frogtown organizations. Re-
flecting upon the conflicts that the LISC money
exposed, she said, “[It’s] amazing to me that no
one addressed the organizations or held them
accountable—[everyone] widely assumed that
[it was] all okay.” In the period during which the
Action Alliance and the Thomas-Dale Block
Clubs were established as separate organiza-
tions from District 7, this former planner won-
dered why no one in the foundation community
or among city elected officials questioned the
proliferation of groups in Thomas-Dale. She
suggests that as a city planner, she had limited
ability to challenge the devolution of organiz-
ing, and worked mostly with the district council
in her capacity as a land-use planner. Yet she
wondered how foundations could be giving
money to new organizations in a neighborhood
that already had a functioning district council.

The Demise of the Alliance

In examining the trajectory of the Action Alli-
ance, it appears that oversight and accountabil-
ity were precisely what was missing for the
organization and its funders. On the surface,
the Alliance was quite successful. Throughout
the 1990s it was an integral member of the cadre
of organizations working in Thomas-Dale. The
Alliance helped business leaders work on re-
development of a small commercial mall in
the neighborhood and worked with business,
residents, and the city to complete a major
commercial street-widening project. It also de-
veloped a business incubator, which is still op-
erating, and was collaborating with the District
Council, an adjacent neighborhood and its dis-
trict council, and city redevelopment officials on
an industrial park redevelopment of an aban-
donned rail yard.

The Alliance’s missteps occurred in efforts to
create a for-profit manufacturing concern as a
way to ensure organizational revenues and help
spur economic growth. In attempting to estab-
lish the manufacturing concern, the Alliance
undertook questionable financial practices and
poor management decisions. To add to its prob-
lems, the Alliance’s executive director was sued
for sexual harassment. This legal case, com-
bined with financial problems and an audit by
the city, contributed to a spiral of decline in
1999 and 2000, culminating in the bankruptcy
filing in November 2000.

Summary and Conclusion

The financial and mismanagement problems
of the Action Alliance have been the subject of
news articles, and could be a case study in its
own right. But its demise only punctuates what
was apparent even in the mid-1990s in Frog-
town: the efforts of consultants, community de-
velopment experts, and private foundations to
support and encourage neighborhood organiz-
ing and self-empowerment in Thomas-Dale
contributed to a proliferation of separate or-
ganizational entities. These organizations then
competed with one another for resources and
fragmented efforts at comprehensive commu-
nity development and organizing in the neigh-
borhood.

The Frogtown case illustrates that three ma-
JOR groups interacted to produce the community
development landscape in St. Paul: the city
planning department and its associated housing
and economic development agencies, neighbor-
hood and community organizations, and na-
tional and local nonprofit foundations. The
governance structure in St. Paul, which man-
dated community-based input in planning and
public policy, provided an opportunity for community groups to direct neighborhood-based programming. The foundations provided the essential financial support for such activities. Yet, the three groups operated somewhat autonomously from one another, with insufficient checks and balances among them to avoid interorganizational conflict and financial mismanagement. The result was a fragmented neighborhood governance regime, with elites—city staff, foundation staff, and neighborhood organizers—who relied upon one another to achieve urban governance at the neighborhood scale, but interacted and coordinated policies only sporadically.

In devolved forms of urban governance such as the one in St. Paul, oversight of privatized polities is not a primary theme or concern. Indeed, the district council system is one aimed at providing autonomy in citizen-led neighborhood development. Nonprofit foundations financially stabilize the system, providing resources to community groups that partnerships with governments alone cannot ensure. While cities cede greater responsibilities to community groups for governance, the fact that foundations have stepped in to finance these groups is a wonderful economic benefit. Yet, clearly, it also has costs. Rather than being empowered by responsibility and finances, some neighborhoods face a growing number of competing organizations, even as these same organizations share concerns and collaborate to try and address pressing urban concerns and problems. The city has abandoned some of its responsibilities, while communities, seemingly empowered by their autonomy, face an uncharted terrain, which their organizations, and nonprofit foundations alike, struggle to make into viable, productive arenas.

The fundamental relationships among cities, their community organizations, and foundation groups remain structured by a hierarchy in which city governments create and maintain the overall governance system, by specifying neighborhood boundaries and particular services, constituencies, or places that community organizations and foundations struggle to address and serve. Nonprofit foundations, meanwhile, are able to assume a decision-making role in neighborhood-based community development through their financial giving. While community groups have considerable autonomy to establish development agendas, they rely on local elites to finance them—elites that increasingly are foundations rather than the local state. This research demonstrates how attention to the forms of community governance and its financing broadens the scope of inquiries into urban governance, exposing crucial decision makers in the form of nonprofit foundations. Together with community organizations and the local state, these foundations shape neighborhood development regimes within the broader politics of urban governance.

Notes

1 Thomas-Dale is the official, planning-designated name of the area; many residents also use the historic name of Frogtown. I will use both in this article.
2 Archival materials included media accounts of organizational activities and events, organizational reports and flyers, and notes from board and committee meetings observed by the author. Interviews were open-ended, in-depth discussions about organizational histories, neighborhood character, and the role of neighborhood organizations in community development in the neighborhood. Interviews with foundation staff focused primarily on the relationships of the foundations to the groups in the neighborhood; interviews with city staff addressed the relationships among and roles of the organizations in city planning and development programs. I analyzed this material by examining the historical development of the organizations, particularly in the early 1990s, and in light of the role of outside supporters in defining the agendas of the four groups. Information from interviews was cross-referenced with other interviews and with relevant archival materials.
3 Of course, foundations serve a wide variety of constituencies; my focus here is on local and national groups that support neighborhood or community-based organizing and services.
4 The information in the following section is derived from several interviews by the author in 1996–1997 with organizational leaders, staff, and foundation supporters. In the interests of confidentiality, I do not identify them here.
5 McKnight also provided funds to other organizations in the neighborhood in the 1990s, including general operations and youth programs for the Thomas-Dale Block Clubs.
6 As in the earlier section on the history of Thomas-Dale organizations, the information presented here is derived from interviews conducted by the author in 1996–1997 with foundation staff, neighborhood residents and business representatives, and staff of the City of St. Paul. In the interests of confidentiality, I do not identify them here.
Literature Cited


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DEBORAH MARTIN is an assistant professor in the School of Geography, Clark University, 950 Main Street, Worcester, MA 01610. E-mail: dgmartin@uga.edu. Her research interests include urban, social, and political geography; specifically, neighborhood organizing and local politics.