

## **NWO'S as Institutions For Asset Building**

Nelson Merced and Melvyn Colon - March 2006

A change is gradually taking place in the field of community development that places an emphasis on asset development, leading to a new conceptualization of how organizations, such as NeighborWorks (r) America and its local NeighborWorks Organizations (NWO), can be understood as institutions for asset building. The framework of asset building gives a coherence to the work of community development and connects means to ends. NeighborWorks Organizations, and others like them, are increasingly becoming asset building centers that create new institutions and opportunities for wealth creation in our communities.

Many NWO's identify asset building as what they do, as an important outcome of their work. This is in keeping with the social analysis that became prevalent in the 1990's, that communities of color possess fewer assets than other communities and that this shortfall is as significant as differences in income and employment status. A broad range of income groups have asset gaps, including those that are employed and who earn approximately median wages for their areas. Asset development has become the encompassing term in the community development field to address this particular shortfall in communities of different races and ethnicities, as well as other gaps that occur regardless of race/ethnicity. In particular, the initiatives focus on two different types of assets, individual/family and community assets.

Individual/family assets include financial assets, such as savings accounts, physical assets, such as those acquired through homeownership, and human capital, which encompasses a range of programs that make individuals more competitive in the work-place. Human capital can refer to skill training or to the support services, such as daycare, that make it possible for parents to attend school. Investments to develop personal assets pay off in the form of savings in the bank, equity in a house or a business, or improved work situations.

Community assets can be physical (a neighborhood center or a well managed mutual housing association) or organizational (a neighborhood crime watch or a tenant association). Community asset development makes communities better places to live in both by raising the level and quality of social interaction among people and as the stocks of community assets accumulate, by making residents feel that more aspects of the quality of their neighborhoods are within their sphere of influence. Residents feel they can have a say in who gets elected, whether trash gets picked up once or twice a week, whether policeman make nightly patrols, whether a bank decides to open or close a local branch or a national supermarket chain decides to open or close a store in the neighborhood.

Asset building provides a keystone that links together different kinds of programmatic activities to the conceptual framework of capital formation and wealth creation. Homeownership centers, learning centers, entrepreneurial training and leadership development training are programmatic activities that work to increase financial capital, human capital and social capital. Each of these forms of capital has a correlation to wealth creation.

Providing community education related to asset building practices and policies can become a central role for community development organizations. By emphasizing education, organizations can engage in a wider process of transformation in the community. This expanded role has already been adopted by many organizations. The Inglewood Neighborhood Housing Services NHS and the Alamo Area Mutual Housing Association are two examples of organizations that take a comprehensive approach to asset building in their work through the development of the learning centers and the proliferation of classes in resident leadership development.

Multi-family units are an important site for development of learning centers. Learning centers looks to build a range of assets for adults and children, individuals and families. The programming offered varies, but may include childcare, after school enrichment for children, individual account development for homeownership or entrepreneurship and job training. A number of organizations have used their learning centers to develop training programs in entrepreneurial skills.

Many organizations have already set up the infrastructure to be community educators and asset builders. With strategic development, organizations can expand their existing programs to include savings programs, resident leadership training, and even training in entrepreneurship. While many community based organizations may occasionally experience difficulty maintaining a steady flow in their project pipelines, and at times may run out of projects altogether, they are likely to find that opportunities to do asset development in a community are consistently available and predictable.

The field of community development will benefit by embracing the asset building framework through strategic planning, growth and program development. The culmination of this challenging work could be the emergence of a fully engaged and informed citizenship with greater access to wealth creation opportunities.

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