Chapter 11
Philanthropic Foundations in the City Policy Process: a Perspective from the United States

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Abstract (170 words)

In the United States, philanthropy has long been a powerful and integral force in political economy and society (Zunz, 2012). With particular reference to the City of Baltimore, Maryland, this chapter explores the competences and capabilities of foundations to perform policy functions. In so doing, foundations demonstrate the importance of the policy capacity of non-governmental actors to how a city is governed. The chapter first considers the state-society relationships of urban governance. It then briefly explains the history of foundation philanthropy-of-place approaches in the US, and learnings that that have led to more locally embedded approaches. The policy capacity of foundations in formulating neighbourhood revitalization policy is then explored, followed by consideration of the role of foundations in both directly and indirectly implementing such policy via intermediary, non-profit organizations. It then considers the extent to which these city policy processes are open to genuine collaboration between government and non-governmental actors, and the extent to which they reflect differential power resources and relationships. The chapter concludes by considering the scope for development of progressive alternatives.

11.1 Introduction

In the United States, since the advent of 'the Big Three' (Ford, Carnegie, and Rockefeller) in the late nineteenth century, philanthropy has been a powerful and integral force in political economy and society (Zunz, 2012). A key thread in the history of US foundation philanthropy is the policy capacity of these non-governmental actors. Foundations became "builders of heavily politicised knowledge networks... linked with the US state as well as with civil society" (Parmar & Rietzler, 2014, p. 4). Their importance is reflected in debates about the relationship between government and philanthropy. In Zunz's (2012) view, federal government is most at ease when philanthropy adheres to 'charitable' purposes and is less at ease with philanthropy's entry into the realm of policymaking (ibid: 297). But, as will be considered here with particular reference to the City of Baltimore, Maryland, foundations have competences and capabilities to perform policy functions. In so doing, foundations demonstrate the importance of the policy capacity of non-governmental actors to how a city is governed.

The chapter first considers the state-society relationships of urban governance. It then briefly explains the history of foundation philanthropy-of-place approaches in the US, and learnings that have led to more locally embedded approaches. The policy capacity of foundations in formulating neighbourhood revitalization policy is then explored, followed by consideration of the role of foundations in both directly and indirectly implementing such policy via intermediary, non-profit organizations. It then considers the extent to which these city policy processes are open to genuine collaboration between government and non-governmental actors, and the extent to which they reflect differential power resources and relationships. The chapter concludes by considering the scope for development of progressive alternatives.

11.2 Philanthropic Foundations in City Governance

In the US, philanthropic foundations play a significant role in the governmental/non-governmental relationships that comprise city governance. In certain policy realms, they deploy their policy capacity in all aspects of the policy process.

Understanding the role of foundations is usefully framed by considering the two broad interpretations of the empirical and normative shift from government to governance, which is especially evident in cities given the proximity of governmental and non-governmental actors. One view sees network governance as a way to overcome bureaucratic rigidity and market inequity by incorporating a wide range of groups into policy-making (Rhodes, 1997; Stoker, 2004), enabling greater capacity to address complex urban problems (Rhodes, 1997) as well as enhancing democratic legitimacy (Newman, 2005; Stoker, 2004). The other sees network governance arrangements as reflecting the dominance of a neoliberal urban polity, steered by cooperative relationships between economic and institutional urban elites (Geddes, 2006; Davies, 2011). While both narratives focus upon governmental/non-governmental relationships in urban governance, one narrative asserts that these relationships are characterized by heterarchy and the other asserts that the relationships are characterized by hierarchy. As Blanco explains, a useful way to overcome the dualism of the networks/neoliberalism narratives is to use the predominant US approach to urban governance, regime theory, which enables a more refined understanding of how different coalitions in different cities mobilize different sets of resources over time and in different policy arenas (2015, p. 124).

Although regime theory stems from pluralist-elistist debates (for an overview, see for example Stone, 2005), the approach focuses on how informal alliances afford city governments the 'power to' craft and deliver policy agendas (Stone, 1993) as they lack the requisite resources and capacities to pursue public policy on their own. Regime analysis assumes that where "many activities and resources important for the well-being of society are nongovernmental" (Stone, 1993, p. 7), the act of urban governance "requires the cooperation of private actors and the mobilization of private resources", which results in coalition formation. Therefore, and crucially, the composition of the alliance will depend upon the policy realm. As Stone asserts, the key question of regime theory is "who needs to be mobilized to take on a given problem effectively" (2005, p. 313). Thus while some interpret regime theory as referring to the formation of coalitions between local political and corporate elites (Pierre, 2014), mirroring the rather reductive neoliberal narrative of urban governance, a much richer understanding of the role of non-governmental actors in city regime policy processes is possible if we refine the definition of private elites to include non-profit organizations as well as for-profit businesses.

The key role played by other private (non-corporate, non-profit) elite actors, namely philanthropic foundations, in alliance with city government in certain cities in the policy realm of neighbourhood revitalization will be explored below. Such actors tend to prevail in cities in decline that lack a significant corporate presence and face significant neighbourhood policy challenges. Philanthropic foundations have played a key role in the regimes and in the development and implementation of neighbourhood revitalization policy agendas—and have in turn enrolled the non-profit organizations they support into the approaches developed. Whilst the 'social production model' of power espoused under regime theory posits 'power to' rather than 'power over' (Stone, 1993), the regimes do generally result in governance by exclusion or domination of those lacking the power or other resources valued by the regime to pursue its policy agenda.

As can be expected given the localist nature of US urban governance in a federal governmental system, local political agency related to local actors' values and beliefs is recognized as an essential element of the structuring process in regime analysis (Stone, 2004;

Collins, 2008). But agency is also affected by local actors' interpretations of prevailing policy discourses. As Stone explains, "feasibility... is a matter of shared perception" (2005, p. 319). Thus the neighbourhood policy agendas have generally adopted the discourse and practices of mainstream, pro-market approaches. But there are signs of alternative, more community- than market-based, paradigms emerging (Imbroscio, 2013 and 2016), in which foundation actors are again playing a major role.

11.3 Philanthropy of Place

The focus on the policy capacity of philanthropic foundations in US urban governance in the policy realm of neighbourhood revitalization necessitates an explanation of what is usefully termed in this context 'philanthropy-of-place'. Philanthropic foundations can be public or private. Public (or community) foundations are inherently place-based, as they are created to benefit the residents of a defined geographic area, pooling the resources of local donors and funds from a variety of sources into a permanent endowment for the area's betterment. Currently about 700 such foundations operate in the US, bequeathing around $4 billion annually (Foundation Center, 2012). Private foundations, generally funded from a single source, may focus on particular places and/ or particular issues. Private foundations can be one of three types: independent (not governed by a benefactor, a benefactor's family or a corporation); family (the donor or donor's relatives play a role in the foundation); and corporate, which derive funds directly from businesses. As community foundations have more leeway than private foundations under tax laws to devote a proportion of their resources to advocacy[1], they are thought more likely to adopt an explicitly political role (Auspos et al., 2008). But the policy capacity of private foundations engaged in philanthropy-of-place is clear, as shall be examined below.

In the US, attempts at place-targeted strategies date from the 1960s, when federal government efforts such as the Community Action and Model Cities programmes sought to counter the perceived shortcomings of centralized responses to poverty. Continued 'urban crisis' in the 1970s led to a 'backyard revolution' (Boyte, 1980) of activism and the creation of community-based organizations, including Community Development Corporations (CDCs), which focus on physical redevelopment, including building affordable housing and commercial space (NACEDA, 2010). CDCs were boosted by the federal Community Development Block Grant (CDBG) enacted in 1975, under which entitled cities have discretion to disburse funds under very broad guidelines. But importantly, CDC development has also increasingly been assisted by local and national foundations. Such support includes the growth of national financial intermediaries, LISC (the Local Initiatives Support Corporation, initially an offshoot of the Ford Foundation) and Enterprise Community Partners, both of which channel funds to CDCs. Philanthropies generally considered CDCs to be a "positive and civil way of achieving neighbourhood renewal" (McQuarrie, 2013, p. 81) and an alternative to contentious, oppositional community organizing strategies.

In the 1980s, development of the urban regime "local elitist mode of policy formation" (Peck, 1998, p. 28) was furthered by the 'de facto devolution' of federal retrenchment (DiGaetano & Strom, 2003). An espoused outcome was to "stimulate community-self reliance and unleash a massive increase in voluntarism and private philanthropy" (Barnekov et al., 1989, p. 114). Martin (2004, p. 394) describes the "increasing privatism" of the "neighbourhood policy regime" comprising the local state, foundations and

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[1] Community and private foundations both have tax-exempt 501c(3) status. As such, they are prohibited from conducting political campaign activities for elections to public office (though non-partisan voter education/ participation activities are allowed). However, public charities such as community (but not private) foundations may conduct a limited amount of lobbying to influence legislation.

community-based non-profit organizations, especially CDCs, an observation supported by other research (for example, Frisch & Servon, 2006). Therefore, as resources from federal government have declined, neighbourhood revitalization has become increasingly dependent on networks of non-profit organizations, led by locally based or locally operating foundations and intermediaries, as well as (education and medical) "anchor institutions" (Silverman et al., 2014), so named as once established they tend not to move location. CDCs that partner with foundations and intermediaries are more likely to attract funding from other local sources (Silverman, 2008), further marginalizing those non-profit organizations outside of the neighbourhood policy regime.

The 1990s saw private philanthropies attempting time-limited, multi-city, neighbourhood-targeted Comprehensive Community Initiatives (CCIs), operationalized via grant-making, and partnering with local non-profit organizations, particularly CDCs. The stated aim of such 'community building' approaches was to ameliorate neighbourhood poverty by developing active resident participation in the building of neighbourhood social capital and community capacity (Sampson et al., 1999; Chaskin et al., 2001). Key nationally operating foundations such as Ford and the Annie E. Casey Foundation had 'community building' divisions, and the philanthropic sector invested significant resources (for example, Casey invested $550 million in its 10-year, 10-site Making Connections initiative). In assessing the Ford Foundation's four city Neighborhood and Family Initiative, Chaskin found that "power dynamics are pervasive" (2005, p. 418), with non-profit organizations shaping their activities to meet the demands of funders. This aligns with critiques that posit that community-building approaches enrol non-profit organizations into the priorities of a city's political and economic elites (Mayer, 2003). City government can use CCIs in pursuing "neighbourhood development more efficiently -through partnerships with foundations, local businesses, CDCs, and neighborhood-based community groups" (Fraser, 2004, p. 443).

Lessons drawn from the failure of CCIs to achieve change in key outcomes included the need for "deep foundation engagement in the community" (Kubisch et al., 2011) or "local anchorage" (Karlstrom et al., 2009)—and, crucially, the need for foundation initiatives to be political and systemic. Attention turned to initiatives led by local foundations (or nationally operating large foundations in a 'home town'), rather than CCIs led by 'outsider' foundations (Chaskin, 2003). One example is the four pilot cities of Living Cities (a national philanthropic collaborative of 22 foundations and financial institutions), in which a 'host', locally based foundation shapes and supports an initiative and seeks to leverage the support of other partners (Auspos et al., 2008) with an emphasis on 'system transformation' (Living Cities website).

The emphasis on anchorage and long-term commitment led to the notion of 'embedded philanthropy', defined by Karlström et al. (2007, p. 1) as place-based but with "an unusually intimate and long-term engagement with communities". Embedded philanthropy is thus distinct from the place-targeted efforts of CCIs sponsored by the large private foundations operating remotely, but it also entails more than a philanthropy being place-based. A key element of the approach is that foundations stress their ambition to diminish the power differential with their 'community partners' that philanthropic relationships inevitably entail (Karlstrom et al., 2009). In a study of four embedded philanthropies, Karlstrom et al. (2009, p. 55) found that the foundations directly supported civil engagement activities, ranging from voluntarism to political activism; convened and brokered new opportunities for civil engagement; and tried to use their own relationships and influence to make powerful regime actors more responsive to civil activity. Not surprisingly, given their implicit anchorage, two of the foundations were community foundations. As in regime theory, Karlstrom et al. (2007) stress that the local political ecology plays a major role in shaping the

opportunities and constraints on embedded philanthropy and its ability to develop the 'civic capacity' of the community-based organizations it supports.

11.4 The Policy Capacity of Foundation Actors in Neighbourhood Revitalization

The policy capacity of foundations shall be explored using the case of the City of Baltimore, Maryland. The case illustrates that the neighbourhood revitalization policies developed and implemented in Baltimore have been influenced by the prevailing philanthropy-of-place approaches as set out above. After providing some background on the city, the chapter considers foundation policy capacity, firstly by focusing on policy formulation, and secondly on policy implementation.

11.4.1 Background[2]

Baltimore grew as an industrial and port city, reaching its peak of population and prosperity in the mid-twentieth century. Post-war decline resulted in federally funded urban renewal (comprehensive redevelopment and construction of public housing projects), in a context of federally subsidized rapid suburbanization. The resultant depopulation, displacement and disruption in the city acted to concentrate deprivation and left a legacy of distrust of government. Such rapid demographic change eroded civic life, although federal funding via the Community Action and Model Cities programmes did assist the rise of advocacy neighbourhood organizations, some of which still exist as CDCs. These may continue to receive federal funding via the city government's disbursement of CDBG funds, though local philanthropic foundations have become an increasingly important source of funding as federal funding has declined.

The 'de facto devolution' of federal retrenchment in the 1980s exacerbated the problem of the city's declining tax base, and reductions in redistributive funding necessitated greater self-reliance. Baltimore followed the country-wide trend to more privatist urban regime-type modes of city governance. City government and business regime-style 'revitalization' efforts focused on the central business district and Inner Harbor. Mayor Schmoke, elected in 1987, sought to address the city's long-neglected neighbourhoods, and his efforts helped attract some time-limited, neighbourhood-focused federal programmes based on levering the market in the 1990s. In 1994, Baltimore gained a 10-year Empowerment Zone designationthat made $250 million in federal tax incentives and a $100 million federal grant available for areas pursuing economic opportunity and sustainable community development (Gittell et al., 1998). The zone overlapped with a neighbourhood initiative instigated by Enterprise Community Partners, the nationally operating but locally headquartered financial intermediary. This innovative (for its time) CCI in West Baltimore drew from community building principles. However, it achieved only marginal neighbourhood improvement and became regarded as a lesson in the intractability of neighbourhood problems (Brown et al., 2001), borne out when the area formed the locus of the city's riots in April 2015.

Since 2000, continued reductions in federal aid combined with the city's shrinking tax base led to the justificatory narrative of a 'greater realism' of approach with transformative effects on the city's governance processes. This has led to the constitution of the city's governance regime for neighbourhood revitalization being made up of city government working closely with private but non-corporate interests. These private interests comprise key

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[2] The City of Baltimore's population is 621,000, a 35% decline since its 1950 peak of 950,000. A quarter of the city's residents fall below the (federal government-defined) poverty level. Its racial composition is 64% African American, 32% White, and 6% Hispanic/Asian (US Census 2010).

anchor institutions such as the city's (and the State of Maryland's) major employer, Johns Hopkins University and Johns Hopkins Medicine, as well as private local, or locally based, philanthropic foundations.

11.4.2 Philanthropic Foundations' Role in the Regime

As the city's corporate presence continued to shrink in the 1980s and 1990s, its philanthropic sector began to play an expanded role in the city's governance regime. Some foundations based in Baltimore also operate nationally (such as the locally headquartered, nationally operating Annie E. Casey Foundation). Others are purely local, such as the Goldseker Foundation. The policy capacity of these non-governmental actors is evident throughout the policy process for neighbourhood revitalization. This shall be examined in two ways: firstly their role in formulating policy; and secondly their role in implementing policy, both directly and via their instrumental relationships with the other non-profit organizations which they select to fund and support. Such an examination of how foundations realise their policy capacity validates the usefulness of the nested model of capacities: Foundations manifest their organizational capacity analytically, operationally and politically, but systemic capacity is also critical.

11.4.3 Policy Formulation: Asset-based resource allocation using a housing typology

Foundations played a crucial role in the shift in the city's governance regime strategy, heralded by the adoption of an 'asset-based' mode of resource allocation to boost the city's housing market.

The imperative for this major shift from a needs- to an asset- or market-based mode of resource allocation was the city's huge needs and lack of resources, exacerbated by federal withdrawal. Given its declining policy capacity, the city government thus had little to lose by becoming more open to working with non-governmental actors. Such actors formulated a policy approach for neighbourhood revitalization that aligned with the need to target public resources and attempt to attract private investment. Indeed, the policy approach illustrates Painter and Pierre's (2005) narrower, policy formulation-focussed definition of policy capacity as "the ability to marshal the necessary resources to make intelligent collective choices about and set strategic directions for the allocation of scarce resources to public ends" (p. 2). The city's declining population and hyper-concentration of the poor has long meant rising service needs and a shrinking tax base. The resultant constant 'fiscal squeeze' faced by city government exemplifies Peck's (2012) description of austerity conditions as "normalised and localised" in US urban governance. This context eased the adoption of what was a major, rather than incremental, change in strategy.

The asset-based approach was identified and promoted by a local philanthropic foundation, the Goldseker Foundation (founded in 1976 with a bequest from a local real estate investor). Goldseker funds non-profits and projects in the Baltimore metropolitan area, seeking to "serve the Baltimore community by investing in its institutions and people", and describes itself as having "consistently been an early supporter -in many cases the first funder - of a number of initiatives designed to strengthen our city" (Goldseker Foundation website). Goldseker's organizational capabilities were evident in their analytical competence to identify the value of the data-based approach eventually adopted by city government. The approach was not developed by the foundation, but it demonstrated its collaborative abilities by commissioning The Reinvestment Fund (TRF), a community development financial institution (whose capital was derived in part from private foundations) to reprise the 'market value analysis' methodology it developed in Philadelphia to form the basis of the Baltimore approach. The process is underpinned by the development of a typology of housing markets,

developed using detailed cluster analysis of the city's neighbourhoods[3]. The typology ranges from 'stressed' to 'regional choice' neighbourhoods, each with a different policy prescription. 'Stressed' areas, defined as such given the scale of disinvestment, population loss and abandonment, are subject to demolition, and are ideally clustered to enhance the potential for site assembly and redevelopment. In the 'middle' categories, the interventions pursued are perceived as helping the market, include supporting homeownership, marketing vacant homes and providing additional incentives for development and investment. 'Regional choice' neighbourhoods are those in which the housing market is most strong, and are so-named in line with the policy goal to attract the middle class to live in the city.

As an organization, Goldseker's legitimacy—gained in part through being locally embedded - gave it considerable political resources. At the same time, its organizational legitimacy is hard to disentangle from the individual capacities of its then president and CEO, an elite member of Baltimore's community development policy network who was able to take the political aspects of policy into account and to credibly seek political support for the foundation's approach. Getting the mayor's buy in was critical, especially given the power vested in the city's particularly strong mayoral system of government. The office is subject to a city-wide election separate from that for its 14 district council members. The mayor has ultimate decision-making power and controls the Board of Estimates. This is backed up by a mayoral veto that can only be overridden by a three-quarters City Council vote, which members are wary of using. Crucially, Mayor O'Malley (in office 1999-2007) decided to adopt the housing typology approach for city government that was being championed by Goldseker. Use of the typology aligned with his commitment to evidence-based approaches, as demonstrated by his introduction of CitiStat, a statistics-based crime tracking system that has since been broadened to cover provision of other city services. The mayor's adoption of the approach assured its broader adoption by city members and bureaucrats. The asset-based typology approach continues to form the basis for city planning and resource allocation, as used in the city's comprehensive master plan adopted in 2006; and in its consolidated plan for housing and community development needs, prepared every five years as required by the federal government for jurisdictions receiving CDBG monies.

Therefore the key decision-maker to enable policy adoption in the Baltimore city government system is the mayor. That the asset-based approach has continued through two subsequent mayors, and has been revised three times, is testament to its normative, common-sense appeal as an evidence-based policy approach that is easily shared. Its longevity was probably also assisted by O'Malley's later election as Governor of Maryland, given that state government is an important source of city funding. Typology updates are now jointly developed by The Reinvestment Fund and the two key stakeholder city departments, Planning and Housing and Community Development. The updating process also involves oversight by a task force including representatives from non-profit organizations such as foundations, CDCs and academic institutions, as well as banks and private developers (City of Baltimore, 2014).

Goldseker's role reflects the lesson drawn from CCI failure: that philanthropy-of-place needs to be political and systemic. The neighbourhood policy approach, which stemmed from the organizational capacity of one foundation, has become a systemic capacity: analytically, in terms of data sharing; operationally in terms of coordination; and politically, in terms of participation of key stakeholders. However, although the housing typology as an underpinning for the asset-based approach deployed in the neighbourhood revitalization policy realm is publically available and widely used by those within the city's

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[3] Cluster analysis is conducted down to census block group level drawing from 10 data variables, allowing for a detailed analysis of the city's neighbourhoods (initially conducted in 2005, most recently in 2014).

neighbourhood policy regime (city government, foundations and CDCs), it is not widely known amongst the general public, not least because of the sensitivity of notions of 'stress' (and the implications for individual homeowners in terms of their housing equity).

The major policy shift not only reflected the agency of local stakeholders, led by a local foundation, but their interpretations of prevailing policy discourses. Learnings from elsewhere, such as the nearby city of Philadelphia, influenced and eased adoption of the strategy. As Collins (2008) explains, the policy choices of city government are influenced by the perceived success of similar strategies adopted by other cities, which can make the strategy more publicly defensible and thus perceived as more feasible and less risky than alternatives. Baltimore's neighbourhood revitalization policy regime members are also influenced by the broader prevailing policy discourse—specifically, the "neoliberal convergence of policy advice" (Rose et al., 2013, p. 1) that emphasizes "local competitiveness and revitalizing cities through poverty deconcentration and community reinvestment" which has been incorporated into "the imagination of local political leaders and policymakers" (Newman & Ashton, 2004, p. 1154). The spatial basis of the asset-based housing typology approach, and its policy prescriptions, comprise the local interpretation of these broader trends. This is captured in the following excerpt from the city master plan, which includes the policy goals of attracting the middle class to deconcentrate poverty and tailoring action in line with market viability:

> As part of its larger, city-wide response to market forces, Baltimore will work with individual neighbourhoods to stabilize local real estate markets. This will focus city residents and services on retaining existing residents while attracting new residents. Tailoring city action to the particular needs of each community will efficiently and effectively cut the constraints which can hinder neighborhood stability, allowing more Baltimore neighbourhoods to compete with their suburban alternatives (City of Baltimore Comprehensive Master Plan, 2006, p. 70).

11.4.4 Policy Implementation: Asset-based resource allocation using a housing typology

In terms of the stages of the policy process, a local foundation was key to policy formulation, and the foundation's political legitimacy assisted in gaining the support of the city's key decision-maker, the mayor. This support, in turn, led to policy adoption as expressed via the policy's use as a basis for city planning and resource allocation according to the policy prescriptions for different neighbourhood types. This demonstrates the systemic adoption of one organization's policy capacity. The policy capacity of philanthropic foundations is also clear in policy implementation, as evident from their influence in not only identifying but also pursuing priorities in terms of the spaces, organizations and activities which gain the systemic attention and resources of city elites (including government). Thus foundations also directly and indirectly implement the policy that one in particular was key to formulating.

11.4.4.1 Foundation Direct Engagement in Implementation

One example of a foundation's direct engagement in implementation is provided by the Annie E. Casey Foundation. This nationally operating, privately endowed philanthropic foundation is headquartered in Baltimore. Its national focus is on "developing a brighter future for millions of children… strengthening families, building stronger communities and ensuring access to opportunity" (Annie E. Casey Foundation website). However, Baltimore is regarded by the foundation as a 'civic site' - a city where, in line with Karlstrom et al.'s (2007) notion of embedded philanthropy, "we have close hometown connections, where our grant making is not restricted to specific initiatives, and where we anticipate maintaining

significant leadership roles for years to come". Indeed, Baltimore was one of four pilot cities for the national Living Cities initiative, in which the Casey Foundation is a partner (Auspos et al., 2008).

The Casey Foundation has played a significant role in the implementation of the East Baltimore Development Initiative (EBDI) megaproject. The project encapsulates the neighbourhood revitalization policy's prioritization of the development needs of the city's other key non-governmental actors: non-profit 'ed and med' anchor institutions. The EBDI is anchored by Johns Hopkins and covers a 30-block area redeveloped as a bioscience cluster. Residents were relocated from these 'stressed' neighbourhoods to allow for site assembly as prescribed under the asset-based approach of the housing typology. The project has occupied a significant place in the politics of the city and has been the subject of citizen protest. Notably, the foundation, aligning with the ethos of the Living Cities initiative, was directly engaged in EBDI. It presented itself as advocating on behalf of EBDI residents, many of whom were displaced due to site clearance. Casey's role can be critiqued, however, as co-opting residents into the neighbourhood policy regime's approach rather than assisting them in challenging it (Davies & Pill, 2012). The example of EBDI shows where the regime has chosen to focus its energies and resources, rationalized by a discourse of redevelopment for universal benefit. Other 'stressed' neighbourhoods lacking support from an economic anchor appear as 'ungoverned spaces' disregarded by the regime.

11.4.4.2 Foundation Indirect Engagement in Implementation

Foundations are key funders of the city's non-profit organizations. By targeting their support, foundations indirectly implement the neighbourhood revitalization policy via intermediaries by maintaining the systemic asset-based rationale for resource allocation. Assistance given by Baltimore's locally based foundations focuses on the neighbourhoods 'in the middle' of the housing typology, regarded as places where there is scope for smaller-scale efforts, and where the relatively low level of foundation funding can 'improve the market'. Thus the CDCs selected for foundation support are those which operate in such 'middle' neighbourhoods.

A key example is the Healthy Neighborhoods Initiative (HNI), where the organizations involved align with membership of Martin's (2004) 'neighbourhood policy regime'. The Goldseker Foundation provided core operating support to incubate the HNI, now a separate non-profit organization that receives support from a variety of local and national foundations to encourage homeownership in 'middle' neighbourhoods through such mechanisms as loan financing, homeownership counselling services and neighbourhood marketing. The policy entrepreneurship of Goldseker is again evident, as Goldseker was responsible for commissioning a report that set out what became the HNI approach (Boehike, 2004). Its efforts resulted in a mortgage and property rehabilitation loan pool, funded principally by local financial institutions who are represented on HNI's board along with Goldseker and three other local foundations, plus the city's Housing Commissioner. As explained on the Goldseker website:

> By emphasizing a market orientation [HNI's innovations] have changed significantly the way in which Baltimore government, financial institutions, foundations and the residents themselves think about sustaining strong communities (Goldseker Foundation Healthy Neighborhoods website).

Notably, in 2010 HNI was successful in applying for federal funding from the national neighbourhood stabilization programme established to mitigate foreclosures and abandoned properties following the 2008 financial crisis. Thus while the neighbourhood

policy regime is certainly privatist and localist, its existence constitutes a powerful and reassuring attractant to federal funding when this is available.

11.5 Power Differentials amongst Non-Governmental Organizations in Neighbourhood Revitalization

Overall, the relationships between the city's foundations and its non-profit organizations in the implementation stage of the policy process illustrate the instrumental role of foundations. Those organizations selected as foundation beneficiaries tend to be enrolled in the prevailing ethos of the neighbourhood revitalization regime rather than assisted by philanthropic actors to exert their own agency in seeking to influence the policy process. Thus power differentials are clear amongst the types of non-governmental organizations engaged in the policy realm of neighbourhood revitalization. Foundations, though engaging in place-based and perhaps even what Karlstrom et al. (2009) term embedded practices, are not realizing the ambition associated with embedded approaches of diminishing the power differential with their 'community partners'.

Patterns similar to those seen in Baltimore can be identified in other US cities. In Cleveland, McQuarrie (2013) found that non-profit organizations had been 'instrumentalized'. As in Baltimore, the city's neighbourhood policy regime assessed neighbourhoods according to property values. CDCs were enrolled in the physical redevelopment approach given their need to conform to models sought by funders to survive. The funding criteria used by the intermediary organization which channels funding from the city's philanthropies to its CDCs were adopted by Cleveland's Department of Community Development, mirroring the City of Baltimore's adoption of the philanthropy-championed asset-based approach. Such selection of the type of organizations and approaches to support created a 'civic monoculture' which McQuarrie (2013) explains compromised the city's resilience to the 2008 financial and resultant mortgage foreclosure crises.

Cleveland and Baltimore are both US cities in decline in which philanthropic actors have become key members of the city's neighbourhood policy regime. Philanthropies have played a formative role in both cities' policy processes, establishing property values as the key metric to shape resource allocation, and selecting non-profit organizations to become enrolled in the neoliberal policies pursued. The experience of Baltimore and Cleveland supports the findings of other research which finds that non-profit CDCs struggle to contest the futures of their communities. As place-bound, development-focused entities dependent upon capital (whether from foundations, city government or financial intermediaries), they are unable to "rescale the contest" to modify their policy environment (Scally, 2012) and have become "sandwiched between patronage and bureaucracy" (Silverman, 2009).

When regimes change, CDC activities are affected accordingly. This is illustrated by Owen Kirkpatrick's (2007) study of CDC efforts to develop affordable housing in Oakland, California. Here, a regime that pursued a "hesitant form of growth" enabling affordable housing subsidies was replaced by an 'entrepreneurial urban regime of market-oriented growth', under which a local ordinance requiring affordable housing in new developments was vetoed by the mayor, who saw it as a disincentive to private investment (ibid, p. 347). Thus the resource allocation process of the neighbourhood policy regime keeps non-profit organizations such as CDCs in a clientist position and constrains contestation (Newman & Ashton, 2004). McQuarrie affirms the marginalization of non-profits not enrolled into policy implementation by describing one non-profit which maintains its activist stance as being consigned to "the doghouse of the city's philanthropies and politicians" (2013, p. 95).

In Baltimore, the strictures placed upon city government given declining federal resources and a stretched local tax base, combined with rising needs, have strained its policy capacity and heightened the imperative to partner with non-governmental organizations in

developing and implementing policy. However, the Baltimore case helps refine our understanding of the governmental/ non-governmental relationships in city governance. Philanthropic foundations—though non-governmental and non-profit—have have aligned with (as well as influenced) city government, while other non-profit organizations have been (or perhaps have chosen to be) excluded from the neoliberal approach adopted and pursued. Thus, the realm of neighbourhood revitalization policy illustrates that inherently normative policy choices are contested given their differential implications for different stakeholders (Gleeson et al., 2009).

11.6 Regime Policy Change?

Baltimore's major policy shift to a market-based approach to neighbourhood revitalization demonstrates not just the organizational policy capacity of a particular foundation, but also the development of systemic capacity, once the approach was adopted by city government whereby the approach frames the efforts of many stakeholders in the neighbourhood revitalization policy realm. Policy regimes are not static, however, and need to be able to react to 'crisis'. The April 2015 riots following the death of a young black man following injuries sustained in police custody brought Baltimore's spatial and racial divisions to the fore. These divisions are reinforced by the laissez-faire policy approach to its 'stressed' neighbourhoods, especially those which lack an economic anchor. Subsequent discourse, such as the need to facilitate "civic dialogue and a process for ongoing engagement" with Baltimore's 'underserved neighbourhoods' (City of Baltimore, 2015), implicitly recognised the abandonment of 'stressed' neighbourhoods under the neighbourhood policy regime's agenda, which has divided the city into areas that either merit or do not merit regime resources.

As a result, what was already an emerging related policy realm of workforce development now has the impetus, and therefore the potential, to become more strategic than incremental (Peters, 1996) . Again the approach is championed by local and locally based philanthropic foundations, through their direct funding and membership, along with representatives of city government, in the Baltimore Integration Partnership (BIP). BIP has been funded since 2010 by the national philanthropic collaborative Living Cities (to which Casey belongs). Living Cities' description of how it seeks 'system transformation' affirms the policy capacity it attributes to philanthropic foundations in city governance, through:

> Working with cross-sector leaders in cities to develop and scale new approaches … Our investments, research, networks, and convenings catalyze fresh thinking and combine support for innovative, comprehensive, local approaches with real-time sharing of knowledge to accelerate and deepen adoption in more places' (Living Cities website).

BIP seeks to shift to a broader, more systemic human capital as well as physical capital-based policy approach by connecting those seeking work with local employment opportunities, including those resulting from anchor institution-based neighbourhood redevelopment megaprojects. It provides Casey with an opportunity to "influence decision makers to invest in strategies based on solid evidence" (Annie E. Casey Foundation website) and Goldseker to continue in its self-described role as an early supporter of key policy initiatives. City government engagement indicates the potential for more systemic change. However, the changes being sought in Cleveland, in an approach developed by the Cleveland (Community) Foundation, are even more significant. Imbroscio (2013 and 2016) describes the approach as community-led, as it seeks to harness the procurement activities of anchor institutions to catalyse worker cooperatives. It is thus seen as a policy paradigm shift away

from aligning with the market to developing alternative market mechanisms that help equalize relationships between the city's institutional elites and its constituent communities. These alternatives point to the possibility that foundations could champion more progressive policies to redress inequity. Could this be seen as logical, efficient and non-ideological (Imbroscio, 2013, p. 16)? Or would this be too much of a challenge to a powerful set of actors?

11.7 Conclusion

In the state-society relationships of urban governance in the US, and especially in cities in decline which lack corporate elites and face significant policy challenges such as Baltimore, the policy capacity of city government is sufficiently low that non-governmental philanthropic foundations have stepped into the breach in certain policy realms such as neighbourhood revitalization.

Foundations manifest their organizational capacity analytically, operationally and politically; but systemic capacity is also critical. In terms of the stages of the policy process, philanthropies play a significant, twofold role, firstly in policy formulation and secondly in implementation. In Baltimore, a local foundation was key to policy formulation: its political legitimacy assisted in gaining the support of the city's key decision-maker, leading to policy adoption as a basis for city planning and resource allocation. The policy identifies priorities in terms of the spaces, organizations and approaches which gain the attention and resource of city elites, thus showing the systemic adoption of what had stemmed from an organization's policy capacity. While the policies are influenced by prevailing philanthropy-of-place approaches that have become more locally embedded, the policy agenda pursued in Baltimore, as elsewhere, has adopted the discourse and practices of mainstream, pro-market approaches. Foundation actors thus align with the prevailing neoliberal policy discourse rather than serve as progressive activists.

In terms of policy implementation, the policy capacity of philanthropic foundations is also clear. This is evidenced by their influence in not only identifying but pursuing the priorities that are established. In Baltimore, foundations directly and indirectly implement a policy that one foundation in particular was key to formulating. Indirectly, they serve as an important source of funding and support for other non-profit organizations. Those selected as beneficiaries tend to be enrolled into the prevailing ethos rather than assisted by philanthropic actors to exert their own agency in seeking to influence the policy process. Thus power differentials are clear in the types of non-governmental actors engaging in urban policy co-production. As in Cleveland, the instrumentalization of CDCs has limited their capacity to contest neoliberal institutional transformations of the state and market (McQuarrie, 2013). As Peck (2012, p. 632) explains, "systemic conditions of fiscal restraint serve to reinforce the hierarchical powers... inducing instrumentalism".

Returning to the terminology of urban regimes, the 'power to' create and implement policy agendas (Stone, 1993) means that those lacking the power or other resources valued by the regime to pursue its policy agenda are excluded from, or may be subsumed within, the approach adopted. How this is manifested in Baltimore points to the need for regime analysts to reengage with normative concerns in order to generate more socially inclusive governance arrangements (Stone, 2005; Blanco, 2013). This leads to questions about the scope for foundation actors to develop progressive alternatives. In their grant giving and other forms of support, foundations have the potential either to constrain or enable non-profits to contest the future of their communities. The ideal for the embedded philanthropic practices as envisaged by Karlstom et al. (2009) is that non-profits are accorded agency, but this ideal is often not realized. Foundation actors select organizations which align with—or are willing to align

with—the prevailing policy agenda that they have helped establish. Other organizations are excluded from access to resources and support. If they are able to survive, however, they may be the source of alternatives to the neoliberal narrative given the importance of the 'local' as an environment for progressive politics, resistance and change (Newman, 2013). Foundation actors can choose to support or resist such shifts. The practices of embedded philanthropy, as partially realized in Cleveland by its community foundation, point to ways in which foundations can become more open and accessible (Ostrander, 1999), enabling "space for imagining social change" (Nickel & Eikenberry, 2010, p. 977). But either way, in so doing foundation actors remain instrumental in their relations with other non-profit organizations and need to engage with government to enable systemic change.

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