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Development Support Functions for Asset Protection and Growth

An Alternative Model for Managing Communities in Good Times and Bad

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EXECUTIVE SUMMARY

Since 1979 and the establishment of FEMA, disaster management has been seen through the lens of emergency management. This paper argues that disaster management should be considered within the context of community development. However, the infrastructure for emergency management is much more built out than for community development and this needs to change. Emergency Managers have created Emergency Support Functions and Recovery Support Functions to define the assets that a community needs to save and rebuild. Creating analogous Development Support Functions for normal operating conditions would enhance and safeguard community assets and provide context for ESFs and RSFs. Adopting a systems-based approach defined by DSFs could be enormously beneficial for long-term community resilience and prosperity and would significantly benefit communities in addressing threats, vulnerabilities and hazards as well.

This paper lays out an alternative model in how to approach community development and disaster management focused on asset building and protection. This model:

1) Moves from thinking about disaster management through the lens of emergency management to a lens of seeing it within a community's over-all development trajectory
2) Moves from thinking about community management through the lens of budgets and expenses to a lens of investments and assets that need to be protected
3) Creates a coherent portfolio of Development Support Functions based on an analysis of what the community needs to have for broad-based asset development, risk management, and opportunity creation (This paper suggests that there are nine major asset classes that communities need to prioritize.)
4) Contextualizes chronic stresses and sudden shocks within the over-all objectives of community development
5) Move from a "one-size-fits-all' strategic approach to developing tailored strategies for different segments of the community based on (1) the leading edge of the community focused on innovation and growth, (2) the broad mature base, and (3) the most threatened, vulnerable and stressed cohorts.

For non-economic-oriented people, "capital" and "assets" may sound jarring to describe community goods you really can't put a price on like the environment, civic engagement, and cultural touchstones, but what this language seeks to convey is a mind-set. Too often, communities have an "income statement" mentality – they set budgets, collect taxes, and then spend money on various priorities. In other words, they treat the programs that they support as expenses or drains on the community. A "balance sheet" approach treats community goods as investments. When their value goes up, people's welfare and quality of life go up too.

From a practical perspective, successful communities are made up of a rich portfolio of diverse asset classes. A thriving downtown, a well-educated workforce, clean rivers and parks, trusted civic institutions, a distinctive local identity and other assets are forms of valuable capital that generate economic activity, attract investment, retain population, and enable swift recovery when things go wrong. Communities that prosper economically, socially, and across other dimensions

are communities that have built up these assets and protected them against the risks that erode them.

Some have distinctive strengths in one asset class, while some have others. Places like Denver and Big Sur, California have a huge stock of natural capital. Many small towns have a high degree of social capital. Boston has significant intellectual capital. Venice has amazing physical and cultural capital. Shanghai's physical capital – it's bridges, roads, airports and trains - is second to none.

Communities that fail have let their natural, social, economic and other forms of capital deplete — sometimes through neglect, sometimes through shock, usually through some combination of both. The failure is rarely sudden. It accumulates quietly in deferred maintenance, in young people who leave and don't return, in businesses that close and aren't replaced, in civic institutions that lose their vitality.

Ongoing stresses can be even more costly than sudden extreme events like a hurricane, earthquake or pandemic, but they don't garner the same amount of attention. Most of the time, when a disaster happens, it does not create the crisis. It reveals the one that was already there. Ongoing stresses and sudden shocks are just as much a part of community development as environmental improvements, educational formation, and new business investments are, and yet we organize, operationalize and manage these experiential cases very differently. This paper argues that it would be beneficial for communities to align the management of them more closely together.

The Institute for Sustainable Development has spent nearly three decades working at the intersection of community development and disaster recovery. Out of that experience, ISD has developed the Community Asset framework: a systematic account of what communities need in order to thrive, organized around nine capital types and a single governing idea — that community development is fundamentally about building a balance sheet, not managing a budget.

This paper introduces three interconnected tools: a community balance sheet framework based on nine forms of capital for diagnosing community asset position; a six-phase disaster lifecycle that is contextualized within over-all community development; and a multi-pronged strategy to ensure that the community builds its innovation and growth engines, enables broad access to amenities, and creates opportunity for lower income and more vulnerable citizens. Together they constitute a practitioner's framework for building communities that thrive.

Four foundational claims run through all three experiential cases:

1. Community development is asset management. The relevant question is not 'what are we spending?' but 'what are we building?' A community's capital position — across nine distinct forms of capital — determines its capacity to grow, absorb shocks, and recover from disruption.
2. Capital assets interact as a system. Weakness in one type cascades to others. The framework only works if it is read as a whole — as a balance sheet, not a checklist.
3. Disaster management is a special use case of community development — not a separate system, which unfortunately, is how most communities manage it currently.

Communities that are building capital effectively are communities that recover. The determinants of recovery success and development success are largely the same.

4. One-size-fits-all fails. Communities are on different development tracks. The same intervention produces radically different results depending on a community's starting capital position. Effective strategy requires segmentation.

This model is designed to generate broad-based, long-term, sustainable growth across a community's range of asset classes. It can be useful for local elected leaders, chambers of commerce, public-private partnerships, foundations, non-profits and community networks and associations. Every community has unique assets and attributes that make it distinct and home for its residents. This model is built to protect, nurture and extend them.

SECTION 1: COMMUNITIES AS CAPITAL PORTFOLIOS

In August 2005, Hurricane Katrina made landfall near New Orleans with winds exceeding 125 miles per hour. The physical destruction was enormous. But the communities that suffered most — the Lower Ninth Ward, St. Bernard Parish, the working-class neighborhoods of eastern New Orleans — were not destroyed by wind and water alone. They were destroyed by the intersection of a severe storm with decades of accumulated capital deficit.

The levee system had been undermined by deferred maintenance and fractured political accountability. The housing stock was aging, underinsured, and built on subsiding ground. The economic base had been eroding for a generation as manufacturing left and the port industry consolidated. Social networks were tight but geographically anchored — the diaspora of displacement shattered them permanently. Civic institutions were under-resourced. The storm did not cause those conditions. It transformed latent vulnerability into acute catastrophe.

Twenty years later, New Orleans offers a complicated cautionary tale. The recovery spending was massive — tens of billions of federal dollars, years of intensive reconstruction. By conventional metrics, the city recovered. The French Quarter is thriving. Tourism has returned. But the working-class neighborhoods that bore the brunt of the flooding have not recovered in any meaningful sense. Population remains far below pre-storm levels. Property values in recovered areas have made the city unaffordable for many former residents. The disaster economy — the surge of reconstruction spending and federal assistance — produced visible results that obscured a continuing deterioration in the underlying community capital for many of the people most harmed.

This is the central diagnostic failure in how we currently think about community development and disaster recovery. We measure the wrong things. We count projects completed and dollars spent. We don’t measure whether communities are building their asset position — whether they are on a trajectory toward greater equity, resilience, and opportunity across all the dimensions that actually determine whether a community thrives. We cannot measure the success of a disaster recovery until we define the baseline architecture of healthy, steady-state development. That is what this framework provides.

THE PROBLEM WITH THE CURRENT APPROACH

The way American communities currently manage development and disaster is not simply imperfect. It is structurally misconfigured — built on a set of assumptions that produce predictable failure, at predictable cost, in predictable places. Understanding why requires naming four interlocking problems that function not as a list of grievances but as a causal chain.

The integration paradox. During normal operations, communities are managed in silos. Departments are organized by function, budgets are drawn by line item, and policies are designed with little reference to each other. The public health department does not routinely coordinate with the economic development office. The infrastructure department does not build its capital planning around the workforce development agenda. This is so normal as to seem natural.

And yet the same communities that operate this way in ordinary times demonstrate — under disaster conditions — that integration is entirely possible. The Emergency Support Function and Recovery Support Function frameworks that govern disaster response are explicitly designed around interdependence: transportation, communications, public health, housing, and economic recovery are coordinated across agencies and jurisdictions in real time. Communities that would never run a joint planning session between their water utility and their chamber of commerce do exactly that kind of coordination when a hurricane hits.

This is not an argument that disaster management is ideal. It is an argument that the failure to apply its integrating logic to steady-state operations is a choice, not a necessity — and an expensive one. The goal is not to extend emergency management into normal operations, but to learn from its integrating logic and build an analogous framework for community development. The silo problem is compounded by the hand-off problem: there is no managed transition between the integrated emergency frame and the fragmented normal-operations frame. One simply ends and the other resumes, without context, continuity, or agreed objectives for what the community is trying to build back toward.

The reactive posture. Because communities are not organized around a shared account of what they are building, they have no systematic basis for prioritizing investment in what makes them robust before things go wrong. Plans are written, but they are rarely practiced. Pre-positioned decision frameworks — the designated small business relief fund, the pre-negotiated temporary housing protocol, the pre-set authority for emergency procurement — are the exception rather than the rule. The result is that when a shock arrives, communities must design their response under the worst possible conditions: compressed timelines, incomplete information, and institutions that have not rehearsed working together. The costs of this posture compound. Known vulnerabilities go unaddressed because addressing them requires political will for spending that does not produce visible, ribbon-cuttable results. It is always easier to find time to do it over than to find time to do it right.

The income-statement mentality. Most public budgeting treats community investment as expenditure — a cost to be managed against revenue, not an asset to be built against a balance sheet. A school is a line-item expense. A park is a maintenance burden. A water system is an infrastructure cost. This framing is not merely a bookkeeping convention. It shapes what communities prioritize, what they defer, and what they cannot bring themselves to fund at all.

The balance-sheet alternative treats community goods as what they actually are: productive assets whose value accumulates or depreciates over time, and whose depletion imposes real costs. Deferred maintenance on physical infrastructure is a liability that compounds until a failure event crystallizes it suddenly. Degraded natural capital suppresses labor productivity and drives away skilled workers long before it registers as a line-item crisis. Weak social capital — eroded civic trust, thinning networks — impairs the collective action capacity that communities most need precisely when they are under stress.

This mis-framing is compounded by a structural absence: the private sector and Community Development Finance Institutions (CDFIs) have no defined role in the ESF and RSF architecture. The disaster management system is, at its core, a government system. The businesses, lenders, anchor institutions, and impact investors who are often the fastest and most flexible sources of

stabilization capital operate entirely outside the framework — mobilizing informally, if at all, with no systematic hand-off from the public-sector response.

The short-sighted default. Because the goal of recovery is almost universally defined as restoration — getting back to where the community was before the disaster — recovery resources are systematically deployed to recreate the conditions that made the community vulnerable in the first place. Path dependency is not an accident of recovery planning; it is built into the incentive structure. Federal programs reimburse documented losses. They do not, by default, fund strategic repositioning.

The communities that bear the greatest cost of this default are the ones with the least capacity to overcome it. LMI communities, small towns, and rural counties enter disasters with depleted capital stocks, under-resourced institutions, and limited experience navigating federal bureaucracy. The complexity of the recovery process — the grant applications, the environmental reviews, the procurement requirements, the dueling program timelines — systematically exceeds what those institutions can manage. Federal dollars that arrive slowly, encumbered with compliance requirements designed for larger jurisdictions, frequently accomplish less than intended, arrive too late to prevent permanent loss, and leave behind no institutional learning that would make the next recovery more effective. It is important to note that many federal program officers recognize these constraints and would welcome a better model — the problem is statutory and regulatory architecture, not individual intent.

The cascade. These four failures are not independent. They form a system. Because communities are siloed, they cannot anticipate problems that cross departmental lines — which means they are reactive. Because they are reactive, crisis spending dominates — which drives the income-statement mentality that treats investment as unaffordable. Because investment is deferred, communities return to their pre-disaster vulnerability through short-sighted restoration — which erodes the political will for the long-term capital investment that would break the silo in the first place. The loop closes. The result is not a broken system in the sense of one that has malfunctioned. It is a system working exactly as designed — optimized for response rather than for the building of the asset base that would make response less necessary. This is a system design failure, not a failure of the individuals and agencies working within it. Many practitioners understand these constraints acutely and work hard against them. The problem is upstream of their efforts.

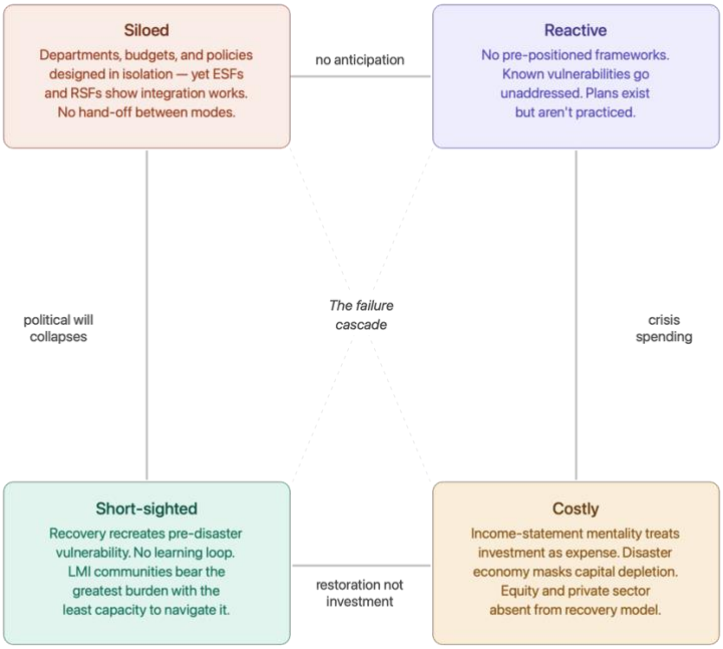


Figure 1: The failure cascade. Each of the four structural failures in current community development and disaster management generates the next, forming a self-reinforcing loop. Breaking the loop requires intervention at the level of the system's organizing logic — not at any single failure point.

The Integrated Balance Sheet Frame

Most public policy frameworks for community development are organized around a revenue-and-expense logic. Programs have budgets, expenditures, and outputs. Success is measured by spending rates, project completion, and short-term outcome metrics. This is the right framework for managing programs. It is the wrong framework for understanding communities.

Communities are not programs. They are portfolios of assets accumulated over generations — and liabilities that erode them. The relevant question is not whether this year's budget was spent on schedule. It is whether the community's asset base is growing, holding, or declining — and which specific capital types are building equity and which are becoming liabilities.

This shift from a revenue-and-expense frame to a balance-sheet frame changes everything about how we diagnose problems and design interventions. When Flint, Michigan's water infrastructure failed, the conventional framing treated it as an infrastructure spending problem. The balance-sheet framing reveals it as a capital depletion event across multiple dimensions simultaneously: physical capital (the pipes), human capital (the cognitive effects of lead exposure in children), social capital (the collapse of trust in government), and economic capital (the businesses and residents who left). Each is a loss on the community's balance sheet — some repairable, some not.

Beijing's air quality crisis offers the inverse lesson. For decades, severe air pollution was treated as an acceptable cost of industrial growth. What the Chinese government eventually recognized was that degraded air quality was a liability on the community's balance sheet: it suppressed labor productivity, drove away skilled workers, damaged physical infrastructure, and imposed enormous health costs. The cleanup campaign that followed was not environmental policy in the traditional sense. It was asset management — the recognition that natural capital is productive capital, and that its depletion has real costs that compound over time.

> ***The relevant question is not what a community is spending. It is what a community is building or depleting, acquiring or losing.***

Why Development Support Functions Don't Exist — and Should

The federal government has built a sophisticated architecture for emergency response. The Emergency Support Functions (ESF) framework identifies fifteen core operational functions communities need to coordinate in a crisis: transportation, communications, public health, search and rescue, and more. After Katrina, the Recovery Support Functions (RSF) extended this into recovery, covering six domains including housing, economic development, and infrastructure.

These frameworks have saved lives and improved coordination. They are organized around the crisis event — the moment of disruption — rather than around the ongoing work of building community capital. They are frameworks for response, not frameworks for development.

Strikingly, no analogous framework exists for the steady-state work of community asset-building. ((NIST's Community Resilience Planning Guide, SP 1190, represents the most developed prior work in a related direction, linking social institutions to building clusters and recovery timelines. ISD's Development Support Functions framework builds on that foundation by shifting the frame from physical performance to capital accumulation — from "when does the building need to be functional?" to "how is the community building its asset base over time?") There are Fifteen ESFs and Six RSFs, but there are no Development Support Functions that would contextualize them. The result is a system extraordinarily sophisticated at crisis response and largely silent about the capital conditions that make communities more or less vulnerable to crisis in the first place.

What would Development Support Functions look like? The mapping is not complicated. Each of the nine capital types has a corresponding function that high-performing communities would seek to maximize via public, private, and civil society contributions during normal operating conditions. A DSF-based system would not just deliver economic value, it would help communities maximize the assets that they value most by embedding them in an over-all framework. It would break down silos and strengthen “Whole of Government” initiatives.

COMMUNITY CAPITAL	DEVELOPMENT SUPPORT FUNCTION (DSF)
Economic Capital	DSF-1: Economic Opportunity & Entrepreneurship

Property Capital	DSF-2: Housing & Real Estate Development
Physical Capital	DSF-3: Infrastructure Systems & Maintenance
Human Capital	DSF-4: Education, Workforce & Health
Social Capital	DSF-5: Civic Capacity & Social Networks
Political Capital	DSF-6: Governance & Institutional Capacity
Intellectual Capital	DSF-7: Innovation & Knowledge Systems
Natural Capital	DSF-8: Natural Resource Stewardship
Legacy Capital	DSF-9: Culture, Heritage & Place

The nine DSFs describe what communities need to build and maintain. A complete community development management framework also requires two integrating functions that operate across all nine capital types rather than within any single one. Risk and resilience management protects the capital position under stress: it anticipates which capital types are most exposed to which hazards, and builds the redundancy, insurance, and adaptive capacity that prevent a shock in one domain from cascading into the others. Growth management actively builds and deploys capital position over time: it sequences investment across the nine types, allocates scarce political and financial capital to the constraints that matter most, and converts a community's diagnostic picture of itself into a strategic agenda. This paper establishes the foundation — the nine capital types and the diagnostic and action framework for each. ISD will develop the risk and resilience management and growth management functions in greater depth in subsequent work.

Another caveat: this taxonomy is not offered as a complete federal architecture — that would require far more development than a white paper allows. It is offered as proof of concept: that the same systematic thinking that produced the ESF and RSF frameworks can and should be applied to steady-state community development. The absence of such a framework is a policy gap, not an inevitability.

ISD’s Community Assets Framework is an attempt to fill that gap — to provide the vocabulary and diagnostic tool that communities need to understand their asset position and what it would take to improve it.

SECTION 2: THE NINE CAPITAL TYPES

The framework organizes community assets into nine asset types. These reflect the different ways communities accumulate productive capacity, the different ways that capacity can be depleted, and the different institutional actors responsible for building and protecting each type. Together they constitute the full balance sheet of community asset building.

CAPITAL TYPE	ASSETS BUILT / LIABILITIES RISKED
Legacy Capital	History, culture, identity, places, and traditions. The distinctive character that makes a community worth investing in and worth returning to. When lost to generic reconstruction or diaspora, it cannot be fully recovered.
Natural Capital	Clean air, water, healthy ecosystems, and biodiversity. A productive asset when managed well — a compounding liability when degraded. The Flint water crisis and Beijing air quality crisis both illustrate natural capital depletion as an economic and human capital loss.
Economic Capital	Jobs, income, businesses, innovation, and financial health. The engine that generates the tax base and household wealth that everything else depends on. The disaster economy can temporarily mask deterioration in this asset.
Property Capital	Housing, land, buildings, and neighborhoods. For most families, the primary store of household wealth. Reconstruction that raises values without restoring affordability converts a community asset into an equity liability.
Physical Capital	Infrastructure, transportation, utilities, and public facilities. Depreciates continuously; requires active investment to hold its value. Deferred maintenance is a liability that compounds — and disaster finds the weakness first.
Intellectual Capital	Knowledge, data, creativity, research, technology, and ideas. The capacity to understand, innovate, and adapt. A community without intellectual capital cannot diagnose its own condition or design effective responses to it.
Social Capital	Trust, networks, civic life, volunteerism, and community connections. The relational infrastructure that enables collective action. High social capital communities recover from disasters faster than financially equivalent communities with weaker networks.
Human Capital	Health, education, skills, well-being, and potential. The capacity of people themselves — the ultimate input to every other form of capital production.
Political Capital	Effective institutions, leadership, transparency, accountability, and civic participation. The governance capacity that translates community priorities into collective action — and navigates federal bureaucracy when disaster strikes.

Figure 2: The Community Assets Framework. Nine asset types constitute the community balance sheet, protected and strengthened through Risk Management, Resilience, and Adaptation.

Natural Capital Is Productive Capital

While all nine capital types are vital, natural capital warrants explicit attention here because it is the asset most frequently misunderstood as an ideological environmental concern rather than a foundational economic one. The balance sheet frame resolves this confusion: natural capital is productive capital, and its depletion is an economic liability, not just an environmental one.

Beijing's air quality crisis is instructive not because it represents an environmental failure but because it illustrates an economic one. Studies conducted during the period of peak pollution showed measurable reductions in cognitive performance among workers, elevated absenteeism, and a well-documented pattern of skilled workers avoiding or leaving the city when they had choices. The government's cleanup effort was not primarily motivated by environmental ideology. It was motivated by the recognition that air quality degradation was suppressing productivity, reducing the city's attractiveness to talent, and imposing health costs that overwhelmed the economic gains from the industrial activity generating the pollution.

Flint illustrates the liability side of the same ledger. The decision to switch water sources without adequate treatment — driven by fiscal pressure on a community already in economic distress —

converted a natural capital asset into a cascading liability. The lead contamination damaged pipes, damaged children's cognitive development, collapsed trust in local government, and drove out businesses and residents who could leave. The liability compounded across every dimension of the balance sheet.

For sustainability-oriented readers who sometimes approach development frameworks with suspicion — concerned that growth arguments will override environmental ones — the balance sheet frame offers a resolution. The question is not whether economic growth should take priority over environmental protection. The question is whether communities are managing all of their assets, including their natural capital well or depleting it. Natural capital that is well managed is an asset that appreciates. Natural capital that is depleted becomes a liability that compounds. The framework treats the environment as what it actually is: one of the most important productive assets a community possesses.

The Capital Types as a System

The nine capital types interact — and the interactions are where the diagnostic power of the framework lies. A community that reads this as a checklist, assessing each capital type independently, will miss the most important information. What matters is not just which types are strong or weak, but how deficits in one are constraining the others.

Consider a single cascade: weak political capital — poor governance, lack of accountability, failure to maintain institutional competence — leads to deferred maintenance of physical capital infrastructure. Deteriorating water and road systems impose direct costs on human capital through health impacts and reduced mobility. Businesses respond to unreliable infrastructure by relocating or not investing, eroding economic capital. The tax base that might fund recovery shrinks further. The cascade runs from one depleted capital type across the entire balance sheet.

Economic capital and physical capital are closely coupled through the fiscal mechanism. Social capital and disaster recovery are connected in ways that federal program designers consistently underestimate — communities with high social trust recover faster than financially equivalent communities with weaker networks because trust converts into coordination capacity in days, and it cannot be manufactured after a disaster. Legacy capital — the distinctive character and identity that makes a community worth caring about — is the most underappreciated type and the most vulnerable to permanent loss. Reconstruction can replace physical capital. It cannot replace what made a neighborhood distinctively itself.

SECTION 3: DISASTER AS A SPECIAL USE CASE

Emergency management is one of the great public-sector achievements of the past half century. This section is not a critique of it. It is an argument for where it fits within a larger system — how emergency management, stabilization, recovery, resilience, and community development fit together within a larger framework of community asset management, and what each function requires that the others cannot provide.

The contrast with historical practice is striking: the 1900 Galveston hurricane killed approximately 8,000 people in a city of 38,000. Hurricane Katrina, hitting a metropolitan area of over a million, killed fewer than 2,000 — a devastating toll, but dramatically lower as a proportion of the affected population, despite vastly greater physical destruction. That improvement reflects decades of investment in preparedness, warning systems, evacuation planning, and emergency response coordination. Emergency management has earned that success by doing one thing extremely well: concentrating on life safety.

The problem is not that emergency management is bad at what it does. The problem is that communities need more than what emergency management provides. They need to build assets in the steady state, navigate the long arc from shock event back to development trajectory, and maintain clear-eyed awareness of the perverse dynamics that disaster spending can introduce when it is treated as an end in itself rather than a bridge to restored capital.

The Disaster Lifecycle

Think of a serious car accident. The emergency medical response is superb — paramedics arrive quickly, stabilize the patient, transport them to a trauma center. But the accident victim's journey doesn't end there. There is a period of medical stabilization: casts, monitoring, temporary restrictions. Then a longer period of rehabilitation: physical therapy, relearning movement, rebuilding strength. Then the larger life decisions: can I return to my previous job? Do I need to retrain? Has my financial situation changed in ways requiring new planning?

Each phase requires different expertise, different institutions, different time horizons. The paramedic who stabilized the patient is not the right person to design the long-term rehabilitation plan. The surgeon who performed the emergency procedure is not the right person to advise on financial planning. The disciplines are related — they all serve the same patient — but they are not interchangeable. We do not ask EMTs to design roads, sell insurance, perform surgery, direct rehabilitation, and make long-term life decisions for patients. Communities deserve the same specialization.

The disaster lifecycle moves through six distinct phases that require different approaches:

1. **Steady state**. The normal condition of development — communities building capital, managing risks, investing in the conditions for growth. The least glamorous phase and the most important.

2. **Shock event.** The disaster itself — hurricane, flood, fire, earthquake, pandemic, or human shocks such as acts of terror or industrial accidents.
3. **Emergency response**. Life safety, search and rescue, and crisis management. This is what FEMA and its partners do well. The clock is measured in hours and days.
4. **Stabilization.** Temporary housing, essential services, interim business retention support, damage assessment. The goal is to preserve future options and prevent the shock from becoming permanent. The clock is measured in weeks and months. This phase is consistently underfunded and undertheorized.
5. **Long-term recovery**. Strategic investment aligned with community development goals — not just restoration of what was, but investment in what should be. The clock is measured in years.
6. **Return to development**. The recovery phase ends not when the last federal grant is closed out but when the community is back on its development trajectory — building capital again, pursuing its growth, investing and improving resilience management of future risks.

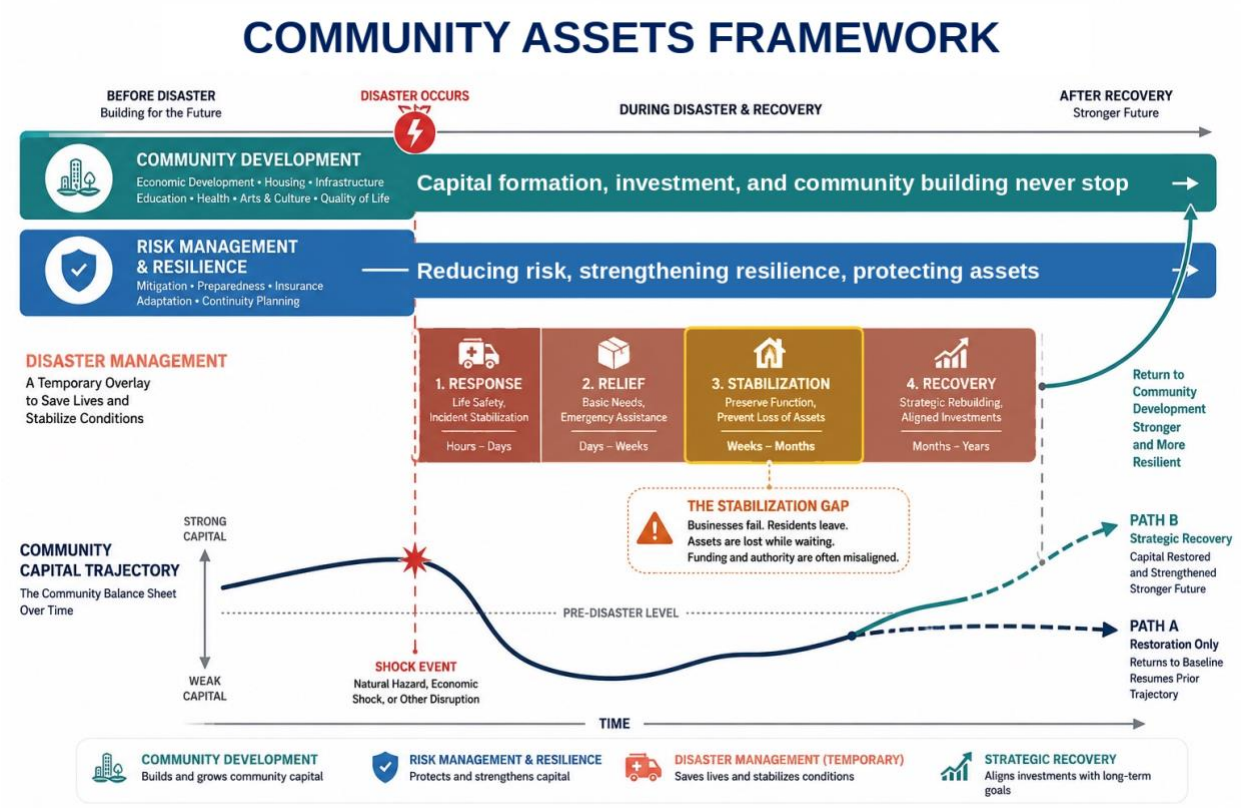


Figure 3: The Community Assets Framework. Disaster management is a temporary overlay within the ongoing work of community development. Asset formation, investment, and community building never stop. The community asset trajectory shows two possible recovery paths: strategic recovery (Path B) exceeds the pre-disaster baseline; restoration only (Path A) returns to it.

The Disaster Economy vs. the Underlying Economy

Disasters generate a temporary surge of economic activity. Insurance proceeds are paid out. Federal assistance flows in. Reconstruction spending creates employment. Contractors,

suppliers, and workers move to the affected area. By conventional economic metrics — GDP, construction activity, employment — a disaster-affected community can look like it is growing even as its underlying condition deteriorates.

Puerto Rico after Hurricane Maria is the most documented recent example. Recovery spending was substantial. Reconstruction activity was visible. But population continued to decline throughout the recovery period. Many small businesses that lost physical assets never reopened. Workforce participation fell. The tax base continued to contract. The disaster economy was real — the money flowed, the activity happened — but it did not translate into capital accumulation on the community's balance sheet.

> ***Recovery spending is not recovery. The measure of recovery is whether the community's capital position has been restored — and whether the trajectory has been redirected toward growth.***

This distinction matters enormously for how recovery programs are designed and evaluated. A program that measures success by dollars disbursed and projects completed is measuring the disaster economy. A program that measures success by population retention, business survival, workforce participation, and capital stock restoration is measuring recovery outcomes. These are not the same thing.

Recovery Is a Bridge, Not a Destination

The most important reframing the lifecycle framework offers is this: recovery is not the goal. Recovery is a bridge. The goal is the continued pursuit of long-term community development — building capital, expanding opportunity, improving quality of life — after disruption. A community that has 'recovered' by returning to its pre-disaster condition but not its pre-disaster trajectory has not succeeded. It has returned to whatever slow decline or stagnation was in place before the event.

This changes how practitioners and policymakers should think about recovery program design. The question to ask at the beginning of a recovery effort is not 'what did this community have before the disaster?' The question is 'what does this community need to be on a better trajectory after it?' Recovery is the opportunity — perhaps the only significant one a community will have — to make strategic investments in the capital types that were already weak before the storm. Missing that opportunity by focusing only on restoration is one of the most common and most costly failures in American disaster policy.

SECTION 4: THREE TRACKS, THREE TOOLKITS

One of the persistent failures of community development practice is the assumption that what works somewhere works everywhere. It doesn't. The same intervention that catalyzes growth in a community with strong underlying capital can be irrelevant or counterproductive in a community whose capital stack is depleted across multiple dimensions. Designing strategy without a clear picture of where a community actually is — what it has, what it's missing, and what is constraining what — is the most reliable path to wasted resources and frustrated expectations.

ISD uses a three-track framework to account for this variation. The tracks are not rigid categories — real communities often show characteristics of more than one, and communities can move between tracks over time — but they provide an organizing principle for diagnosis and prescription that is missing from most development frameworks.

TRACK	CAPITAL PROFILE	PRIORITY INTERVENTIONS
Innovation Economy	Economic and intellectual capital strong. Primary challenge: preserving and promoting innovation assets while minimizing their social and cultural downsides.	Innovation ecosystem deepening, community stakeholder dialogue and design that incorporates community concerns, resilience investment to protect the base.
Mature Economy	Established base, aging infrastructure, workforce in transition. Primary challenge: adapting and diversifying before the base erodes.	Infrastructure renewal, workforce reskilling, economic diversification, regional connectivity, housing.
Opportunity Economy	Structurally disconnected from growth economy. Multiple capital types depleted simultaneously. Standard tools produce limited results because prerequisites aren't present.	Anchor institution strategy, education and mentorship, social capital rebuilding, legacy capital preservation, basic infrastructure restoration.

The Innovation Economy Community

Innovation economy communities face a distinctive version of the capital management challenge. Their economic and intellectual capital are generally strong. The challenge is managing the social costs of that strength. Rising property values displace legacy residents and businesses. Housing affordability becomes a crisis. Social capital is disrupted as longtime residents are replaced by a more transient population. Legacy capital — the distinctive identity that attracted talent in the first place — is at risk of being consumed by the growth it generated.

These communities don't need help generating economic activity. They need help ensuring that growth translates into broadly shared community capital rather than concentrated private wealth.

A community where aggregate asset values are rising while a significant portion of the population is losing asset position is not thriving. It is transferring equity from one group to another.

The Mature Economy Community

Mature economy communities have an established base that is neither thriving nor failing — a manufacturing sector with an uncertain future, a downtown that is functional but not growing, infrastructure built for a larger population than currently exists. Their challenge is navigating a transition before the deterioration becomes structural.

The window for these communities is real but not permanent. A manufacturing town that loses its anchor employer has years, not decades, to diversify before the fiscal physics of decline become self-reinforcing. The critical interventions — workforce reskilling, economic diversification, infrastructure investment, entrepreneurship development — are available and have established track records. But they require strategic sequencing and political will that is difficult to sustain when the baseline is eroding slowly enough that the urgency isn't yet obvious.

The Opportunity Economy Community

Lower income, less connected and environmentally vulnerable communities are the hardest cases and the ones where the gap between conventional development tools and actual need is widest. These are communities that have been structurally disconnected from the growth economy for a generation — rural counties hollowed out by agricultural consolidation and manufacturing exit, urban neighborhoods abandoned by capital investment, small cities that missed the last several economic transitions.

The standard economic development toolkit does not work well here. The incentive package that attracts an outside employer requires an available workforce, adequate housing, functioning infrastructure, and institutional capacity to manage the relationship. Left-behind communities often lack several of these prerequisites. What does work — slowly, without the visible project-completion metrics that program offices prefer — is inside-out development: building entrepreneurship from within existing community assets, strengthening the social networks that enable collective action, preserving the legacy capital that gives people a reason to stay and build, and restoring basic physical infrastructure. This is less glamorous than ribbon cuttings. It is more durable.

Disaster Accelerates the Trajectory

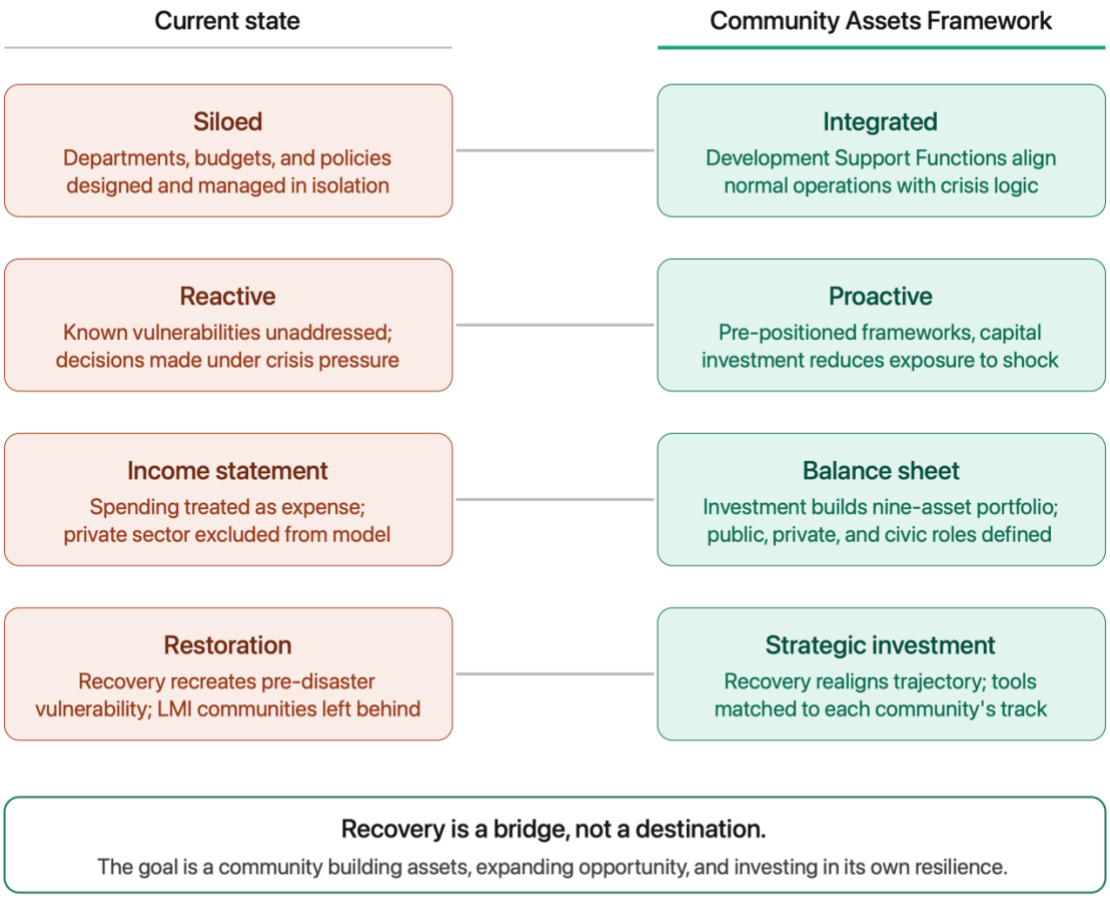
A major disaster does not change the track a community is on. It accelerates the trajectory that was already in place. An innovation economy community hit by a flood has the institutional capacity, the legal and financial expertise, and the social capital to navigate a complex recovery and emerge with its fundamental trajectory intact or improved. A left-behind community hit by the same flood has none of those advantages. The complexity of the recovery process exceeds what

depleted institutions can handle, and the disaster accelerates the decline that was already underway.

This is why the track a community is on before a disaster is the most important predictor of its recovery trajectory. And it is why building capital in the steady state is not just a development goal. It is disaster preparedness.

SECTION 5: IMPLICATIONS FOR POLICY AND PRACTICE

The Community Assets Framework is not primarily a theoretical contribution. Its value lies in what it changes about how communities, policymakers, and funders approach the work of building resilient, thriving places. Several practical implications follow directly.



Measure the balance sheet, not the budget

The most immediate implication is diagnostic. Communities need a multi-capital assessment before designing strategy — not a budget analysis, not a project pipeline, but an honest accounting of where the capital stock is strong, where it is depleted, and how the depleted types are interacting to constrain the strong ones. This assessment should be the first deliverable in any serious development or recovery planning process.

Federal and state program officers who fund community development should require multi-capital analysis as the basis for strategic plans. A community that can articulate its capital position — that can say 'our physical and property capital are adequate but our social capital and intellectual

capital are depleted, and that is why our economic capital is underperforming' — has done the diagnostic work that makes investment worthwhile.

Align recovery investment with development trajectory

Recovery resources should be deployed not to restore what was but to invest in what should be. A community with a significant natural capital deficit before a disaster should use recovery resources to address that deficit. A community with weak social capital should use recovery resources to invest in civic infrastructure. A community that was on the wrong development track before the disaster has a rare opportunity to change tracks during recovery — if it enters the recovery period with a strategic vision rather than a project list.

The communities that use recovery resources most effectively are almost always the ones that had already been thinking about their capital position before the disaster — that had a theory of what they were building toward, and could use the recovery as an accelerant.

Match the toolkit to the track

Program designers and funders should take seriously the proposition that different communities require different approaches. A grant program designed around the needs of mature economy communities will underperform in left-behind communities because the prerequisites for the program's success are not present.

The three-track framework is not a call for separate programs. It is a call for program design that accounts for capital conditions — that builds in diagnostic requirements, allows for differentiated approaches based on what communities actually have and need, and measures success against capital outcomes rather than just spending rates.

SECTION 6: FROM FRAMEWORK TO ACTION

The preceding sections have made the case that communities are portfolios of capital assets, that those assets interact as a system, that disaster management is a special use case of the same development logic that operates in steady state, and that different communities require different approaches based on their capital position. This section asks the practitioner's question: given all of that, how does this translate into action?

The answer is organized around the nine Development Support Functions. For each, we identify the coordinating actors — the public agencies, private institutions, civic organizations, and community networks that share responsibility for building that capital type — along with diagnostic questions to assess current position and concrete actions that high-performing communities have used to move the needle. The actions are not exhaustive. They are illustrative of the kind of deliberate, systemic investment that builds a capital type over time, as distinct from the project-by-project, budget-cycle-by-budget-cycle thinking that keeps most communities in reactive mode.

One note on what this section is not: it is not a prescription for government action alone. The ESF framework, for all its sophistication, was built as a government-to-government coordination system. The DSF framework is deliberately broader. In a society defined by the interdependence of public, private, and civic actors — where the largest employers are private companies, the most trusted institutions are often churches and community organizations, and the financial system is the primary mechanism for allocating capital to productive uses — a framework that assigns all community development responsibility to government is structurally incomplete. Each DSF identifies the full ecosystem of actors who share responsibility for building that capital type, because that is what the evidence shows actually works.

> *The communities that will navigate the coming decades are communities that have built whole-of-society coordination capacity before the crisis arrives.*

DSF-1 Economic Capital: Economic Opportunity & Entrepreneurship
Economic capital — jobs, income, businesses, innovation, and financial health — is the foundation on which the tax base, the workforce, and the political will to invest in other capital types all depend. It is also the capital type that communities most commonly mistake for the whole story. Economic development too often means recruitment: the effort to attract an outside employer with an incentive package. This approach is not without value, but it is incomplete and, in communities with depleted complementary capital, often ineffective. A business that cannot find trained workers, cannot rely on functioning infrastructure, cannot retain and develop its own business base, and cannot operate in a context of civic trust will not stay.

The action framework for economic capital therefore begins not with recruitment but with diagnosis. What is the structure of the local economy? Where does income actually circulate, and where does it leak out? What are the barriers — regulatory, financial, educational, infrastructural — that prevent local entrepreneurs from starting and scaling businesses? What is the relationship between the anchor institutions (hospitals, universities, large employers) and the broader community economy? These questions are prior to strategy.

Diagnostic questions

- *What are the unique, distinctive reasons for people to site operations in the community*?

- *What are the drivers of attraction*? Retention? Expansion?
- *Do local youth have options for employment in the community*?
- *What do local youth and others leaving for other places (brain drain) indicate as the top reasons for leaving*?
- *What is the local multiplier for a dollar spent at a locally owned business versus a chain?*
- *What are the primary barriers to small business formation and survival? Access to capital? Regulatory burden? Workforce availability? Commercial real estate?*
- *Are anchor institutions — hospitals, universities, large employers — sourcing locally, hiring locally, and investing in local supplier development?*
- *Is the tax base growing, stable, or declining? What is the trajectory, and what is driving it?*
- *How strong is the local economic support system?*

Actions
Experience has shown that the most durable economic capital investments are those that build local entrepreneurial capacity rather than importing it. “Inside-out” development — identifying and supporting existing local entrepreneurs, with particular attention to those who have been excluded from capital markets — produces more durable results than incentive-driven recruitment, especially in communities that lack the complementary capital to make outside investment work. The toolkit includes small business technical assistance, access to patient capital through CDFIs and community lending programs, local procurement policies at anchor institutions, and regulatory reform that reduces barriers to entry without compromising legitimate public interests.

The coordinating actors for DSF-1 span all three sectors: local economic development offices, chambers of commerce, CDFIs, banks and credit unions, anchor institutions, small business development centers, and the workforce development system. Communities that build effective Economic Opportunity functions are communities where these actors have a shared picture of the local economy and a shared agenda for improving it — meeting regularly, not just in a crisis.

DSF-2 Property Capital: Housing & Real Estate Development
For most households, housing is the primary store of wealth. For most communities, the health of the property market is among the most legible indicators of overall capital position. And for most disaster-affected communities, property capital is where the gap between visible recovery and actual recovery is largest: reconstruction activity looks like progress even as rising values price out the residents who lived through the disaster.

The diagnostic frame for property capital distinguishes between aggregate property values — a measure of the market’s assessment of the community as a whole — and the distribution of property ownership and housing cost burden within the community. A community where values are rising but an increasing share of residents are cost-burdened (spending more than thirty percent of income on housing) is not building property capital. It is transferring it from one group to another. This distinction is critical for communities navigating both growth pressures and recovery investment.

Diagnostic questions
- *What share of residents own their homes, and how has that share changed over the past decade? What are the primary barriers to homeownership for those who rent?*
- *What is the housing cost burden across income levels? Are working-family households spending a disproportionate share of income on housing?*

- *Is the housing stock aging faster than it is being maintained and replaced? Where are the concentrated areas of deferred maintenance and physical deterioration?*
- *After a disaster, who benefits from reconstruction investment, and who is displaced by it?*

Actions
Building property capital broadly — in ways that increase ownership and reduce cost burden, not just aggregate values — requires deliberate policy choices. Land trusts and shared equity models can preserve affordability as values rise. First-time homebuyer programs and down payment assistance can expand ownership access. Targeted rehabilitation programs can address deteriorating housing stock before it becomes a liability that drags down surrounding values. Zoning reform that allows more housing supply in high-demand areas is among the highest-leverage policy tools available to local governments, though also among the most politically difficult.

DSF-3 Physical Capital: Infrastructure Systems & Maintenance
Physical capital — infrastructure, transportation, utilities, and public facilities — is the most visible form of community capital and the one most subject to the deferred maintenance trap. Infrastructure depreciates continuously. Without active investment to hold its value, it becomes a liability: roads that damage vehicles and impede commerce, water systems that fail or contaminate, bridges that restrict economic activity, public facilities that signal disinvestment to residents and businesses alike.

The balance-sheet frame reveals something that the budget frame obscures: deferred maintenance is not a savings. It is a liability that compounds. A dollar of maintenance deferred today becomes several dollars of replacement cost later — and the failure event that eventually crystallizes the deferred liability often arrives at the worst possible moment, under stress conditions that amplify its cost. The Flint water crisis is the extreme case, but the pattern is visible in communities across the country that have treated infrastructure as a budget line to be managed down rather than an asset to be managed up.

Diagnostic questions
- *What is the current condition and remaining useful life of core infrastructure systems? What is the unfunded maintenance backlog?*
- *Is infrastructure investment keeping pace with depreciation, or is the community's physical capital position deteriorating in net terms?*
- *Are there infrastructure deficiencies that are specifically constraining economic activity, discouraging investment, or imposing disproportionate costs on lower-income residents?*
- *What is the community's exposure to infrastructure failure under stress conditions — extreme weather, demand surges, supply chain disruption?*

Actions
The action agenda for physical capital is straightforward in concept and difficult in practice: fund maintenance at a level that prevents the compounding of deferred liabilities. The political economy works against this, because maintenance produces no ribbon cuttings and no visible constituency. The communities that manage physical capital well have typically done one of three things: created dedicated maintenance funds with constitutional or charter protections against raiding; established asset management systems that make the deferred liability visible and quantifiable to elected officials; or built public-private partnerships that bring private capital and management discipline to infrastructure that government owns.

DSF-4 Human Capital: Education, Workforce & Health
Human capital is the capacity of people themselves: their health, their education, their skills, their wellbeing, and their potential to contribute to every other form of community capital production. It is also, in a mobile society, the most portable capital type — which means that communities face not only the challenge of building human capital through education and health investment, but the additional challenge of retaining it.

The retention dimension is undertheorized in most community development frameworks. A community can invest heavily in K–12 education and higher education, produce well-prepared graduates, and still experience human capital depletion if those graduates leave and don't return. The question of why people stay in or return to a community is not primarily an educational question. It is a question about economic opportunity, about the quality of the physical and natural environment, about the strength of social networks, and about the community's sense of identity and possibility — all of which are capital types in this framework. This is a concrete illustration of why the capital types must be read as a system.

Diagnostic questions
- *What are the educational attainment levels across age cohorts and demographic groups, and how are they trending?*
- *What are the primary health indicators — life expectancy, chronic disease rates, mental health outcomes, substance abuse rates — and how do they compare to peer communities?*
- *What share of young people who grow up in the community return to it after education or early career experience? What are the primary reasons people leave and stay?*
- *Is the workforce development system aligned with the actual skills demanded by local and regional employers?*

Actions
Communities increasingly need to adopt a "lifelong learning" strategy. Traditional theory has focused on high-leverage human capital investments that address the earliest years — prenatal care, early childhood development, school readiness — because the returns compound over a lifetime and the costs of not investing accumulate in criminal justice, health, and lost productivity. However, research has shown that investments in middle school guidance counseling, work-skilling tools, apprenticeship, community college partnerships, and mid-life career transition support all have beneficial consequences.

DSF-5 Social Capital: Civic Capacity & Social Networks
Social capital is the relational infrastructure of community life: the trust, the networks, the civic associations, the norms of reciprocity, and the habits of cooperation that enable collective action. It is the capital type least visible in normal times and most consequential under stress. The research evidence on this point is unambiguous: communities with high social capital recover from disasters faster than financially equivalent communities with weaker networks. The mechanism is not mysterious. When social capital is strong, coordination happens through existing relationships rather than having to be constructed from scratch in the crisis. Trust converts into collective action in days rather than months.

Social capital is also the capital type most frequently dismissed as unmeasurable and therefore unmanageable. This is a mistake. Bonding capital — the strong ties within groups — and bridging capital — the weaker ties that connect across groups — can be assessed through survey instruments that have been refined over decades of research. The key diagnostic distinction is between a community where people trust their neighbors but don't trust their

institutions (high bonding, low institutional trust), a community where groups are tightly networked internally but not connected to each other (high bonding, low bridging), and a community where both relational and institutional trust have deteriorated (the hardest case). The intervention design is different for each.

Diagnostic questions

- *Do residents trust their neighbors? Do they trust local institutions? Have those trust levels changed over the past decade, and what drove the change?*
- *Are there strong "bridging" connections across demographic, economic, and geographic lines within the community, or do strong within-group networks coexist with weak cross-group ties?*
- *Is there a robust civic sector — neighborhood associations, voluntary organizations, faith communities, service clubs — that provides infrastructure for community action outside of government?*
- *How quickly did the community self-organize in response to the last significant disruption? What enabled or impeded that response?*

Actions

Building social capital requires sustained investment in the conditions under which trust develops: repeated, roughly equal-status contact across lines of difference; shared work on problems that matter to participants; physical spaces that enable casual interaction without requiring money or institutional affiliation; and visible recognition of civic participation as valued community work. Third places — parks, libraries, community centers, public markets, gathering spaces that belong to everyone — are social capital infrastructure. Zoning and land use decisions that eliminate or degrade third places are social capital disinvestment, even when they're not recognized as such.

The coordinating actors for DSF-5 span government, the nonprofit sector, faith communities, and informal civic networks. The local government's role is primarily enabling: creating and maintaining the physical infrastructure for social life, supporting civic organizations rather than competing with them, and modeling the kind of transparent and accountable governance that builds institutional trust. Communities with high social capital typically have local governments that understand their role as facilitators of civic life, not managers of it.

DSF-6 Political Capital: Governance & Institutional Capacity

Political capital is the governance infrastructure that translates community priorities into collective action. It includes the quality of public institutions, the effectiveness of leadership, the degree of transparency and accountability in public decision-making, and the extent of meaningful civic participation. It is the capital type that is easiest to take for granted when functioning and most painful to lose.

The relationship between political capital and disaster recovery is one of the most consistent findings in the literature. Communities with high political capital — strong institutions, accountable leadership, effective public administration — navigate the federal recovery bureaucracy more effectively, deploy resources more efficiently, and avoid the coordination failures that convert disaster into permanent decline. Communities with depleted political capital face a compound problem: they need outside help most urgently, and they are least equipped to access and deploy it. The complexity of federal programs — the grant applications, the environmental reviews, the procurement requirements, the dueling program timelines — is not a neutral bureaucratic burden. It falls disproportionately on the communities with the weakest institutional capacity to manage it.

Diagnostic questions

- *Do residents believe that public institutions make decisions transparently and are held accountable for outcomes? Have there been specific events that damaged or built institutional trust?*
- *Does the community have the staff capacity and institutional knowledge to navigate state and federal program requirements, grant applications, and regulatory processes?*
- *Is civic participation substantive — are residents genuinely involved in decisions that affect them — or performative?*
- *Are public investments and policy decisions made with a clear theory of what the community is trying to build, or are they reactive and disconnected?*

Actions

Rebuilding political capital after it has been depleted is slow, difficult, and requires consistency over time — because trust is built through accumulated experience of institutions behaving as they say they will. The immediate actions are transparency and follow-through: make decisions publicly, explain them clearly, and do what you said you would do. The medium-term work is institutional capacity: investing in staff development, systems, and processes that enable effective public administration. The longer-term work is civic infrastructure: creating genuine participation mechanisms that give residents meaningful influence over decisions that affect them and genuine accountability when those decisions go wrong.

DSF-7 Intellectual Capital: Innovation & Knowledge Systems

Intellectual capital is a community's capacity to understand its own condition, generate new ideas, and adapt to changing circumstances. It includes the knowledge-generating institutions (universities, research centers, think tanks), the data infrastructure (what the community actually measures and what it does with what it measures), the innovation ecosystem (the density of connections between researchers, entrepreneurs, and investors), and the diagnostic capacity of government and civic organizations (their ability to read evidence and make evidence-informed decisions).

The diagnostic capacity dimension is underappreciated. A community that cannot accurately assess its own capital position — that does not know where its social capital is depleted, or that its physical infrastructure is two years from a cascade failure, or that its economic base is quietly eroding behind favorable surface indicators — cannot design effective strategy. This is not a problem that affects only small towns with thin professional capacity. It affects large cities that measure the wrong things, major institutions that have strong technical capacity but poor feedback loops between analysis and decision-making, and federal agencies that collect enormous amounts of data that never inform the programs they administer.

Diagnostic questions

- *What does the community actually measure about its own condition? Is that measurement comprehensive across capital types, or heavily weighted toward economic and physical indicators?*
- *Are there knowledge-generating institutions — universities, research centers, community data initiatives — that are producing analysis connected to local decision-making?*
- *Is there an innovation ecosystem — startups, entrepreneurs, creative workers, research commercialization — and is it connected to the broader community economy or isolated from it?*
- *Do public and civic decision-makers have access to the analysis they need to make evidence-informed decisions, and do they use it?*

Actions
The highest-leverage intellectual capital investment for most communities is improving their own measurement and diagnostic capacity: developing a genuine community balance sheet that tracks capital position across all nine types, not just the economic and fiscal indicators that dominate traditional reporting. The framework in this paper is one starting point. ISD is developing an assessment tool that operationalizes the diagnostic questions across all nine DSFs, enabling communities to establish a baseline capital position, identify the specific depleted types that are constraining the strong ones, and track change over time. That kind of systematic self-knowledge is a prerequisite for the kind of strategic investment this framework recommends.

DSF-8 Natural Capital: Natural Resource Stewardship
Natural capital — clean air, water, healthy ecosystems, biodiversity, and the productive capacity of natural systems — is the asset type most frequently misclassified. It is treated as an environmental constraint on economic activity rather than a productive asset that generates economic value. This misclassification is not merely semantic. It shapes how natural capital investments are justified, how they are funded, and whether they are made at all.

The balance-sheet reframe is straightforward: natural capital is productive capital, and its depletion is an economic liability. Denver's extraordinary economic growth over the past three decades is not separable from its natural capital endowment — the mountains, the clean air, the outdoor recreation access, the aesthetic quality of the environment. These assets attract talent, support health, sustain tourism, and make the city a place people want to live. Their economic value is real, measurable, and substantial. Managing them well is not environmental policy in the traditional sense. It is asset management.

The same logic applies to the risk side. Natural capital degradation — contaminated water, degraded air quality, depleted wetlands, eroded soils — imposes real economic costs that compound over time and often crystallize suddenly in disaster events. The communities most vulnerable to flooding are those that converted floodplain wetlands to development. The communities most vulnerable to wildfire are those that allowed fuel accumulation through deferred forest management. The communities most vulnerable to water crisis are those that deferred investment in water infrastructure and watershed protection. Natural capital depletion does not produce a gradual decline. It produces a building liability that is eventually crystallized by an extreme event.

Diagnostic questions
- *What are the community's primary natural capital assets, and what is their current condition? Is the trajectory improving, stable, or declining?*
- *What is the economic contribution of natural capital to quality of life, business attraction, health outcomes, and recreational activity?*
- *Where is natural capital depletion creating compounding liabilities — flood risk, water quality, air quality, ecosystem degradation — that are not reflected in the community's balance sheet?*
- *Are land use decisions being made in ways that protect and enhance natural capital, or that deplete it in exchange for short-term development value?*

Actions
Natural capital stewardship requires first making the economic case in terms that resonate with decision-makers who are not primarily motivated by environmental concerns: what does this

asset contribute to economic activity, and what will its depletion cost? That economic framing — natural capital as productive asset, degradation as liability — changes the conversation from a values dispute to an investment decision. The specific actions depend on the community's natural capital endowment and condition: watershed protection, urban forestry, wetland restoration, air quality management, green infrastructure investment. In each case, the action is most durable when it is positioned as asset management rather than environmental compliance.

DSF-9 Legacy Capital: Culture, Heritage & Place
Legacy capital — a community's history, culture, identity, distinctive places, and living traditions — is simultaneously the most underappreciated capital type and the most irreplaceable. Economic capital can be rebuilt after a disaster. Physical infrastructure can be reconstructed. Even social networks, with sustained effort, can be rewoven. Legacy capital, once lost, cannot be recovered. The neighborhood that was distinctive — its architecture, its character, its small businesses, its particular mixture of people — can be replaced by a neighborhood that is not distinctive. The cultural traditions that were practiced can be broken by diaspora and not resume. The local identity that made a place worth caring about can be dissolved by generic reconstruction, speculative development, or simply the cumulative effect of too many departures.

Legacy capital is what makes a community a community rather than a location. It is the answer to the question of why anyone would stay, return, or choose this place over another. In economic development terms, it is the non-replicable differentiation that drives quality-of-life advantages, tourism, and the attraction of creative workers who could live anywhere. In disaster recovery terms, it is what community members are actually trying to get back when they say they want their community back — not just the buildings, but the life that was lived in them.

Diagnostic questions
- *What makes this community distinctively itself? What are the places, practices, stories, and identities that residents point to when they explain why they are here?*
- *What are the primary threats to legacy capital — development pressure, demographic change, diaspora, deferred maintenance of historic structures, declining participation in cultural practices?*
- *Do residents across demographic groups feel that the community's identity includes them, or that it is defined by some groups' history and not others'?*
- *After the last significant disruption — disaster, economic shock, demographic shift — what was lost that has not been recovered?*

Actions
Legacy capital stewardship begins with making it visible — naming it, documenting it, and including it in the community's account of what it has and what it values. Historic preservation programs, oral history projects, cultural district designations, local heritage tourism development, and the protection of the independent businesses and cultural institutions that anchor neighborhood identity are all legacy capital investments. In disaster recovery specifically, the communities that best protect their legacy capital are those that explicitly define it before the disaster, so that it can be protected in the response and rebuilt in the recovery rather than being discovered as lost only after the fact.

Building the Whole: DSFs as an Integrated System
The nine Development Support Functions are not a checklist. They are a system. A practitioner who reads this section as a menu — selecting the capital types that seem most relevant and ignoring the others — will miss the framework's most important insight: that it is the interactions

between capital types, not their individual levels, that determine a community's resilience and trajectory.

The most common pattern of this interaction is the constraint cascade: a depleted capital type that becomes a binding constraint on stronger types. A community with strong economic capital but depleted political capital finds that it cannot translate economic activity into public investment, because the institutions required to make that translation are too weak or too captured to function. A community with strong social capital but depleted intellectual capital finds that its civic energy cannot be directed effectively, because no one has a clear picture of what the community actually needs. A community with strong physical capital but depleted natural capital finds that its infrastructure advantages are being eroded by the environmental liabilities it has been accumulating.

Reading the nine capital types as a system means asking, for each depleted type: what is this depletion preventing? Which of our stronger capital types is being constrained by this weakness? That question — not "what are our weakest areas?" but "which weakness is doing the most damage to the whole?" — is the diagnostic move that turns a capital assessment into a strategic agenda.

> *The question is not 'what are our weakest areas?' It is 'which weakness is doing the most damage to the whole?' That question turns a capital assessment into a strategic agenda.*

The Coordinating Function: What Local Officials Can Do Now

Every DSF has a lead coordinating actor, and in most cases, that actor is not a single government agency. It is a working group, a coalition, or a formal partnership structure that brings together the public, private, and civic organizations that share responsibility for building that capital type. The ESF and RSF frameworks designate lead agencies for each function in crisis mode. The DSF framework asks communities to build those relationships before the crisis, so that the coordination infrastructure exists when it is needed.

The practical starting point for a mayor, county executive, or city manager is to convene, for each DSF, the primary stakeholders who share responsibility for that capital type: the public agencies, the major private employers and financial institutions, the civic and nonprofit organizations, the community networks. Not a town hall. A working group with a shared diagnostic question: What is our capital position in this area, and what would it take to improve it?

This is not a new program. It does not require new funding. It requires the executive authority of local leadership to bring the relevant actors together around a shared framework and a shared account of what the community is trying to build. That convening function is among the highest-value things a local official can do, and it is almost never done — not because it is beyond the capacity of local government, but because the framework for doing it has not existed. The Development Support Function framework is that architecture.

The communities that will navigate the disruptions ahead — climate, economic, technological, demographic — are not communities that will be better at responding to crises. They are communities that will have built, in the steady state before the crisis arrives, the capital position and the coordination infrastructure to absorb what they cannot prevent and recover from what

they cannot absorb. That is the work. And it starts now, with the nine questions that the DSF framework asks about every community: What do we have? What are we building? And what is the weakness that is doing the most damage to the whole?

CONCLUSION

The central challenge facing communities is not simply responding to crises. It is building and protecting the assets that determine long-term prosperity, resilience, and quality of life. The Emergency Support Functions and Recovery Support Functions frameworks are important parts of that system. But they address only a portion of it — the acute event and its immediate aftermath. What remains largely undeveloped is a comparable framework for the ongoing work of community asset-building itself.

The federal government has fifteen Emergency Support Functions and six Recovery Support Functions. It has zero Development Support Functions. That asymmetry is not inevitable. It is a policy choice — one that can be revisited. The Community Assets Framework and the DSF taxonomy offered in this paper are a starting point for that conversation.

The communities that this framework is ultimately about are not the ones that make the covers of economic development magazines. They are the ones that have been working hard with insufficient tools — the rural counties told for a generation that their trajectory is determined by forces beyond their control, the disaster-affected neighborhoods that received recovery resources and still didn't recover, the small cities where decline is slow enough to feel natural but fast enough to be devastating.

These communities do not lack will. They lack a diagnostic framework that accurately names what is constraining them and what it would take to change it. They lack a vocabulary for making the case to program officers, foundation staff, and elected officials that what they need is a multi-capital investment strategy — not another ribbon cutting.

The Community Assets Framework is a contribution to that vocabulary. It names the nine forms of community assets that constitute the community balance sheet. It argues that building, protecting, and growing that balance sheet — across all nine dimensions, in ways that account for community complexity and segmentation — is the work of community development. It places disaster recovery inside that larger frame, as a special and urgent use case of the same fundamental work.

> ***Communities develop because they are advantageous to human quality of life, livelihoods, and the facilitation of what people want to do. Organizing community functions so that they reduce risks, build the community's assets, and enhance future opportunities is what systems-based sustainable development is all about.***

ABOUT ISD

The Institute for Sustainable Development (ISD) is a nonpartisan 501(c)(3) nonprofit organization based in Alexandria, Virginia. ISD is a practitioner-led think tank working on the conditions that determine whether communities can be built, sustained, and rebuilt. Our work spans three integrated domains: original research and framework development, educational programming through the ISD Academy of Fellows, and direct field engagement in disaster-affected and economically distressed communities.

ISD's work draws on a team of fellows and advisors with deep expertise in disaster recovery, economic development, public-private partnership, housing policy, workforce development, and community resilience. We bring practitioner experience to policy questions too often addressed by researchers who have never managed a recovery operation, and analytical rigor to field problems too often addressed by practitioners working without a systematic framework.

ISD works with state and local governments, federal agencies, foundations, chambers of commerce, community development organizations, and long-term recovery groups across the United States.

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